

**The 2013 NPO Bill -**  
**Position Paper by Israel's Peace Now Movement**

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**Background:**

Knesset Members Ayelet Shaked (Habayit Hayehudi) and Robert Ilatov (Yisrael Beiteinu) submitted a bill that would require any organization that receives funding from a foreign country to pay 45% tax of the funding received, if the organization or members of its board of directors call for the Prosecution of IDF soldiers, boycotting of Israel or its citizens, or if the organization denies the existence of the State of Israel, incite racism or supports the armed struggle of an enemy country or of a terror organization.

In the previous Knesset, MK Feina Kirschenbaum (Yisrael Beiteinu) submitted a similar bill that was thrown out by Prime Minister Netanyahu, and was later downgraded to a bill demanding greater transparency from NPOs that receive funding from foreign countries. Former coalition chairman MK Ze'ev Elkin had explained in the press and in the Knesset that the government did not intend to prevent organizations from receiving donations, but rather to allow maximum transparency. Similar bills demanding equal transparency in the case of donations from private parties were removed from the Knesset's agenda by the government.

In many ways, the current Knesset is more moderate than its predecessor and the right wing parties do not have an automatic majority in the Knesset plenum and in its committees. However, the current bill is dangerous for the future of Israeli democracy. If it passes, the bill will impinge on the freedom of speech and on the freedom of association in the state of Israel.

The bill creates a dangerous precedent and seeks to harm a wide range of organizations that receive legitimate funding for their operation, in the guise of an attempt to clip the wings of radical left wing non-profit organizations.

**Arguments against the bill:**

1. The current bill, for the first time, applies a sanction of an increased level of taxation on people and organizations due to their world-view. **If adopted, this bill will allow the State to discriminate some of its citizens because of their world-view and their political positions through taxation. Such an act violates every basic democratic principle and means limiting the freedom of expression and de-facto instituting a "thought police."**
2. In Israel, like in every democratic country, the freedom of speech exists within the limits of the law. **As long as an individual or an organization are not violating the existing law (for example, the law against inciting to violence, or the law against inciting to racism) a person must be permitted to openly express his**

- or her views even if these views are controversial.** If the authors of the law wish to prevent the expression of a certain position, they must submit a bill that completely forbids expressing that position and not a bill that fines people who hold that position.
3. **The ultimate goal of the bill is not only to take legal action against organizations that are deemed “extreme,” but to create a legal precedent that would allow limiting the capacity of all such organizations to raise funds.** If the bill becomes a law, a situation will be created in which the state is allowed to tax organizations or citizens on the basis of their world-view, and the criteria for such taxation could be changed, broadened and interpreted in various ways that will allow the inclusion of a broad array of organizations.
  4. As it is now, the bill already is vaguely worded, including expressions such as “a call for boycott, divestment or sanctions against Israel or its citizens.” This wording can be interpreted as including in its “black list” **organizations who call for divestment from the occupied territories and the settlements.**
  5. The bill refers, among other things, to actions that are already prohibited by law, such as supporting the armed struggle of an enemy country or of a terrorist organization against the State of Israel. There already are criminal laws in existence that prohibit these actions. The bill creates an absurd situation, suggesting that such activity is supposedly legal, yet subject to increased taxation. **The very mention of the words “terror” and “armed struggle” is intended for media consumption and public relations and is an attempt to create a charade, a false pretense, as if there are organizations and NPOs that actually engage in such actions.**
  6. If the authors of the bill oppose certain activities and wish to restrict freedom of expression, then the question of the source of funding is irrelevant. Conversely, if the source of funding is the actual concern to the authors of the bill then the organizations’ activity itself is irrelevant.
  7. The bill’s authors are trying to mislead the public by referring to the current lack of taxation as if it were a benefit that the NPOs enjoy. In fact, this is not a tax benefit. **All over the world, as well as in Israel, nonprofit organizations can raise funds without paying taxes, without it being regarded as a benefit granted by the government. Taxation on donations will cause donors to stop granting donations to the organization.** A donor, whether an individual or an entity, always asks for the money to go solely to its destination. Even imposing a minor tax of only one percent will prevent the donors from providing funds, and will therefore effectively block donations altogether.
  8. The authors of the bill and members of the “Im Tirzu” organization continue to mislead the public and claim that similar laws exist in European countries such as France and Britain. That is not the truth. **In fact, there is no similar law in any**

**Western country. Laws in European countries – as is the situation in Israel – defines illegal political activity by organizations only as activity that is in favor of a political party or candidate in a party setting.** That is the situation in Israel. The law prohibits NPOs are forbidden to act in favor of a party or a partisan candidate. NPOs are allowed, however, to address matters of principle on the public agenda, including issues that are politically disputed.

9. Israel relies heavily on donations from donor countries and it is impossible to arbitrarily distinguish between permitted and forbidden projects. Such a distinction will lead donor countries to universally withdraw their aid to Israel. **Passing the law might even harm large-scale investments by European Union countries in Israeli research and education institutions.**
10. The unrestricted functioning of peace and human rights organizations in Israel, including fundraising, serves to bolster Israel's international standing and its democratic character. **Harming such organizations also harms Israel's democratic character, and will likely encourage further calls for boycotts against Israel. Furthermore, it might cause a complete withdrawal of investments and financial support of the Israeli public.**
11. The bill's authors, as well as, the Attorney General, know full well that the bill does not meet any democratic standards and therefore will not pass the threshold of the High Court of Justice. **Laying the law at the doorstep of the Supreme Court will force its judges to disqualify it. This, in turn, will again make the Supreme Court into a target for attacks by the political Right.**

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