



ASBLs and you

Belgium has about 100,000 "*associations sans but lucratif*"; ASBLs are the most common form of non-profit organisation. And non Belgians have taken to them in a great way to give a legal structure to their national clubs, their chambers of commerce, parishes, schools, golf, tennis and football clubs, theatre companies, etc ...

ASBLs are easy to incorporate and not too difficult to manage. The legislation has become a bit more stringent recently, but this will make non-profit organisations a bit more professional and might help separate the wheat from the chaf.

ASBLs are also tax efficient. Because they are not set up to make profits, they can, in principle, they can, in principle, work without paying any taxes. They are not liable to the corporate income tax (at a rate of 33.99 percent) because they do not carry out any commercial activities. If they own property or have invested in shares or bonds, they pay the real estate tax or the withholding tax on the dividends and interest they receive (respectively 25 and 15 percent). There is a wealth tax of 0.17 percent, but that only affects those ASBLs that have more than € 25,000 worth of assets.

"Non-profit" does not mean that an ASBL does not need any money. So where does an ASBL find its financing?

Annual membership fees are a first source of (untaxed) income for an ASBL, but that is rarely sufficient to function properly. And that is why ASBLs must keep inventing fundraising events, from charity balls, to fairs and sponsored walks, girl scouts biscuits and theatre performances. These are allowed if they are only annual or one-off events.

If they become too frequent or too commercial, the ASBL might cross the thin line that keeps it from paying corporate income tax. Admittedly, there are very few tax audits for ASBLs but the Tax Authorities are getting better organised.

And so most ASBLs will continue to depend on your charity. Donations are another tax efficient way of raising money. They are not taxed, as long as the donation does not require the intervention of a notary. Donations that are notarised, as well as bequests in a will to an ASBL are subject to a gift tax or inheritance tax at a rate of 8.80 percent (12.5 % in Brussels). However, for most donations in cash or via a bank transfer, you do not need to pass before a notary.

Charitable donations to an ASBL can also be tax efficient for you.

In Belgium donations are tax-deductible if they are made to an authorised non-profit organisation. The minimum level of donation is € 30 ; the maximum is 10 percent of your net income (with a maximum of € 299,780. For companies, , the maximum is € 500,000 and 5 percent of net income.

Not just any ASBL can gain accreditation with the Ministry of Finance to receive tax deductible donations. They must either have a cultural activity covering the whole of Flanders or Wallonia, give aid to development countries, or to war victims, victims of natural calamities or the disabled,



or they must work for the conservation of nature. Belgian universities, research organisations, major charities and public foundations have all been approved for such tax-deductible charity. And they are getting more professional at getting the money rolling in. You may have received flyers from organisations like the Belgian Red Cross, Médecins Sans Frontières, the Fondation Roi Baudouin, in which they present their organisation and their needs and promise you a certificate to attach to your tax return.

Most ASBLs do not have such a wide activity or such high aims. There is, however, hope for them. If they have a worthwhile project, they may qualify for a project account with the Fondation Roi Baudouin (FRB). The ASBL's benefactors then pay their donations to the FRB which, in turn, passes the donations to the ASBL and delivers a tax certificate to the donor. Such project accounts should finance major investments, not just the day-to-day operation of the ASBL.

Tax-deductible charity is limited to Belgian ASBLs. But if you want to make a donation to your favourite charity in England, France, Germany or the Netherlands, and get the tax deduction in Belgium, you can do so via FRB as well. Together with la Fondation de France, the Maecenata Institut, the Oranje Fonds and Charities Aid Foundation (UK), FRB has set up 'Transnational Giving Europe'. This programme allows you to make donations that are tax deductible in Belgium, but are passed on to the charity of your choice in France, Germany, the Netherlands, or the U.K.

If you are paying taxes in one of these countries rather than in Belgium, 'Transnational Giving Europe' may be an opportunity to give your money towards the project account which your Belgian ASBL has set up with the FRB and get a tax credit abroad.

US nationals will be interested to know that donations via the King Baudouin Foundation United States, Inc in Atlanta can give you a tax deduction in the U.S. It has the status of a '501 (c) (3) organization' so that donations are covered by the most beneficial US tax deduction system. This gives individuals, businesses and foundations in the United States the opportunity to make donations to projects run by European foundations, organisations or associations (and vice versa).

Charity begins at home, and any little bit from the taxman – any taxman – helps.

Marc Quaghebeur, 27 August 2003

More information can be found on the following web pages :

- [How to obtain accreditation to accept tax deductible donations](#)
- [Project accounts with the King Baudouin Foundation](#)
- [King Baudouin Foundation and 'Transnational Giving Europe'](#)
- [The King Baudouin Foundation United States](#)

