

How government fiscal concessions can strengthen Red Cross and Red Crescent Societies

by Vincent Bernard¹

Introduction

A government, through the laws it enacts, can play an essential role in enabling its National Red Cross or Red Crescent Society to serve the most vulnerable people within and beyond the country's borders.

There are a number of steps a government can take to assist its National Society in its role as an auxiliary in humanitarian matters. One very tangible way in which public authorities can support their National Society is through granting certain fiscal concessions.

Of course a government can allocate money directly to its Red Cross or Red Crescent Society, but it can also establish a legislative framework that eases a National Society's search for other funds to support its work. Such positive legislation can actually stimulate private and institutional giving to the National Society and advance the Society's capacity-building process towards more effective, better funded programmes and services.

Red Cross and Red Crescent Societies are national organizations subject to the laws of their respective countries. The body of statutes and regulations that constitutes a country's tax law affects all of a National

¹ Study commissioned by the Secretariat of the International Federation of Red Cross and Red Crescent Societies. The text reflects the views of the author and not necessarily those of the Federation or its Secretariat.

Society's sources of income and supply of goods, such as gifts from individuals or companies, benefits from events or lotteries, or medical supplies offered by foreign donors. National tax law affects expenses as well — such as telephone calls, purchase of an ambulance or staff salaries. All operations performed routinely by a National Society are subject to the relevant fiscal regulations of the country. It is important to be aware of these regulations and how they affect the National Society's operations and financial situation. It is also important to know where there are possibilities for exemptions from or exceptions to these regulations.

For example, some countries allow for non-payment of taxes and similar levies, usually for social or economic reasons, but only to certain categories of taxpayer. These privileges are known variously as tax exemptions, tax concessions or tax relief. Such fiscal privileges, while often "invisible", can be an important source of savings.

Many governments make these privileges available to the Red Cross and Red Crescent in the belief that it is in their best interest, and the interest of the general public, to employ this means of strengthening the programmes and funding capacities of the National Society.

Most Red Cross and Red Crescent Societies enjoy some type of fiscal privilege and exemption. Some, on the other hand, have only partial exemption while others are actually taxed on revenue, which can be a burden on the budget of a National Society and hinder its ability to carry out its mission. Certain National Societies face fiscal reforms that jeopardize existing benefits. Some public authorities are unaware of the exemptions that other countries allow. And even when a government has the political will to grant exemptions, a National Society may pay unnecessary taxes if it is unaware of fiscal legislation.

Many Red Cross and Red Crescent Societies have difficulty finding enough money to finance all the activities they wish to carry out. The expansion and diversification of National Society activities result in an increase in costs that cannot always be covered by additional grants from traditional donors. New approaches to raising funds and saving money are required, including taking best advantage of the special relationship that a National Society has with its government.

A clear understanding of the rules concerning tax exemptions in its country is essential for any National Society. It is important to check whether full advantage is being taken of the range of tax relief and other fiscal benefits available. This is not tax evasion, but fully legitimate use of the rights to which the Red Cross and Red Crescent are entitled. In

some cases it may well be easier to look for additional income from this source than from grants.

It is best if a National Society's tax exemption is explicitly stated in a legal document. An Act of Parliament is probably the ideal arrangement, though in many countries, especially in Africa, fiscal authorities issue letters that grant specific tax exemption and have to be presented each time the National Society seeks an exemption or refund.

This study is based on an analysis of fiscal regulations in a variety of legal systems and geographical regions. It was carried out with the cooperation of many National Societies and Regional Delegations of the Federation.² This report describes the legal measures that affect a National Society's finances, i.e. those measures that relate to the four traditional sources of financing (charity donations, membership fees, state revenues, income from Red Cross enterprises and institutions) and to expenses and costs. Only legal instruments such as statutes, decrees and other regulations applying to National Societies have been taken into account. Special or short-term grants, or practice that is based on tradition rather than on law, have not been included in the study.

Part 1 of this study is an analysis of how tax relief can benefit National Societies. Part 2 identifies the various fiscal advantages and privileges that different National Societies enjoy, and describes common, special and even innovative arrangements with governments. It is not an exhaustive listing, but it is hoped that it gives an insight into the kind of benefits that are being obtained by National Societies and that it will guide National Societies that do not have these benefits to see what kinds of opportunities there may be for enhancing their income, and thus their services, through this means.

Part I: National Societies and tax relief

International law requires that governments contribute to the development of Red Cross and Red Crescent Societies. Granting tax relief is

² National Societies which replied to the questionnaire, or about which information was received from Federation delegations: Australia, Belgium, Bolivia, Bulgaria, Burkina Faso, Chile, Côte d'Ivoire, Denmark, France, Germany, Georgia, Hungary, Ireland, Japan, Kazakistan, Luxembourg, Malta, Mexico, Paraguay, Portugal, Russian Federation, South Africa, Senegal, Spain, Swaziland, Sweden, Switzerland, United Kingdom, United States of America, Uruguay, and Zimbabwe.

a way for governments to carry out this international duty. The National Societies, as well as their donors, benefit from the various forms of national tax relief that different legal systems allow.

The grounds for tax exemption

Nationally, Red Cross and Red Crescent Societies enjoy a unique position:

Article 2 of the Statutes of the Movement³ stipulates that “each State shall promote the establishment on its territory of a National Society and encourage its development” and, further, that “the States shall at all times respect the adherence by all the components of the Movement to the Fundamental Principles”;

Article 3 describes the nature and functions of Red Cross and Red Crescent Societies. It says *inter alia* that National Societies are required to support public authorities in carrying out humanitarian tasks, according to the needs of the people;

Article 4 says that, to be recognized by the International Committee of the Red Cross (ICRC) — and implicitly admitted into the Federation, the applicant National Society must be officially recognized by the government of its country.

Each National Society must be established by an Act of Parliament or similar legislative measure before it can fulfil its role, as defined in the 1949 Geneva Conventions and the Statutes of the Movement. Each government recognizes, therefore, that the Red Cross or Red Crescent Society constituted on its soil serves as an auxiliary to the public authorities with respect to certain humanitarian functions. In this context, Red Cross and Red Crescent Societies differ from other non-profit organizations. In particular, although they are governed by national laws, they have a special responsibility with respect to international humanitarian law. Many articles in the Geneva Conventions explicitly refer to the National Societies and their tasks. These tasks are, in particular to:

— act as auxiliaries to their governments during armed conflicts and in peacetime;

³ Adopted by the 25th International Conference of the Red Cross, Geneva, October 1986.

- contribute to international relief in the event of disaster;
- provide medical and social assistance to the most vulnerable groups of the population.

States that have ratified the Geneva Conventions and Additional Protocols recognize explicit legislation directed towards National Societies.⁴ This includes the recognition of the red cross and red crescent emblems in peacetime. Thus, certain rights of the National Societies are directly derived from international law.⁵

Apart from certain unique features, National Societies provide services that are beneficial to the community, as do other NGOs. When groups band together for a charitable purpose, governments usually support the activity. In recognition of the fact that the work is in the public interest, laws grant fiscal privileges to encourage donations to charity. While it is essential that National Societies should be exempt from taxation, tax relief incentives for individual or corporate donors are also important for income generation.

First, tax concessions are indirect contributions to the National Society budget. They are as important as direct grants, fees for services and charitable donations.⁶ The less a National Society pays in taxes, the more it is able to allocate to work that is in the public interest. Tax exemption is particularly appropriate in the case of government grants⁷ (whether annual grants or special grants, such as those for a specific disaster relief operation) and of “cost recovery” arrangements whereby the government

⁴ See, for example, Article 1, para.1, of the Austrian Red Cross Protection Law: “The Austrian Red Cross is the recognized National Red Cross Society on the territory of the Austrian Republic; in this capacity it has in time of peace and war to carry out the tasks devolving on National Red Cross Societies from the Geneva Conventions for the protection of war victims of 12 August 1949, *Federal Law Gazette* No. 155/1953, and from the decisions of the International Conference of the Red Cross.”

⁵ See, for instance, Act No. VI of the Malta House of Representatives at Sitting No. 25 of 10 June 1992, “to make provision for the recognition of the Malta Red Cross Society and for matters connected therewith”, section 4(1), which states: “The Society shall have the right *in conformity with the conventions* listed in the second schedule to this Act (Geneva Conventions and Additional Protocols) to use the emblem of the Red Cross on a white ground formed by reversing the colours of the Swiss Confederation” (emphasis added).

⁶ “Raising money from government”, *Directory of Social Change Publication*, Michael Norton (ed.), London, 1980, p. viii.

⁷ For instance, the Malta government pays an annual grant to the Malta Red Cross. The salaries of a full-time typist and messenger together with a part-time administrator are also paid by the government (source: Malta Red Cross).

pays the costs of public services (such as collecting blood) performed by the National Society. To allocate money to the National Society on the one hand and to charge taxes on the other would make little sense.⁸

Second, taxes are levied to fund public services that are considered a traditional State duty (such as health, defence, law enforcement and education). Taking care of the most vulnerable is also a public service.⁹ National Societies are therefore exempted from taxation partially or totally because of the role they play in assisting the government. If a State's activities overlap with those of a National Society, and the latter is not tax exempt, then the National Society is helping finance public efforts on behalf of the most vulnerable. There would be little point in taxing a National Society in order to fund public services that the National Society, thanks to voluntary contributions, is able to provide at a lower cost than the government.

Third, in some countries taxes on personal fortunes, corporations and individuals, along with progressive income tax (i.e. a system in which the rate of tax increases with income) are designed to redistribute wealth. National Societies are usually exempt from progressive taxes, however, since they work to alleviate human suffering and the consequences of poverty rather than to make a profit. Since National Societies are non-profit organizations, they should not be subject to the same level of taxation as profit-making businesses.

Therefore governments grant exemptions and benefits to Red Cross and Red Crescent Societies because they are non-profit-making and because they are recognized as auxiliary to the public authorities in the area of humanitarian assistance.¹⁰

⁸ See, for instance, Article 3 of the Swiss *Arrêté fédéral "concernant la Croix-Rouge suisse"* of 13 June 1951, which grants both financial support and fiscal exemptions to the Red Cross Society. The *Arrêté fédéral* takes into account the unique position of the National Society within the country: "*La Confédération tient compte de la situation particulière de la Croix-Rouge en lui garantissant un appui financier ainsi que des facilités spéciales. La Confédération accorde chaque année à la Croix-Rouge suisse: a) une subvention pour l'accomplissement des tâches mentionnées à l'article 2; b) une subvention spéciale pour former et tenir à disposition un personnel infirmier professionnel en vue de l'aide sanitaire volontaire. Le montant de ces subventions sera fixé dans le budget. Les facilités qui peuvent être accordées à la Croix-Rouge suisse concernent en particulier l'exemption partielle ou complète de taxes, émoluments et impôts, en tant que les dispositions légales le permettent.*"

⁹ See, Article 20 of the German Constitution (*Grundgesetz*), which states the social welfare principle. Pursuant to this principle, the government has to support all non-governmental organizations, such as the German Red Cross, that conduct welfare activities. Accordingly, the German Red Cross receives an annual grant from the government.

¹⁰ A similar reasoning has been upheld by the United States Supreme Court in *Department of Employment v. United States* (see below, p. 465).

The international legal basis for tax relief and other fiscal benefits

It can be demonstrated that there exist, first, an obligation for States to grant tax exemption to National Societies as a means of encouraging their development and, second, an international obligation for States to grant tax exemption to National Societies for specific operations and emergency relief.

States' obligation to encourage the development of National Societies

States have committed themselves to supporting the existence and activities of Red Cross and Red Crescent Societies in various international instruments that are not international conventions but resolutions of International Conferences. What is the legal value of these various texts? The resolutions of the International Conference of the Red Cross and Red Crescent are not binding as such. Their content can be considered binding, however, because States have acted in conformity therewith, feeling bound to do so, and have thus contributed to creating an international practice.

International practice can become an international custom — i.e. a source of international law that is binding for States, like treaties and conventions. How does this happen? The sources of international law, as defined by Article 38 of the Statute of the International Court of Justice, include “international custom, as evidence of a general practice accepted as law”. The usual view is that the creation of a customary rule requires both the existence of a general practice of States and a second constitutive element which is the *opinio juris*, or the acceptance by States of the practice as law. It is possible to demonstrate that such a conjunction of factors exists concerning the obligation of States to encourage the development of National Societies.

Since the 1860s, the number of National Societies has steadily increased. Today 169 National Societies¹¹ have been recognized by the International Committee of the Red Cross and are members of the International Federation of Red Cross and Red Crescent Societies.

An obligation to support the development of National Societies exists on the basis of practice and consensus among States and can be regarded as law. Indeed, at the beginning of the Movement's history, the Geneva International Conference of 1863 recommended: “that Governments

¹¹ In May 1996.

should extend their patronage to Relief Committees which may be formed, and facilitate as far as possible the accomplishment of their task.”¹²

That governments would support the work and development of National Societies was recognized later by international organizations and by International Red Cross and Red Crescent Conferences. States have recommended that domestic legislation be passed to aid National Societies in times of peace. Paragraph V of the Final Act of the Diplomatic Conference, Geneva, 27 July 1929, states:

“The Conference, recognizing the importance of the mission entrusted to the National Societies of the Red Cross and the voluntary aid societies in their work of solidarity among nations, considers that it is highly desirable that all facilities and immunities for the exercise of their functions in time of peace should be accorded in the widest measure permissible under the national legislation, particularly as regards their establishment, the circulation of their personnel and material, and their nursing activities.”

The duty to promote the development of National Societies was enshrined in the Covenant of the League of Nations of 1919 (later the United Nations Organization). Article 25 of this Covenant states:

“The Members of the League agree to encourage and promote the establishment and cooperation of duly authorized voluntary national Red Cross organizations having as purposes the improvement of health, the prevention of disease and the mitigation of suffering throughout the world.”

In 1949, following a resolution of the Economic and Social Council,¹³ the United Nations General Assembly made a similar recommendation to Member States, drawing their attention to the fact that the mentioned “purposes” were of “special concern”:

“That the said Members should encourage and promote the establishment and cooperation of duly authorized voluntary National Red Cross and Red Crescent Societies”.¹⁴

¹² At that time the red cross was not yet the official symbol, and what were to become Red Cross or Red Crescent Societies were called “Relief Committees”.

¹³ Resolution of 21 September 1946 (document E/232).

¹⁴ United Nations General Assembly, Forty-ninth Plenary Meeting, resolution 55 (I), 19 November 1949.

This duty was reaffirmed and completed by the Statutes of the Movement, adopted by the 25th International Conference of the Red Cross, Geneva, in October 1986. According to Article 2, para. 2, of the Statutes:

“Each State shall promote the establishment on its territory of a National Society and encourage its development.”

According to Article 2, para. 3, of the Statutes:

“The States, in particular those which have recognized the National Society constituted on their territory, support, whenever possible, the work of the components of the Movement.”

The Statutes of the Movement are adopted at the International Conference of the Red Cross and Red Crescent, by States, the ICRC, the Federation and National Societies. The ICRC and 186 States party to the Geneva Conventions contributed directly to the legal framework which establishes National Societies. The Statutes of the Movement are binding on the basis of good faith. As stated by R. Perruchoud:

“L’Etat doit tenir compte de bonne foi des résolutions (de la Conférence internationale) et ne pas agir sciemment de façon contraire à leur contenu ... L’Etat ne doit pas faire obstacle aux efforts du CICR et de la Ligue; il est tenu de faire son possible pour favoriser la réalisation des tâches qui leur sont attribuées par les résolutions auxquelles il a lui-même souscrit. Au niveau national, le même devoir lui incombe à l’égard des Sociétés Nationales.”¹⁵

The words “encourage” in Article 2, para. 2, and “support” in para. 3 mean that States should take action to help National Societies develop, and not only “allow” them to operate. Can tax relief and other exemptions be considered as support and so contribute to the development and activities of National Societies? Such privileges relieve the fiscal burden of National Societies and allow for investments which produce additional funding to fulfil humanitarian missions, aiding victims as well as vulnerable people. Resolution 5, “Strengthening national capacity to provide humanitarian and development assistance and protection to the most vulnerable”, adopted by the 26th International Conference of the Red Cross and Red Crescent, can be seen as explanatory:

¹⁵ R. Perruchoud, *Les résolutions des Conférences internationales de la Croix-Rouge*, Henry Dunant Institute, Geneva, 1979, p. 360.

“The 26th International Conference of the Red Cross and Red Crescent calls upon States:

1. (e) *to help* create a beneficial environment for the overall development of National Societies in their own countries, by providing, for example, financial and fiscal benefits or other arrangements that recognize the not-for-profit nature of the National Societies and their role as auxiliaries to the public services.”¹⁶

Fulfilling the obligation to grant tax exemption for specific operations and emergency relief

Apart from their duty to encourage the development of National Societies, governments have been specifically requested to grant fiscal privileges. Resolution IV of the 9th International Conference, Washington, 1912, states:

“States signatory to the Geneva Convention are asked to be good enough to make legal provision for according privileges and rights to Red Cross Societies, such as exemption from taxes and fiscal charges, postal and telegraphic charges, customs duty and others.”

This text deals with National Societies’ long-term development and work. Exemptions and privileges are even more necessary in time of crisis when administrative delays and costs may impede humanitarian relief. The 17th International Conference made recommendations about the allowances to be accorded by governments to National Societies and international organizations of the Red Cross, in relation to relief. Stating that:

“the carrying out of this humanitarian work would be greatly facilitated, especially during epidemics and natural disasters, if Governments would accord to the National Societies and, by analogy, to the International Red Cross organizations the facilities provided for by the humanitarian Conventions in case of armed conflicts, in particular,

- (a) special travel facilities and rapid visas for Red Cross personnel when engaged in official duties;
- (b) special facilities for the transmission of Red Cross correspondence;

¹⁶ *IRRC*, No. 310, January-February 1996, pp. 75-77.

(c) special facilities for the rapid transfer from one country to another of funds for Red Cross work;

(d) special facilities for the rapid movement of Red Cross medical and other relief supplies for stricken and distressed peoples;

(e) special facilities for exemption from customs duties on Red Cross relief supplies;

all of the above in complete agreement with the National Society of the country concerned, [the Conference resolved] to request Governments to give sympathetic consideration to demands from their respective national Societies as well as from the international Red Cross organizations for the facilities mentioned above.”¹⁷

Many of those facilities might imply fiscal arrangements. In the same way, the 12th International Conference addressed the question of customs exemption on gifts intended for refugees and requested the National Societies to approach their Governments with a view to obtaining such exemption.¹⁸

An analysis of State practice and *opinio juris* shows an international rule of praxis that States should grant such facilities in time of emergency. The resolutions cited above indicate a clear *opinio juris* in favour of such solutions. The majority of National Societies are exempted from paying customs duties on goods for relief efforts.

Part II: A review of fiscal concessions granted to National Societies

Legislation varies from country to country and National Societies are obliged to comply with the legislation of their particular States. The following is a comprehensive account of the various statuses, presenting both the common and the specific features. There is no attempt to make a comparative assessment.

First, domestic justifications for exempting a National Society from paying taxes or granting it other privileges are analysed. Secondly,

¹⁷ 17th International Conference, Stockholm, 1948, Res. XL.

¹⁸ 12th International Conference, Geneva, 1925, Res. IV, Ch. 2.

selected exemptions and privileges enjoyed by National Societies are described and legal texts examined to reveal general trends.

Domestic legal justifications for exemptions and privileges

Every National Society has a twofold status. First, all National Societies have “international status within the Red Cross, with common legal and moral obligations to solidarity”.¹⁹ Second, all must comply with State legislation, as auxiliaries to their governments. Because of the nature of their missions, Red Cross and Red Crescent Societies have “an essentially national status, giving them a preferential position among voluntary agencies.”²⁰ Consequently it is rare for other non-profit organizations to have the same status as National Societies. Nevertheless, it is possible to compare National Societies’ financial structures with those of other non-profit bodies.

Most governments distinguish between tax-exempt charitable associations and those that are purely commercial and not tax-exempt. Red Cross or Red Crescent Societies usually qualify for tax exemption, enjoying the same advantages as other charities.

Some countries have no provisions for tax exemption of bodies such as foundations, trusts or associations. In such a case a National Society’s budget will be regulated by legal articles that refer specifically to the Society. The National Society’s fiscal status is then defined in the legislation recognizing the Society, or perhaps in other specific legal instruments such as letters from the taxation authorities.

National Societies may also qualify for additional allowances through special tax legislation, along with other non-profit groups. In this case, the National Society’s role as an auxiliary to its government may increase the degree of allowances to which it is entitled.

For the purposes of this paper we can distinguish three categories of National Society:

- non-profit organizations with tax-exempt status;
- those which have a *sui generis* status because legislative authorities have not enacted regulations on the fiscal regime of a category of

¹⁹ R. Perruchoud, *International responsibilities of National Red Cross and Red Crescent Societies*, Henry Dunant Institute, Geneva, 1982, p. 10.

²⁰ *Ibid.*

organizations for which the National Society would qualify (few National Societies are in this category);

- those which have a *sui generis* status, combining common and specific features (most National Societies are in this category).

It is important to be aware of these three categories, even though the differences are slight.

Non-profit organizations

In most jurisdictions, non-profit organizations are exempted from taxes if they fulfil certain criteria. Regulatory frameworks define the exemptions and allowances granted to social welfare organizations, and the granting of these benefits is usually automatic. The methods and criteria vary, but the rationale is the same — the promotion of activities that benefit the whole community. Governments normally regulate these exemptions carefully to avoid tax evasion and the exemptions are usually valid for non-profit activities only.

Tax exemption for non-profit activities has a long history in Western countries, where governments have always relied on private initiative to carry out missions of public interest.²¹ Today, the countries of Central and Eastern Europe are also beginning to encourage the development of charities.

If tax-exempt status exists in a country, National Societies usually qualify, although the criteria for qualification, the regulations and the length of exemption may vary.

In Sweden, all commercial enterprises pay taxes, declaring their finances annually. However, four conditions exempt organizations from Value Added Tax (VAT) and other taxes.

The four conditions are:

- having a purpose of public welfare (i.e. charitable or social activities);
- applying this purpose in practical work and activities;
- having open membership;
- using at least 80% of income for public welfare activities.

²¹ See, for instance, the British Charitable Uses Act of 1601 (43 Eliz. I, Ch. 4), also known as the statute of Elizabeth I. The preamble of the Act contained a list of charities.

This fourth condition is most difficult, especially for local branches of the National Society. For example, if a local branch's staff salaries exceed 20% of the budget then the last condition is not considered fulfilled. Exemptions are reviewed periodically.

In jurisdictions where common law is the norm, the concept of "charity" prevails. Section I of the Australian Charitable Collections Act defines charity as follows:

"Charity means any organization or association established for or which has as one of its objects a charitable purpose..."

A "charitable purpose" is defined as including any "benevolent or philanthropic or patriotic purpose". Exemptions and allowances are granted to charities under the provisions of various acts that regulate specific taxes and duties. For instance, Section 23(e) of the Income Tax Assessment Act states that the income of a "religious, scientific, charitable or public educational institution" is exempt from income tax. Accordingly, although the Australian Red Cross is not referred to specifically in this Act, it enjoys tax exemption because of its status as a charity.²²

Many countries, especially in Africa, have adopted the French system known as "*Association reconnue d'utilité publique*"²³ (Recognized Public Welfare Association), which is designed to foster charitable donation.²⁴ Indeed, if an association qualifies for this category, individual or corporate donors may deduct from their taxable income their gifts to the association up to a legal limit. In France, in order to qualify for such a fiscal category, an association must meet various formal criteria (such as adopting standard statutes) but there is no fixed requirement regarding the purposes pursued by the association. Accordingly, the decision to grant this status is discretionary.

Sui generis status

Only a few jurisdictions do not have specific fiscal categories such as those mentioned above. In these cases, the National Society can enjoy

²² To be exempted from paying stamp duties (Stamp Duties Act, 1920, NSW, Second Schedule, General exemption 24 (b)), or to enjoy Tax Deductibility of Donations (Section 78 (1)(a) of the Tax Act) the Red Cross will be considered as "an institution of a charitable or benevolent nature". The Australian legal system recognizes different categories of tax-exempt organization. The same organization may qualify for different fiscal categories for the purposes of tax exemption.

²³ *Loi du 1^{er} juillet 1901 relative au contrat d'association.*

²⁴ See *Associations et fondations en Europe: Régime juridique et fiscal*, Juris Service, Lyon, 1994, p. 153.

tax concessions and privileges but on the basis of specific legal texts that refer to the Society explicitly (such as letters from fiscal authorities, the “Red Cross law” recognizing the National Society in the country, etc.). This situation is quite rare nowadays, as most countries recognize the value of private initiative in the humanitarian field and wish to encourage it.

Mixed fiscal status

National Societies can have both the advantage of being considered a charity or “non-profit” organization and in addition the benefits conferred by specific legal documents.²⁵ This situation results from the relationship National Societies have as auxiliaries to their national governments. Government exemptions and allowances reflect the National Societies’ mission agenda. Legal texts that apply to National Societies constitute the “Law of the Red Cross or Red Crescent” within a nation.

The law which recognized the Luxembourg Red Cross also declared the National Society to be a charity with a humanitarian aim and so exempted it from certain taxes. Article I of Luxembourg’s 1923 Act “*conférant la personnalité civile à la Société de la Croix-Rouge luxembourgeoise*” states: “*La Société de la Croix-Rouge luxembourgeoise est reconnue d’utilité publique et aura comme telle la personnalité civile*”. The National Society in Luxembourg is therefore recognized as a member of a fiscal category (“*Association reconnue d’utilité publique*”), but its fiscal advantages are specifically recognized by Article III. 2 of the same statute and not only by the law that regulates such bodies in general.

The Luxembourg Red Cross has the following exemptions:

“L’exemption de l’impôt sur le chiffre d’affaires, des droits de timbre, d’enregistrement et de succession pour tous actes passés en son nom ou en sa faveur : seront délivrés gratuitement et exempts de tous droits, tous certificats, actes de notoriété, d’autorisation ou de révocation et autres, dont la production devra être faite dans l’intérêt de l’association.”

²⁵ These texts should not be confused with the decrees, letters, or even statutes which simply recognize that the National Society is part of a fiscal category.

L'exemption des impositions directes et des centimes additionnels de tous revenus et avantages mobiliers, ainsi que les immeubles affectés à son service."²⁶

The American Red Cross is an example of a National Society with mixed fiscal status. It is exempt from taxation because of its status as a "federal instrumentality", as declared by the Supreme Court of the United States in 1966 (see Box). Having federal instrumentality status entitles the

SUPREME COURT OF THE UNITED STATES

Department of Employment v. United States

1966, 385 US 355

"On the merits, we hold that the Red Cross is an instrumentality of the United States for purposes of immunity from State taxation levied on its operation, and that this immunity has not been waived by congressional enactment. Although there is no simple test for ascertaining whether an institution is so closely related to governmental activity as to become a tax-immune instrumentality, the Red Cross is clearly such an instrumentality. Congress chartered the present Red Cross in 1905, subjecting it to governmental supervision and to a regular financial audit by the Defence, then War, Department. Its principal officer is appointed by the President, who also appoints seven (all government officers) of the remaining 49 Governors. By statute and Executive Orders there devolved upon the Red Cross the right and the obligation to meet this Nation's commitments under various Geneva Conventions, to perform a wide variety of functions indispensable to the working of our Armed Forces around the globe, and to assist the Federal Government in providing disaster assistance to the States in time of need. Although these operations are financed primarily from voluntary private contributions, the Red Cross does receive substantial material assistance from the Federal Government. And time and time again, both the President and the Congress have acted in reliance upon the Red Cross' status virtually as an arm of the Government. In those respects in which the Red Cross differs from the usual government agency — e.g., in that its employees are not employees of the United States, and that government officials do not direct its everyday affairs — the Red Cross is like, e.g., national banks, whose status as tax-immune instrumentalities of the United States is beyond dispute..."

²⁶ *Loi du 16 août 1923 conférant la personnalité civile à la Société de la Croix-Rouge luxembourgeoise, Mémorial du Grand-Duché de Luxembourg, mardi 28 août 1923, No. 41, p. 463.* Similarly, the Portuguese Red Cross is exempted from taxes as are other "*colectivas de utilidade publica*" in the very law which recognizes its legal nature. Article 7, para. 2 (exemptions), says that the Portuguese Red Cross enjoys as well, to carry out its purposes, "all the benefits and exemptions that are recognized for moral entities of public utility and other organizations of social solidarity".

American Red Cross to tax immunities similar to those of the US government, while maintaining its independence.

The American Red Cross is considered a non-profit, charitable organization, as established by the ruling of the US Internal Revenue Service of 12 December 1938. This ruling states that the American Red Cross and its units are exempt from the payment of federal income tax and are entitled to receive tax-deductible donations.

The scope of exemptions and privileges: some examples

Government fiscal concessions to Red Cross and Red Crescent Societies vary around the world.

In countries with local government as well as central or federal authorities, each province, county or city may have the power to levy taxes. "Taxes levied at lower levels of government are commonly referred to as local taxes, and most commonly include taxes (rates) on property, registration and licensing dues, but may also include sales taxes and, occasionally, income taxes."²⁷ The taxes described here are generally levied at national or federal levels. However, local taxation may affect local branches of a National Society. Generally, exemptions are granted when local authorities provide facilities such as buildings and transportation as part of grants to National Society branches.

The Russian Federation has two levels of taxation — local and federal. About one-third of the local Red Cross committees receive some form of tax relief, either partial or total, at local level.²⁸

In Australia, the Charitable Collections Act²⁹ under which the Australian Red Cross is registered does not prevent a charity from trading so long as its main activities are charitable.

The Hungarian Red Cross has established its own limited company,³⁰ liable for taxes, while Hungarian Red Cross shops have charity status.

²⁷ International Bureau of Fiscal Documentation, *International Tax Glossary*, Amsterdam, 1988, p. 166.

²⁸ Source: Russian Red Cross Society.

²⁹ Source: Australian Red Cross.

³⁰ This paper deals with National Society tax exemptions on traditional sources of income. It does not include fiscal relief to private companies set up by National Societies to increase funding or promote activities. The analysis of the fiscal status of commercial activities of Red Cross or Red Crescent Societies merits a separate study.

Fiscal incentives for individual and corporate donors

In the USA, the Internal Revenue Code has long provided exemption from federal income tax to non-profit organizations with “charitable, religious, or educational purposes”.³¹ The code also allows taxpayers to deduct contributions to such organizations from their gross income.

The public interest (*utilité publique*) nature of the French Red Cross was recognized by a statute in December 1940. This category of organization is allowed to receive tax-exempt gifts as an incentive to donors. Individual donors may deduct 40% of their donation, up to an amount of 5% of their income; company gifts are deductible up to 3% of turnover.³² The French Red Cross is distinct from the other “*associations reconnues d'utilité publique*”, however, because it receives additional exemptions and allowances.

*Taxes on individual or corporate contributions**Tax levied on gifts inter vivos*

A gift *inter vivos* is a transfer of property from one living person to another, as opposed to a transfer upon a person’s death (*mortis causa*). In many countries, the gratuitous transfer of property is subject to a gift tax. This is usually levied at the same progressive rate as inheritance tax and may be very high.

Many countries exempt *inter vivos* gifts to National Societies from taxes. The Burkinabé Red Cross Society, for instance, is exempt from taxation on all gifts.

³¹ Organizations that are exempt from federal income tax are described in Section 501(c)(3) of the Internal Revenue Code of 1954 as amended.

³² See “*Dons, donations et legs*” in “*L’association: Le mensuel du monde associatif*”, No. 6, May 1995, p. 44-45. The Senegalese Red Cross Society has the same status of “*association reconnue d'utilité publique*” with some differences: *Article 8-3e de la loi 92.40 du 9 juillet 1992, portant modification du Code général des impôts du Sénégal; JO No. 5476 du 11 juillet 1992: “Les personnes morales ou sociétés qui effectuent des dons et legs à la Croix Rouge sénégalaise, sont autorisées à déduire de leur assiette de l’impôt sur les sociétés, le montant desdits dons ou legs dans la limite de deux pour mille (2‰) de leur chiffre d’affaires.” Article 36-5e du Code précité: “Le même avantage est accordé aux personnes physiques qui peuvent déduire de leurs revenus à imposer, les versements effectués au profit de la Croix-Rouge Sénégalaise, dans la limite de 0,5% desdits revenus”*. In Chile, taxpayers can deduct their gifts from adjusted gross income when computing income tax liability, up to a limit of 10%.

The Hungarian Red Cross is exempt from tax and stamp duty under the 1993 Red Cross Act passed by the Hungarian parliament. Although the parliament originally did not guarantee general tax and stamp duty exemption, intense lobbying by the National Society resulted in a modification favourable to the Red Cross.

Regarding gifts, the Hungarian Red Cross Act states:

“Any monetary instruments and, furthermore, any personal or real assets of monetary value offered to and accepted by the Red Cross for the carrying out of its basic tasks — without the necessity for any approval of the authorities — is deemed to be an undertaking of an obligation in the public interest.”³³

Inheritance taxes/death duties

The French Red Cross enjoys an exemption from stamp duties on both gifts and legacies. This is in addition to the benefits it receives as an “*association reconnue d'intérêt publique*”. The *Code général des impôts* states:

*“Jusqu'à une date qui sera fixée ultérieurement par décret, les dons et legs de toute nature consentis au bénéfice de l'association La Croix-Rouge française, reconnue d'utilité publique par la loi du 7 août 1940, sont exonérés de tous droits d'enregistrement et de timbre, sous réserve de leur acceptation régulière par le comité de direction.”*³⁴

In many countries with a common law tradition, charities are exempt from paying inheritance taxes.

Customs duties

Most National Societies are exempted from payment of customs duties. When a Red Cross or Red Crescent Society receives gifts such as medical supplies from foreign hospitals, food for disaster victims, or even

³³ Act No. 40 of 1993, Article 4.3.

³⁴ *Loi du 1er décembre 1940, art. 1^{er}; No. 69-1168 du 26 décembre 1969, art. 4.* Article 1071 ends with “*Jusqu'à la même date l'acquisition et la location par la Croix-Rouge française des immeubles nécessaires à son fonctionnement sont également exonérées de tous droits de timbres et, sous réserve des dispositions de l'article 1020, de tous droits d'enregistrement*”.

an ambulance, it would be unreasonable to levy import taxes at the border since the items will contribute to the well-being of the most vulnerable. If aid supplies are sent by other members of the International Red Cross and Red Crescent Movement, the charging of taxes upon entry into the territory would not be in accordance with the spirit of Article 2, para. 3, of the Statutes of the Movement, which makes clear that:

“The States, in particular those which have recognized the National Society constituted on their territory, support, whenever possible, the work of the components of the Movement. The same components, in their turn and in accordance with their respective statutes, support as far as possible the humanitarian activities of the States.”

There are a number of examples of this. For instance, the Bulgarian Red Cross is exempted from customs duties and VAT on goods received from abroad, although it must pay VAT when purchasing goods locally. In Belgium, booklets used for information campaigns (promotion) are not subject to customs duties.

Both the Zimbabwe Red Cross Society and the Chilean Red Cross are exempt from paying import duties on gifts in kind from abroad provided the items are to be used for charitable purposes.

The Senegalese Red Cross Society is exempted from paying various customs duties because it is “*reconnue d'utilité publique*”.³⁵ The Society's tax exemptions are as follows:

- “*droits et taxes d'entrées sur les envois destinés à la Croix-Rouge sénégalaise et aux autres œuvres de solidarité à caractère national ou international*,”³⁶
- *suspension de l'application de timbre douanier*;
- *exonération des taxes portuaires*”³⁷.

In some countries this kind of exemption is not automatic and the National Society has to follow a specific procedure each time it wishes to receive exemption. The situation in Swaziland is as follows:

³⁵ *Décrets* 63.055 of 29 January 1963 and 63.597 of 11 September 1963.

³⁶ *Décret* 83.504 of 17 May 1983 “*fixant les conditions d'application de l'article 108 du Code des douanes*” and *loi* 74.78 of 18 July 1974 as modified by *loi* 87.47 of 28 December 1987 “*portant modification du Code des douanes*”.

³⁷ Letter No. 02139/MEFP/CT of 7 April 1994.

“In order to import tax-free imported goods, the Customs officials will need a notice of importation; a written declaration that all goods have been donated; that the donation was unsolicited; that the goods are for official purposes or are intended for free distribution in furtherance of your charitable activities.”³⁹⁸

Value Added Tax (VAT)

VAT is added to the price of goods and services but is not paid directly by the consumer to the government. It is imposed at various stages of production and distribution. “VAT utilises a system of tax credits to place the ultimate and real burden of the tax on the final consumers and to relieve the intermediaries of any final tax cost.”³⁹⁹ As consumers of goods and services, National Societies would normally pay VAT. However, many national authorities refund VAT paid by the National Society.

In Senegal, for instance, VAT is returned when a written request and the invoice are presented to the appropriate authorities.

In many countries VAT is refunded according to the nature or destination of the gift or service.

In Sweden, the National Society does not pay VAT on items and services generated within Sweden. The National Society is refunded the VAT on relief goods it purchases within Sweden for consumption elsewhere.

The Spanish Red Cross has no specific VAT exemption but it benefits from exemptions granted for specific activities, services and items⁴⁰ (e.g. hospital services, whether catering or medical, other medical assistance, welfare work, transport services, lotteries and sea rescue).

In the European Union (EU), various regulations affect the National Societies and other voluntary organizations. EU legislation (Directive 77/388, the sixth Directive) exempts the greater part of the voluntary sector from VAT, sometimes directly but mainly by exempting activities in which voluntary organizations tend to be involved. Article 13 of the

³⁸ Letter No. F.480/128 of 16 October 1985, from Secretary for Customs & Excise.

³⁹ *International Tax Glossary*, *supra* note 27, p. 285.

⁴⁰ *Ley 37/1992, de 28 diciembre, del impuesto sobre el valor añadido (LIVA); Real Decreto 1624/1992, de 29 diciembre, por el que se aprueba el reglamento del impuesto sobre el valor añadido.*

directive deals with the exemptions that the Member States of the EU must provide in favour of certain activities of general public interest. In the first place, an exemption is provided to cover:

“the provision to members of services and the delivery of directly related goods in return for a fixed contribution in line with its statutes, by non-profit organizations which have political, trade union, religious, patriotic, philosophic, *philanthropic* or civil aims.” (emphasis added)

Furthermore, the EU specifically exempts a number of services from VAT. Among these are hospital services, health care, protection of children and young people, and so on. In addition, activities and events aimed exclusively at providing support for these specified activities are also exempt. The EU exemption from VAT does not apply, however, if it results in an unfair competitive situation for organizations liable to tax. Member States of the EU can limit the number of organized events or place a ceiling on the amount of revenue eligible for exemption. States are free to apply a reduced rate to numerous other activities that are of interest to the voluntary sector and which do not qualify for exemption under the above conditions.

Income tax (and taxes on income-generating activities)

Income tax

National Societies are generally exempted automatically from income tax.⁴¹ They can also be exempted from paying taxes on specific sources of income.

In Australia the income of “a religious, scientific, charitable or public educational institution” is exempt from income tax.⁴² The Australian Red Cross and its divisions are considered charitable institutions and their income is therefore exempt from income tax.

As a registered charity, the Irish Red Cross Society is entitled to exemption from income tax on the following sources of income:⁴³

⁴¹ “Most countries impose a tax on the income of individuals and legal entities. (...) Two major income tax systems may be distinguished: comprehensive (synthetic) and schedular (analytical) income tax systems. Under the first category, tax is levied on the taxpayer’s total income and under the second category a number of different taxes are levied on various categories of income, mostly at different rates.” *International Tax Glossary*, p. 145.

⁴² Income Tax Assessment Act, Section 23(e).

⁴³ S.333/334 ITA 1967.

- rents in respect of any property to the extent that such rents are applied to charitable purposes only;
- interest, annuity or dividend income which is applied for charitable purposes only;
- profits arising from any trade carried on by the National Society where the profits are applied solely for the charitable purposes of the Society and either the trade is exercised in the course of carrying out the primary purposes of the Society or the work in connection with the trade is mainly carried out by the beneficiaries of the charity.

A charity is also entitled to exemption from deposit interest retention tax deducted at source from deposit interest earned.⁴⁴

Lottery tax

Many National Societies organize lotteries in order to fund their charitable activities. Governments usually levy tax either on the sale of lots or on the receipt of prizes. These lottery taxes take various forms. They may be levied on the sale of lots (in the nature of a turnover tax), on the organizer of the lottery, and/or on the receipt of prizes by participants in the lottery (in the nature of an income tax). In some countries, lotteries are subject to VAT. In those cases, the National Society enjoys tax concessions under specific VAT regulations. Governments recognize the charitable purposes of the lotteries organized by Red Cross and Red Crescent Societies (Albania), or in some cases confer on National Societies a percentage of the income of government-run lotteries (Chile).

The Spanish Red Cross is exempt from taxes on lotteries and similar activities.⁴⁵

Transfer of property and stamp duties

Stamp duties are duties paid on the issue of official documents such as contracts for the transfer of ownership. Usually stamp duties are levied by way of a stamp being attached to the document in question.

⁴⁴ S.31(1)(g)(i) F.A. 1986.

⁴⁵ Article 39 (*Exención*) of *Decreto 3059/1966* states: "*Quedan exentos del pago de estas tasas: (...) 5. La celebración de sorteos, tómbolas y rifas que organice la Cruz Roja Española, en las condiciones que reglamentariamente se determinen*".

The National Societies in France and Luxembourg are exempt from stamp duty on contracts for the transfer of properties. In the United Kingdom, stamp duty is not normally payable in respect of gifts to, and purchase of property by, charities (including both lands and shares).⁴⁶ The Chilean Red Cross is exempt from all existing stamp duties in the country.⁴⁷

Advantages in kind and excise duties

Many National Societies enjoy advantages in kind, granted by local or national authorities. These advantages are a way to subsidize a National Society by placing at its disposal public properties or services free of charge or at a low price. These advantages are not always of a fiscal nature but are included in this study because some are granted on a permanent basis. Many Red Cross or Red Crescent Societies are also exempted from paying excise taxes or duties.⁴⁸

Advantages in kind

In Belgium, the government places public properties (former primary schools or “*maisons communales*”) at the disposal of the Belgian Red Cross for a symbolic rent of one franc for 99 years. The Minister of Public Health places ambulances at the disposal of the National Society for emergency medical help. BELGACOM (the Belgian public agency for telecommunications) grants a reduction of 50% on charges for telephone calls to the Red Cross Society (there is a single phone number for telephone calls to the Red Cross — whether to reserve an ambulance or to get information about the Society — from anywhere in Belgium).

The Portuguese Red Cross enjoys a reduction on the cost of lawsuits, postage stamps, telephone and telegraph charges and opportunities for publicity in public service media.

Other National Societies enjoy such benefits as, for example, free parking for motor vehicles (Zimbabwe Red Cross Society), or a certain

⁴⁶ Charity Commissioners for England and Wales: *Fiscal Benefits for Charities*, January 1990, p. 1.

⁴⁷ *Decreto Ley No. 37475* of 1980, (*Ley de Timbres, Estampillas y Papel Sellado*).

⁴⁸ Excise duties are internal taxes imposed either as “user” charges from government services, as “regulatory” charges on activities such as gambling or air transportation, or more importantly as taxes on the consumption of a commodity, upon its retail sale or sale by the manufacturer or producer, or upon its importation. Excise duties are classically charged on products such as liquor, tobacco, and motor fuels.

amount of gasoline per month from the State gasoline company (Uruguayan Red Cross). Many National Societies have free use of public buildings or plots of land (as in Bulgaria, Burkina Faso and Bolivia), especially at local levels.

Exemption from excise duties: the example of the American Red Cross

The American Red Cross has obtained exemption from payment of federal excise taxes. As with all the Society's tax exemptions, the federal excise tax exemption does not apply to services or goods that are not purchased for its exclusive use. The exemption is not available when goods or services are purchased for personal use.

The American Red Cross is also exempt from federal excise tax on telephone, telegraph, radio and cable communications.⁴⁹

Second, as a public charity, the American Red Cross applied for and was granted a validated certificate of registration (Form 637) from the Internal Revenue Service. This certificate entitles the National Society and all its chapters and branches to exemption from excise taxes on certain manufactured products, including petroleum products (gasoline, special motor fuel, lubricating oil), motor vehicles, vehicle parts, tyres and inner tubes, and vehicle accessories.⁵⁰ The Society receives no exemption from federal excise tax on items that it does not use and resells in new condition.

Third, a federal motor vehicle highway use tax is applied in the USA to vehicles that exceed a specified size and weight. Although American Red Cross bloodmobiles, mobile laboratories and self-contained collection units fall into this category, the Society has been granted exemption from this tax.⁵¹

The American Red Cross is subject to very few taxes. One that it is obliged to pay, however, is the air cargo transport tax. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) placed a 5% tax on air transportation for all forms of domestic cargo, including freight, mail, small packages and express items. This act specifically states that there

⁴⁹ Internal Revenue Code of 1954, Section 26 U.S.C. Sec. 4253(c).

⁵⁰ Certificate No. 52-71-0206-N of 3 December 1976.

⁵¹ Letter ruling from the Internal Revenue Service, 4 March 1974, published as Rev. Rul. 76-510.

are no exceptions to the application of the tax to all shipments that originate and terminate within the United States (the tax does not apply to international shipments). Therefore, this tax applies not only to shipments by the Red Cross Society but also to those of all other charitable organizations and of the federal government itself.

Taxes levied for the profit of Red Cross or Red Crescent Societies

Tax exemptions are only one way of giving fiscal support to the development of a Red Cross or Red Crescent Society. In some countries, taxation authorities levy taxes directly for the National Society's benefit. This is a way to ensure regular financial support to the Society and to make taxpayers aware of their contribution. There may often be a link between a traditional activity of the Red Cross and the service, transaction or item that is taxed.

In Belgium, for instance, a percentage (0.25%) of all insurance premiums for civil liability car insurance is granted annually to the National Society. As the levy is compulsory, this amounts to a very important contribution to the National Society's budget. Furthermore, the tax is associated with a traditional activity of the National Society — car accident prevention and assistance.

Article 1 of Belgium's "*Loi accordant des ressources complémentaires à la Croix-Rouge de Belgique*" of 7 August 1974 states:

“§1^{er}. En vue d'assurer un financement régulier des activités que la Croix-Rouge de Belgique déploie conformément à sa loi organique et à ses statuts en tant qu'auxiliaire des pouvoirs publics en temps de paix, cette institution bénéficiera annuellement d'une recette provenant d'un supplément de (0.15%)⁵² du montant des primes mises à charge de tout preneur d'assurance assujetti à la loi du 1^{er} juillet 1956 relative à l'assurance obligatoire de la responsabilité civile en matière de véhicules automoteurs.

§2. Les sociétés d'assurances perçoivent ces montants dans les mêmes conditions et dans les mêmes délais que les primes d'assurances elles-mêmes auxquelles ces montants sont ajoutés.

⁵² 0.25% since 21 January 1976. *Arrêté royal relatif aux ressources complémentaires accordées à la Croix-Rouge de Belgique.*

§3. *Les sommes qui sont ainsi destinées à la Croix-Rouge sont versées par les compagnies d'assurances à un compte spécial de la Section particulière du budget du Ministère de la Santé publique et de la famille.*"

In Georgia, the Presidential Decree recognizing the Red Cross Society of Georgia confers many financial privileges on the Society. These go much further than tax exemption. For instance:

- unauthorized use of the red cross emblem on any kind of property is subject to a penalty of 40% of the cost of the object on which the emblem is placed;
- funds collected from these penalties will be transferred to the National Society;
- all state or private organizations producing, importing or exporting alcoholic and soft drinks, tea and tobacco pay 0.1% of the annual profit to the Red Cross Society, in either national or foreign currency. This sum will be deducted from the income tax of these organizations.
- 10% of the profit from all kinds of cultural entertainment and sports activities during the week of May 1-8, and 5% of the transport income during this period, is transferred to the Red Cross Society.

This law provides good examples of measures designed to provide regular financial support to a Red Cross or Red Crescent Society.

There are other examples of grants from government. The so-called welfare stamps (*Wohlfahrtsmarken*) in Germany provide a certain amount of profit to the German Red Cross. The same scheme is applied in France annually with "Red Cross stamps" issued by the French postal service.⁵³

Given a choice, it would appear more advisable to associate the Red Cross with positive events such as Red Cross Day than to collect penalties or fines for the benefit of a National Society. However, this may be perceived as reasonable in some cases. For instance, in Germany courts may sentence offenders to pay fines to the German Red Cross. In Costa Rica, 15% of traffic fines is allocated to the National Society because violating highway laws may cause accidents and the Red Cross is a major provider of ambulance services.

⁵³ *Décret of 25 June 1952.*

Conclusion

Tax exemptions and other fiscal advantages can benefit Red Cross and Red Crescent Societies by cutting costs and hence increasing the amount of funds available for National Society activities. Such exemptions and advantages are, moreover, legitimate entitlements that are both granted by national laws and requested by international conventions. National Societies are not only justified in seeking such benefits but are encouraged by international agreements to do so.

Exemption from taxes and other official charges should not, of course, be an end in itself. It is of paramount importance that National Societies should always seek to preserve their autonomy and independence even if this means foregoing benefits that would otherwise be due to them. The granting of tax exemptions and other fiscal concessions by governments must therefore be unconditional, allowed for the sake of a National Society and those it assists and not for the sake of private advantage or political gain.

It is important that National Societies should be appropriately informed of fiscal legislation that affects them and remain alert to national laws and local regulations that may influence their financial situation.

This summary is not intended to be an exhaustive account of the benefits National Societies receive from governments. Rather, it is an attempt to point to some common (and some not so common) features, illustrated by examples from around the world. The area of government fiscal concessions is well known to a number of Red Cross and Red Crescent Societies but it may not be so to others. In view of the advantages that may be derived from being familiar with national legislation on this issue, it is certainly worthwhile looking into the matter.

Vincent Bernard holds degrees from the Institute of Political Studies and the Law Faculty of the University of Strasbourg, the King's College School of Law in London and the Graduate Institute of International Studies in Geneva. He currently lectures in law and political science in the French-language Department of Political Science and Administration at Marmara University in Istanbul. In 1995 he was part of the team that won the Jean Pictet International Humanitarian Law Competition in Paris.