A statute for European cross-border associations and non-profit organisations

2020/2026(INL) - 17/02/2022 - Text adopted by Parliament, single reading

The European Parliament adopted by 530 votes to 146, with 15 abstentions, a resolution containing recommendations to the Commission on a statute for cross-border European associations and non-profit organisations.

Non-profit organisations are fundamental in representing the interests of citizens and civil society, including providing services in often unprofitable areas of the social sector, promoting participation in social life and defending minority rights. The COVID-19 crisis has highlighted their essential role in helping citizens to address the many challenges they face, thereby ensuring social cohesion.

Current situation

Although they are increasingly numerous in the EU, non-profit organisations **do not have an EU-wide legal form** to put the representation of civil society interests on an equal footing with commercial undertakings and economic interest groups that have long enjoyed an EU-wide legal form. A European statute for associations should be available to organisations and individuals who wish to engage in cross-border exchange and mutual learning.

Members regretted that the Commission and Member States have not presented legislation to ensure a favourable environment for non-profit organisations to contribute to the functioning of the internal market and to guarantee the free flow of capital across borders, and that no European statute of association has been established despite several attempts and numerous calls from civil society and Parliament.

In this context, Parliament called on the Commission to:

- submit, on the basis of Article 352 of the Treaty on the Functioning of the European Union, a **Regulation establishing a statute for a European Association** setting out the conditions and procedures governing the creation, governance, registration and regulation of legal entities in the form of a European association;

- submit, on the basis of Article 114 of the Treaty on the Functioning of the European Union, a **proposal for a Directive on common minimum standards for non-profit organisations in the Union**, with a view to creating a level playing field for non-profit organisations by establishing minimum standards, enabling civil society to benefit from freedoms and fundamental rights, as well as to contributing to strengthening European democracy.

Protection of civil society and freedom of association

Parliament is concerned about the obstacles faced by non-profit organisations across the EU and the disparities resulting from national laws, regulations or administrative practices or policies. It stressed that this could have a negative impact on civil society, restrict fundamental rights, in particular freedom of association, expression and information, and discourage non-profit organisations from expanding their activities across borders.

The resolution stressed the importance of ensuring coordination at EU level, avoiding fragmentation and supporting a harmonised approach across the EU with regard to the European association, through a

designated **European Associations Board**. To this end, the Commission is called on to examine the different options and to present a proposal for the most appropriate form and status for such European Associations Board, in which all Member States will be represented and which will have well-defined decision-making powers.

Members also considered that the establishment of a European Statute for Association should be open to organisations and persons that want to engage in exchanges and mutual learning across borders. It will provide them with support in accessing EU funding.

Stressing that non-profit organisations are essential to democracy and policy-making at all levels, the resolution stressed the importance of the **independence** of non-profit organisations and the need to ensure an enabling environment for them, respecting their plurality, understanding organisations for the public benefit as contributing to both providing services on the ground, but also advocating for the public good and monitoring public policies.

Members also argued that a regulation setting out the legal framework will only benefit European civil society if non-profit organisations can make use of **adequate and easily accessible funding** both at national and at European level. They recalled in this respect the existence of the 'Citizens, Equality, Rights and Values' programme and underlined that, according to the Regulation on the financial rules applicable to the general budget of the Union, Union grants must involve co-financing which may be provided in the form of own funds, income generated by the action or work programme, or financial or in-kind contributions from third parties.

EU-wide recognition of associations, non-profit organisations and their public benefit

Underlining the consensus on the need for European minimum standards and for non-profit organisations to acquire legal personality, Parliament called on the Commission to:

- recognise and promote the public benefit activities of non-profit organisations by **harmonising the status of public benefit** within the EU;

- consider adopting a legislative proposal to facilitate the mutual recognition of tax-exempt public benefit organisations, including philanthropic organisations, in each Member State, if they are recognised as such for tax purposes in one of the Member States;

- develop a dedicated and comprehensive strategy to **strengthen the role of civil society** in the Union, including the introduction of measures to facilitate the operations of non-profit organisations at all levels.