

Setting up a Cultural Association

Creating a cultural association is an opportunity to carry out activities in various fields, such as cinema, entertainment, art, culture, civic and social education, environmental protection, establishment of courses, social issues of various kinds etc.

Informal Association

It is possible just to set up an informal association amongst friends with few formalities. You can draw up your own set of rules and decide how you are going to run things. You can meet for meals at restaurants with each attendant paying his or



her share and you can club together to hire a room for an event. Technically however you should not accept contributions from members (although no-one is really going to worry about a few tens of euros a year) and the association must undertake any commercial activity – i.e. it cannot accept money for providing services (*aperitivi*, meals, gadgets, entry to events, travel etc. etc.) As an informal association you will not be able to open a bank account as you have no fiscal code.

Setting up an Association Proper

In order formally to establish a cultural association in Italy you need to follow the normal procedures applicable for the formation of any association. The steps are:

- bring together at least 3 founding members, to cover the basic offices (president, vice president, treasurer) who determine the purpose and specific activity of the association;
- draw up a deed of constitution, and articles of association/by-laws of the association, in line with the various legal requirements;
- register the association with the local Tax Agency (*Agenzia delle Entrate*). The association will thus receive its own fiscal code number.

At this stage, the association can start its activity.

Compliance with this procedure will allow you access to tax benefits for non-profit organizations and if properly run, will protect members from tax on receipts.

Underpinning the foundation of the association are the articles of association/by laws, which represent a legal contract by which the members commit themselves to pursue a common goal. The articles of association/by laws must cover the association's:

- purpose/object – i.e. what it is there to do;
- organisation – i.e. how it will be managed and run, what officers it will have;
- common fund or reserve – the totality of contributions made by members;
- member's rights and liabilities;
- powers conferred on the president and other officers (directors/councillors etc.);
- accounting procedures;
- procedures for dissolution;

The articles of association must comply with the civil code and tax regulations

Typically, the articles will provide that the members must meet in general meeting (*assembled*) in order to make changes to the constitution going forward. Members will be given the power to appoint the officers responsible for managing the association and to approve annual financial statements and budget. Whilst it is possible to appoint a single officer, it might be preferable to appoint a board of directors or council, to manage the association on a day to day to day basis.



Under the favourable tax regime, the association will be able to receive annual contributions from its members as well as (within reasonable limits) payment from members for attending specific activities (e.g. cultural courses, conferences, presentations, speeches and lessons), without having to pay tax on these. To carry out these activities it is not necessary to obtain a VAT number and the fees received are not taxed in any way (provided that the association complies with the tax requirements.)

Of course, the money raised cannot be regarded as a profit, and cannot be distributed to members. The articles of association should make provision for the winding up of the association and for any surplus to be donated to an appropriate charity.

The association may also (exceptionally) carry out commercial activities with third parties who are not members, but the relevant receipts should not exceed a reasonable percentage of contributions made by members. These activities should mainly be organized mainly by the members themselves and in an informal manner.

The liability of the members for debts of the association is not limited. The Association is also subject to Italian law in general – e.g. basic account and record keeping, issuing of receipts with stamp duty, health and safety and data protection rules. As regards the latter, members and other people whose data will be stored need to give their consent and a responsible officer appointed.

Setting up an Onlus

An Onlus (*Organizzazione non lucrativa di utilità sociale* – non-profit organization for social benefit) is a further stage. It grants further tax benefits (and in particular the possibility for taxpayers in general to specify that part of their annual income tax liability (0.5%) goes to an ONLUS. The ONLUS is also totally exempt from tax – even the stamp duty on receipts – and can carry out a wide range of commercial activities without being liable to income taxes. Against this, the procedures for setting up and getting authorised is more onerous and it is necessary to demonstrate the social usefulness or charitable purpose underlying the activity to be carried out.

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