

Start a non-profit association

You must be at least three people to start a non-profit association. You are writing a proposal for statutes. Then you will discuss and decide on the statutes and board at the association's first member meeting.

Below is a checklist that contains tips on what you should think about when you start a non-profit association.

Checklist for starting a non-profit association

1) Write statutes

The people who will form the association write a proposal for statutes that function as the association's rules. The statutes shall include, among other things:

- a detailed description of the association's non-profit purposes
- the name of the association
- how decisions are to be made in the association.

The names of the members must be in the minutes, ie not in the statutes.

2) Convene a meeting when the association is to be formed

At the meeting, the following shall be decided and approved:

- The association has been formed.
- The statutes have been adopted.
- A board has been elected, and those who are part of the board.

It is important to write a minute during the meeting stating that the above points have been decided by the members. The minutes shall state which persons are members of the board and which board positions they hold. The minutes must be signed by at least two people, such as the chairman and secretary. After that, the association was formed and became a legal entity.

3) Apply for an organization number

There is no requirement for a non-profit association to have an organization number. However, the association must have an organization number if you, for example, are to open a bank account, rent a room, apply for a grant or carry out assignments for companies or municipalities.

You apply for an organization number with the Swedish Tax Agency on the form Application for an organization number for a non-profit association (SKV 8400)

Send the application, minutes and statutes by post. It says on the form where you should send the application. You can therefore not email in the documents or apply via any service.

You must attach copies of:

- the minutes written at the meeting when the association was formed
- the association's statutes.

Form for application for organisation number

<https://skatteverket.se/foretagochorganisationer/sjalvservice/blanketterbroschyrer/blanketter/info/8400.4.39f16f103821c58f680007104.html>

Income that can be tax-free in a non-profit association

A non-profit association must pay tax on rental income, income from the sale of goods and services and income from capital. This income can be tax-free if the association meets the conditions for being non-profit. Income such as membership fees, gifts and grants is usually tax-free, regardless of whether the association meets these conditions or not. Non-profit associations must declare every year. The same rules apply to registered denominations.

- Conditions for being a **non-profit**"/allmännyttig non-profit association

There are four conditions that affect whether the association must pay tax or not on certain income. This applies to certain rental income, certain income from the sale of goods and services and income from capital. Membership fees, gifts and grants are usually tax-free regardless of whether the association meets the conditions or not. The same rules apply to registered denominations. If the association meets all the conditions, it is called that the association is non-profit.

The association must meet all four conditions to be non-profit.

<https://skatteverket.se/foretagochorganisationer/foreningar/ideellforening/villkorforattvaraenallmannyttigideellforening.4.70ac421612e2a997f85800029958.html>

1. The purpose of the association shall be non-profit

A purpose that is beneficial to the public can be, for example, sports, culture, politics or religion. It is called a non-profit purpose. Associations whose purpose is to promote the financial interests of the members do not have a non-profit purpose.

This is called the purpose requirement.

2. At least 90 percent of the association's activities must contribute to fulfilling the association's non-profit purpose

The association's activities must at least 90 percent contribute to fulfilling the association's non-profit purpose. It can be calculated in the form of resources such as money, time or labor.

The activities that the association conducts to finance its non-profit purpose shall not be included. Lotteries and sales campaigns are such activities.

The condition must be calculated during the tax year. If it is not met during the tax year, you may calculate it over a period of three years: the year before the tax year, the tax year and the year after the tax year.

This is called the business requirement.

3. At least 80 percent of the association's income must be used to fulfill the association's non-profit purpose

At least 80 percent of the association's income must be used for the association's public benefit purpose. Income for which the association must pay tax should not be included. Costs that the association has to obtain these revenues must also not be included. The condition must be calculated during the tax year. If it is not met during the tax year, you can calculate it over several years, usually the tax year and the four years before.

This is called the completion requirement.

4. The association must be open to anyone who wants to become a member

The association must have an open membership. This means that the association is open to everyone who shares the association's objectives and follows the association's statutes. However, the association may set certain requirements for membership, such as a geographical restriction for a local community association, a minimum age for a shooting association or requirements for musicality in a music association. Associations such as religious societies usually do not have an open membership.

This is called the transparency requirement.

- Declare for an association

<https://skatteverket.se/foretagochorganisationer/inkomstdeklaration/deklareraforideellforeningellerstiftelse.4.1927c51b15e7ee438721ff8.html#!/start>

Examples of tax-free income

Below are examples of income that can be tax-free in a non-profit association. This applies if the association fulfills a number of conditions which, among other things, mean that the association has a purpose that is beneficial to the public, an open membership and an activity that contributes to supporting the association's non-profit purpose.

The association may not deduct expenses that are linked to the tax-free income.

All income from the sale of goods and services can be tax-free

All income from the sale of goods and services that takes place with non-profit labor can be tax-free if the association meets the conditions for being a non-profit and at least 75 percent of the total income from the sale of goods and services is tax-free. Then, for example, income from staffing during inventory and parking can also be tax-free.

This is called the principal assessment.

Forms

<https://skatteverket.se/foretagochorganisationer/sjalvservice/blanketterbroschyrer/blanketter/info/2003.4.39f16f103821c58f680006196.html>