Voluntary organisations and foundations in Europe

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OBJECTIVE: overview of the legal and fiscal framework for voluntary organizations and foundations and ways of improving their economic and social impact within the Union. SUBSTANCE: this sector of the social economy contributes on a daily basis to democracy, active citizenship and the creation of employment. In analyzing the sector in the 15 Member States (there are over 5 million organizations /foundations in the Community), the Commission examines the scope of organizations and foundations highlighting their economic and social significance. With regard to voluntary organizations, the Commission observes that they are distinguished from informal or ad hoc groupings by some degree of formal or institutional existence. They are non-profit distributing, that is to say, they do not set out to secure profits for their management or members. They are independent in principle of government and other public authorities although they are free to collaborate with them. Foundations on the other hand are bodies with their own source of funds which they spend on activities of public interest. They are entirely independent of government or other public authorities and are run by independent administrators or trustees. Regarding the legal framework, the freedom to establish, join or leave a voluntary organization is nowadays a recognized right in all the Member States. From a general point of view all citizens are free to establish a voluntary organization or foundation anywhere in the Union although some Member States stipulate that there should be a minimum number of their own citizens or residents involved. In legal terms voluntary organizations and foundations are entities of private law. Unlike voluntary organizations, foundations are generally subject to prior scrutiny to ensure that their statutes are in strict conformity with legal requirements. In addition to a greater or lesser extent all Member States accord tax privileges to voluntary organizations depending on their level of public interest (exemption from tax or social charges, various concessions etc.). Other provisions are made for tax relief for donors or with regard to indirect tax (e.g. zero rate). Concerning the development of this sector, the Commission proposes a range of national and Community measures with a view to achieving further progress. At Member State level the Commission proposes: - the development of research programmes to require deeper knowledge of the sector, - review of policies carried out by the public authorities, - establishing a clear and useful legal framework, - achieving sounder financing in the sector, - encouraging training, - better access to programmes receiving European funding. At European level the Commission proposes: - improving dialogue with the Community Institutions, - developing research, - helping the sector to participate more effectively in European training programmes and secure easier access to Community funding, - introduction of a 'European Year' relevant to voluntary organizations and European citizenship, - establishment of special funds to promote transnational cooperation by voluntary organizations and foundations.