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# Public consultation on EU framework for crossborder recognition of associations in the EU

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#### Introduction

#### **Purpose of this Public Consultation**

Under Article 225 of the Treaty on the Functioning of the European Union (hereafter TFEU), the European Parliament adopted on 17 February 2022 <u>a legislative initiative resolution</u> (2020/2026(INL), with 'recommendations to the Commission on a statute for European cross-border associations and non-profit organisations' aiming to harmonise and strengthen the legal situation of European associations and other non-profit organisations (hereafter NPOs). This consists in requests for two legislative proposals: A Regulation, which creates the legal form of "European Associations", and a Directive harmonising common minimum standards for NPOs.

In its reply to the European Parliament of May 2022, the Commission committed to propose, "within the respect of the principles of subsidiarity and proportionality and Member States' competences and better law making, a legislative initiative to allow associations to fully enjoy the single market freedoms, while protecting their fundamental rights and freedom of association more generally". Therefore, the legislative initiative, under consideration, will respond to the European Parliament legislative initiative resolution. Considering the broad diversity of the legal entities within the non-profit sector where associations occupy a predominant place, the initiative under consideration will focus on associations to meet the European Parliament objectives and goals. Previous failed legislative attempts to create EU legal forms should be taken into account when proposing the future legislative initiative. Furthermore, it will also complement non-legislative actions announced in the Action Plan on social economy (such as, a future Commission's proposal for a Council Recommendation on developing social economy framework conditions), and actions to strengthen the dialogue with civil society in the context of the Strategy to strengthen the application of the Charter of Fundamental Rights in the EU and the European Rule of Law Mechanism.

The initiative under consideration would aim primarily to create an enabling environment for associations to fully benefit from the single market freedoms. Improving the legal and administrative conditions for associations to engage in cross-border activities in the single market will unleash their economic and societal potential to create growth and jobs. It will also unleash their potential to support individuals to actively participate in the EU democratic life, while fostering the EU democratic space, addressing societal challenges, and protecting EU fundamental rights (such as freedom of association, expression, and information). In view of their specificity, trade unions, political and religious associations and foundations would be excluded.

Currently, 27 different set of rules for associations exist in the EU, with differing administrative and legal regimes and requirements, including for registration, transfer of seats or mergers. This creates additional burden for associations and non-profit entities when they operate across borders in the EU single market (e. g. they must register again in another Member State, which adds red tape and cost). This situation impacts a big number of associations operating across EU borders, with negative repercussions in terms of their economic and societal deployment and may deter them from extending their activities across borders and prevent them from benefitting from the Single Market freedoms.

The purpose of this consultation is to gather your views on the need for EU action and the envisaged options and to provide input on any further issues to consider in the development of this policy field. The European Commission will use this input in its assessment to identify the most appropriate solution to improve the EU framework for cross-border recognition of associations in the EU.

For the purpose of this public consultation, « association » refers to the legal form of associations or charities that are membership-based organizations of persons created for a specific purpose, usually for an indefinite period of time and having their own legal personality. They are established for a purpose other than sharing the potential profits from an economic activity, which leads to the qualification of "non-profit". The term "non-profit" does not mean that the entity cannot engage in economic activities but rather that it cannot distribute profit among its members, which is the reason why associations may perform any kind of activity, including economic activities that generate profits but should not be established for the primary aim of making profit (i.e., profit-making activities). If an association generates profit by an economic activity, the profits may not be distributed to founders and members but must be reinvested in the primary activity of the association, which is called the "non-distribution constraint" of associations.

#### Guidance on the questionnaire

This public consultation consists of some introductory questions related to your profile, followed by questions on content. Please note that you are not obliged to respond to all questions in the questionnaire.

At the end of the questionnaire, you are invited to provide any additional comments and/or to upload additional information, position papers or policy briefs that express the position or views of yourself or your organisation.

The results of the questionnaire as well as the uploaded position papers and policy briefs will be published online. Please read the <u>specific privacy statement</u> informing on how personal data and contributions will be dealt with.

#### **About You**

- \*Language of my contribution
  - Bulgarian
  - Croatian
  - Czech
  - Danish
  - Dutch

	English
	Estonian
0	Finnish
	French
•	German
	Greek
	Hungarian
	Irish
	Italian
	Latvian
	Lithuanian
	Maltese
	Polish
	Portuguese
	Romanian
	Slovak
	Slovenian
	Spanish
	Swedish
*l am	giving my contribution as
0	Academic/research institution
0	Business association
•	Company/business organisation
0	Consumer organisation
0	EU citizen
_	Environmental organisation
0	Non-EU citizen
	Non-governmental organisation (NGO)
	Public authority
	Trade union
0	Other
* First	name
Le	egal Policy Department

*Surname			
AUSTRIAN FEDERAL E	ECONOMIC CHAMBER		
*Email (this won't be p	oublished)		
rp@wko.at			
*Organisation name			
255 character(s) maximum			
Wirtschaftskammer Öste	erreich		
*Organisation size			
Micro (1 to 9 em	nployees)		
Small (10 to 49)	emplovees)		
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• Large (250 or m	,		
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Transparency registe	er number		
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*Country of origin			
Please add your country of c	origin or that of your org	anisation	
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Afghanistan	Djibouti	en divergent lists and practices.  Libya	Saint Martin
Aland Islands	Dominica	Liechtenstein	<ul> <li>Saint Pierre and</li> </ul>
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Algeria	Ecuador	Luxembourg	Samoa
American Samo	oa <sup>©</sup> Egypt	Macau	San Marino

Andorra	El Salvador	Madagascar	São Tomé and Príncipe
Angola	Equatorial Guinea	a <sup>©</sup> Malawi	Saudi Arabia
Anguilla	Eritrea	Malaysia	Senegal
Antarctica	Estonia	Maldives	Serbia
Antigua and	Eswatini	Mali	Seychelles
Barbuda			
Argentina	Ethiopia	Malta	Sierra Leone
Armenia	Falkland Islands	Marshall Islands	Singapore
Aruba	Faroe Islands	Martinique	Sint Maarten
Australia	Fiji	Mauritania	Slovakia
Austria	Finland	Mauritius	Slovenia
Azerbaijan	France	Mayotte	Solomon Islands
Bahamas	French Guiana	Mexico	Somalia
Bahrain	French Polynesia	. Micronesia	South Africa
Bangladesh	French Southern	Moldova	South Georgia
	and Antarctic		and the South
	Lands		Sandwich
			Islands
Barbados	Gabon	Monaco	South Korea
Belarus	Georgia	Mongolia	South Sudan
Belgium	Germany	Montenegro	Spain
Belize	Ghana	Montserrat	Sri Lanka
Benin	Gibraltar	Morocco	Sudan
Bermuda	Greece	Mozambique	Suriname
Bhutan	Greenland	Myanmar/Burma	Svalbard and
			Jan Mayen
Bolivia	Grenada	Namibia	Sweden
Bonaire Saint	Guadeloupe	Nauru	Switzerland
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Bosnia and	Guam	Nepal	Syria
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	Brazil		Guinea	0	New Zealand	0	Tanzania
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0	British Virgin	0	Guyana	0	Niger	0	The Gambia
	Islands						
	Brunei		Haiti		Nigeria	0	Timor-Leste
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							Tobago
	Cameroon		Iceland	0	North Macedonia	0	Tunisia
	Canada		India	0	Norway	0	Turkey
	Cape Verde		Indonesia	0	Oman	0	Turkmenistan
0	Cayman Islands		Iran	0	Pakistan		Turks and
							Caicos Islands
	Central African		Iraq		Palau	0	Tuvalu
	Republic						
	Chad		Ireland	0	Palestine	0	Uganda
	Chile		Isle of Man	0	Panama	0	Ukraine
	China		Israel		Papua New		United Arab
					Guinea		Emirates
	Christmas Island	0	Italy		Paraguay		United Kingdom
	Clipperton		Jamaica	0	Peru	0	United States
	Cocos (Keeling)		Japan	0	Philippines	0	United States
	Islands						Minor Outlying
							Islands
0	Colombia	0	Jersey	0	Pitcairn Islands	0	Uruguay
0	Comoros	0	Jordan	0	Poland		US Virgin Islands
0	Congo	0	Kazakhstan	0	Portugal		Uzbekistan
0	Cook Islands	0	Kenya	0	Puerto Rico	0	Vanuatu
0	Costa Rica	0	Kiribati	0	Qatar	0	Vatican City
	Côte d'Ivoire		Kosovo		Réunion		Venezuela

	Croatia	Kuwait	Romania		Vietnam
0	Cuba	Kyrgyzstan	Russia		Wallis and
					Futuna
0	Curaçao	Laos	Rwanda		Western Sahara
0	Cyprus	Latvia	Saint Barthélem	y	Yemen
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0	Democratic	Lesotho	Saint Kitts and		Zimbabwe
	Republic of the		Nevis		
	Congo				
	Denmark	Liberia	Saint Lucia		

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. Fo r the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published. Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

## \*Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

# Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

# Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

■ I agree with the personal data protection provisions

Part I General issues linked to associations operating cross-border within the European Union

Is your organisation part of the non-profit sector?  Yes No
Please specify
500 character(s) maximum
Please specify your answer
Please explain your answer
500 character(s) maximum
Part II General issues linked to associations operating cross-border within
the European Union
the European Offich

# 1) To what extent do you agree with the following statements:

	l strongly disagree	I somewhat disagree	Neutral	I somewhat agree	I strongly agree	No opinion /I don't know
a) For reaching the objectives of an association, it is also necessary to be able to easily operate across different Member States/cross-border in the EU Single Market	0	0	0	•	©	•
b) Associations will likely increase cross-border activities in the EU Single Market in the future	0	•	0	0	0	0

#### Please explain your answer

500 character(s) maximum

Da Vereine anerkannte Rechtspersönlichkeit besitzen, ist es ihnen schon nach geltendem Recht möglich wie jeder anderen anerkannten juristischen Person möglich, im EU-Binnenmarkt tätig zu sein. Ein Verein hat allerdings nach österreichischem Recht nur einen ideelen Zweck zu verfolgen und darf grundsätzlich nicht wirtschaftlich tätig sein. Eine wirtschaftliche Tägiektei im Binnenmarkt scheidet daher unserer Ansicht nach für Vereine schon dem Grunde nach aus.

# 2. In your view, which are the most important needs for associations operating or willing to operate in more than one Member State? (several replies are possible)

between 1 and 8 choices
Transfer of seat in another Member State
Merge of associations operating in at least two different EU Member States
Providing services in another Member State without registering in the second
Member State
Get equal tax treatment for donors in case of cross-border donations
Access to funding in another Member State
Register in an EU Member State, even if the founding members are located in another Member State
<ul><li>There is no cross-border need for associations</li><li>Other</li></ul>

# Part III Restrictions faced by assoications operating cross-border

### To what extent do you agree with the following statement:

	l strongly disagree	I somewhat disagree	Neutral	l strongly agree	No opinion /I don't know
An association registered in an EU     Member State currently faces     restrictions when seeking to operate in another EU Member State (e.g. registration, access to funding, membership)	•	•	0	•	•

Please explain your answer indicating the relevant activities

Allfällige Beschränkungen sind allenfalls solche, die auf alle Rechtspersonen zutrifft, die in einem anderen EU-Mitgliedstaat tätig werden wollen.

# 2. Regarding restrictions to the freedoms of the Single Market, what are the most significant type of restrictions associations face when engaging in activities across borders

activities across borders
at most 6 choice(s)
a) Administrative formalities to implement actions in another Member State
without prior registration
b) Registration in another Member State (cost, case handling time, uncertainty
about constitutive requirements etc.)
c) Access to funding in another Member State
d) Difficulty in obtaining recognition of tax benefits by competent authorities of another Member State
e) The uncertainty of the types of economic activities permitted
f) Differences between Member States in membership requirements
g) Differences between Member States in reporting obligations
h) Differences between Member States of liability, liquidation and dissolution regimes
<ul> <li>I) Differences between Member States in regulations related to hiring employees</li> </ul>
j) Other
Please explain your preferred choices (a-j)
Auch die angeführten Beschränkungen sind keine spezifischen, nur Vereine betreffende.
3. Which restrictions do you see as most dissuasive?
500 character(s) maximum
Keine.
4. Do you know examples where operating cross-border for an association
led to unequal treatment within the Single Market? If yes, please explain.

4. le

1000 character(s) maximum

Nein, zumindest nicht solche, die nicht auch andere Rechtspersonen betreffen.

5. Regarding restrictions to the fundamental rights of associations, to what
extent do the following restrictions faced by associations when operating
across borders in the EU have had a negative impact on the exercise of
fundamental rights of associations and/or of individuals (such as the
freedom of association, freedom of expression etc.), and more broadly on the
ability of associations to carry out their work (e.g. in terms of civil
engagement, representation of civil society and individuals' interests)?
a) Administrative formalities to implement actions in another Member State
without prior registration
b) Answer Registration in another Member State cost, case handling time,
uncertainty about constitutive requirements etc.)
c) Access to funding in another Member State
d) Difficulty in recognition of tax benefits by competent authorities of another Member State
e) The uncertainty of tax treatment in another Member State
f) The uncertainty of the types of economic activities permitted
g) Differences between Member States in membership requirements
h) Differences between Member States regarding asset management requirements
i) Differences between Member States in reporting obligations
j) Differences between Member States of liability, liquidation and dissolution regimes
k) Differences between Member States in regulations related to hiring employees
I) Other
Please explain your preferred choices (a-l)
500 character(s) maximum
Keine.
6. Do you think that the restrictions faced by associations when operating across borders in the EU have a negative impact on the development of civil
society (e.g. in terms of civil engagement, representation of civil society
interests)?
© Yes
No

No opinion/I don't know
Please explain your answer
500 character(s) maximum
Allfällige Beschränkungen betreffen alle Personen unterschiedslos. Eine Privilegierung von Vereinen wird nachdrücklich abgelehnt.
7. Do you think that restrictions faced by associations when operating across
borders in the EU have a negative economic impact on the Single Market?
Yes
No  No
No opinion/I don't know
Please explain your answer
500 character(s) maximum
Verine dürfen grundsätzlich nicht wirschaftlich tätig werden, daher sollten keinerlei wirtschaftlich negativen Auswirkungen auf den Binnenmakrt gegeben sein.
border in the Single Market dissuade them from extending their operations and carrying out their activities across other EU Member States?
No
No opinion/I don't know
Please explain your answer
500 character(s) maximum
9. Do you think that associations operating in border regions are more affected than others by the restrictions to operate in several Member States?
Yes
No
No opinion/I don't know
Please explain your answer
500 character(s) maximum

10. In your view, restrictions faced by associations when operating across
borders in the Single Market are due to:
a) Incompatible legislation between Member States
b) Lack of administrative procedures taking into account cross-border activities of associations
c) Lack of recognition by Member States of an association's status in other Member States
d) Associations' lack of knowledge/understanding of legislation in other Member States
e) Lack of Member States' measures to support the role of associations to tackle societal challenges
f) Funding limitations (e.g. public funding applicable only to actions on national level)
g) Other/not applicable
500 character(s) maximum
Part IV Ways to mitigate the restrictions faced by associations operating
cross-border
11. In your view, do associations need a policy action at EU level to mitigate restrictions encountered either when currently operating in several Member States or planning to do so?  Yes No No opinion/I don't know
140 opinion/1 don't know
Explain your answer
500 character(s) maximum
12. What kind of policy response would best address these needs?

Option 1: A new legal form for associations allowing for recognition in

all Member States to fully benefit from the single market [For an

association to benefit from a new legal form, it would likely require administrative formalities (e.g. registration or application). The creation of a new legal form allowing for recognition in all Member States would likely not affect existing national legislations on associations.

- Option 2: Harmonising common minimum standards for cross-border operations in the EU [Changes to Member States legislation would likely be needed in this case. Depending on the content, common minimum standards could involve governance and administration related changes for targeted entities.]
- Option 3: An EU information campaign, with strengthened cooperation among Member States [As a non-legislative initiative, this would not involve legal action. It could include raising the awareness of targeted entities of their rights and obligations when operating cross-border in the EU, as well as strengthened cooperation between the Member States, including providing better access to information for targeted entities.]
- Other

#### Please elaborate your answer

Es sollten überhaupt keinerlei Aktivitäten auf Europäischer Ebene in diesem Bereich ergriffen werden.

13. If you have any comments or supplementary information to add to your replies to the above questions, please insert your reply:

2000 character(s) maximum		

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Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

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