

# UIA'S WORLD OF ASSOCIATIONS

Newsletter of the Union of International Associations

## FAIB

### **An International Non-Profit Association in the heart of the EU? Belgium makes it easier than you may think!**

Are you considering having a legal presence in the heart of the EU? If you are a transnationally active association, Belgium allows you to transform your organization into an international non-profit association (INPA) under Belgian law. No new structure is needed. Not only that, the Belgian legal framework is designed to give you more freedom in drafting the statutes and operating your association or even in financing your association through profit-making operations.

We, at FAIB, are here to support you in setting up and running your association in Belgium. FAIB is the Federation of European and International Associations established in Belgium.

Since 1949, we are there to accompany associations in Belgium, with all matters of running the legal and administrative operations. Part of our service is to give you access to lawyers, accountants, tax specialists. One of them is our Associate Member Francis Houben, who wrote this article with more insight into this unique Belgian legal framework.

Contact us at FAIB if you are looking to operate inside Belgium, you will not be alone.

If you wish to know more about the FAIB or, even better, if you want to join the FAIB community, feel free to contact us at [faib@faib.org](mailto:faib@faib.org) and/or visit our website <https://faib.org/members/how-to-join/>.

### **Cross-border mobility of associations – transferring the registered office to Belgium/Brussels and acquiring the status of international non-profit association (INPA)**

*By Francis Houben, Legal & Tax Management SRL*

Belgium is pretty much the only country in the world with a specific legal form designed for international associations: the international non-profit association (INPA, or AISBL in French, IVZW in Dutch). Many of the federations or representative organizations acting in specific sectors (e.g. professional and trade associations, scientific research, medical disciplines, industry...) on a European level are set up as an INPA, with national associations from different countries as members. The legal personality is granted to the INPA by Royal Decree.

Until quite recently, it was not possible for associations established under foreign law to move their registered office to Belgium and to adopt the legal form of an INPA.

The Belgian law of 23 March 2019 creating the Companies and Associations Code (CAC) innovated by providing for the possibility to operate national and transnational conversions. Non-profit associations located in Belgium can be converted into the form of INPA. Associations, and even companies, located outside



Belgium can operate a transnational conversion. Let's explore these possibilities.

## Who should be concerned? What is the advantage of using these possibilities?

### 1. In a purely Belgian context

This new possibility might be interesting for existing non-profit associations (NPA) which intend to expand their activity to a transnational level and operate as an international association with the INPA 'label': thanks to this possibility, the long process of creating a new INPA, followed by a contribution of assets and liabilities in that entity and ultimately liquidating the NPA, belongs to the past. After conversion, the entity keeps its identity, name, registration number, subsidies, assets and liabilities, rights and obligations....

### 2. In a transnational context

An association located or registered abroad would like to move to Brussels and adopt the statutes of an INPA to emphasize its international or its EU dimension. Rather than create a new entity, it can operate a transnational conversion, which is an operation whereby a legal entity, without being dissolved, transforms the legal form under which it is registered in its state of origin into one of the legal forms of the state of destination and transfers at least its registered office to that state, while maintaining its legal personality.

Using this way is only possible if the legislation of the country of origin allows this operation, i.e. does not impose a winding up of the emigrating entity. Most of the EU member states do not impose such a winding up.

It should be added that the European Parliament resolution of 17 February 2022, (2020/2026(INL), PART II) on non-profit organizations has issued recommendations stating amongst other things that *'Member States shall ensure that non-profit organisations established or registered in their jurisdiction can convert into...a non-profit organisation established or registered in another Member State, without such conversion resulting in the involuntary dissolution, or suspension of the activities of the organisation'*.

Upon completion of the operation, the entity which has been converted into an INPA keeps its legal personality, name and identity, its assets and liabilities, rights and obligations, including rights arising from agreements (e.g. with international or EU institutions) and, for many this is the most important part, its (EU or international) subsidies being granted, which might otherwise be lost.

## Which type of entity can be converted into an (I)NPA?

Associations as well as companies are concerned. This last point might be interesting for legal entities in Anglo-Saxon countries (UK, US, Ireland, Canada, Australia...), where any legal form, including companies, may be used for a non-profit purpose. In those countries, charitable status is granted to entities recognized as pursuing exclusively a non-profit purpose, regardless of their legal form. Given the terms of the Belgian CAC, these companies can also undertake a transnational conversion into an (I)NPA if they plan to become an association under Belgian law and adopt statutes in line with the Belgian law. Of course, it should be checked whether the law of the country of origin allows this operation.

## What are the conditions in Belgium for an inbound transnational conversion?

- The cross-border conversion must be recorded in a notarial deed, drawn up in Belgium.
- The conversion implies the adoption of the statutes of an (I)NPA according to the requirements of the CAC.
- The Belgian notary has to check the documents proving that the immigrating entity complies in the country of origin with the requirements applicable to the emigration procedure.

**Reverse case: can an existing (I)NPA move to another state and be converted into a legal form according to the law of that state (outbound transnational conversion)?**

From a Belgian point of view, an outbound transnational conversion is foreseen by the CAC for (I)NPA's, under specific conditions. However, since INPA, as a specific legal form, has no equivalent elsewhere in the world, the international association would lose, after emigration/conversion, its recognition and international 'label'.

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