

## **FAIB Press release on the adoption of the New Belgian Code on Companies and Associations (CAC)**

The new Belgian code on Companies & Associations was finally adopted last night by the Belgian federal parliament after several years of work.

FAIB, which has provided input specifically on those articles which affect AISBL/iVZW throughout the consultation and adoption process, welcomes the new Code: while preserving the essential elements of the flexibility of the AISBL / iVZW statute for international not for profit associations (INPAs) established in Belgium, the new Code modernises the law, making it much easier for associations of all types, whether trade or professional, NGOs or charities to transfer their seat seamlessly to Belgium. This is important as Brussels has now become the second advocacy capital of the world after Washington DC due to its twin advantages as the centre for the EU institutions and the flexible legal status for INPAs, a Belgian concept originally enacted in 1919.

“We would like to thank Minister of Justice Geens and his team for their collaboration with our experts throughout the drafting process and also the federal government and in particular Rapporteur Kattrin Jadin and her colleagues and the Brussels region for their openness to discuss issues which are essential for the FAIB members and for the attractiveness of Belgium as a location for international associations” commented Adrian Harris, FAIB President.

**Where the new legislation is particularly innovative is in the area of national and transnational conversions of ASBL/VZW into INPAs and other forms of company and vice versa.** This will prove particularly attractive to foreign charities and associations, including those benefiting from EU funding which are affected by BREXIT: indeed, they will be able to convert seamlessly from a company with charitable status into a Belgian INPA while ensuring legal continuity. The merger and demerger of INPAs will also now be possible.

At a more operational level, legislators have accepted to adapt their initial draft in areas such as voting rights, proxies, Belgium-based representatives for foreign directors and internal rules complementing the articles of association. These are issues specific to INPAs which by their very nature are international and operate internationally.

FAIB now expects that the new Code will enter into force on 1 May 2019 for new companies and associations while the new rules will apply to existing INPAs as from 1 January 2020. Changes to articles of association will also be required for all INPAs after a lengthy transition period of several years.

Concluded Adrian Harris: “After the successful adoption of the law, what will be particularly important to ensure that the Code proves attractive to INPAs looking into relocating to Belgium by rapidly processing applications for AISBL/iVZW status and making administrative requirements such as the registration of foreign directors simple. These are issues which we are eager to quickly move forward with the support of the Federal Ministry of Justice.”

**END**

## **Background information**

FAIB is the Federation of European and International Associations based in Belgium that counts some 280 full member associations – representing industry sectors, NGOs, finance cultural, scientific, philanthropic organisations, as well as other not for profit associations (“INPAs”) with a European and international scope of activities.

FAIB was originally set up in 1949 at a time when Belgium was beginning to become a hub for international associations attracted here both by the development of inter-European relationships and the legal framework resulting from the June 1921 Belgian legislation on not for profit (ASBL – VZW / AISBL- iVZW) associations. With the growth of Brussels as the prime centre for the EU institutions, the association, foundation and NGO sectors have grown considerably, attracting many jobs to Belgium in addition to increasing the tax base and increasing the need for many services such as construction, HORECA, and professional services.

Indeed, today there are some 2500 international associations in Belgium, employing over 20.000 staff, organising over 900 major events per year here, as well as countless other meetings, making Belgium the second centre for international associations worldwide.

The development of the international association sector in Belgium has been facilitated by the creation in 1919 of the AISBL /iVZW statute which is specific to Belgium. According to FAIB’s last survey some 74% of international associations and NGOs which are incorporated in Belgium have adopted this status which is particularly appreciated.

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