

Zulat's Position on Bill to Impose Economic Sanctions on Human and Civil Rights NGOs Critical of Government

Background

Zulat for Equality and Human Rights promotes the protection of the rule of law and democracy. On 20 June 2022, we published a report titled *Pseudo Democracy: State of the Regime in Israel*,¹ which warned of the authoritarian processes that have taken place in the State of Israel over the years and have accelerated since the establishment of the new government in December 2022.

Among other things, the aforementioned report referred to the delegitimization campaign against human and civil rights organizations, which began during Netanyahu's second term as prime minister. Amendment No. 11 to the Non-Government Associations Law-1980 enacted in 2008² required an NGO with an annual turnover exceeding NIS 300,000 and cumulative donations from foreign political entities exceeding NIS 20,000 to include this data in its annual financial report and post it on its website. The Duty of Disclosure Law for Groups Supported by a Foreign Political Entity enacted in 2011³ amended the NGOs Law, expanded the state's control over the content of NGO activities, and labeled them negative and harmful factors. In 2016, an amendment was added to the Duty of Disclosure Law, which once again expanded the NGOs Law by requiring those supported by foreign political entities to indicate this in any publicity on billboards, television, newspapers, homepages, online campaigns, any report presented to the public, and any written request addressed to an elected public official (cabinet minister, deputy minister, or MK) or to a public employee. Only following criticism by the Justice Ministry was a clause removed from the bill that would have obliged NGO staffers to wear identification tags at meetings in the Knesset and government offices.

At a time when opposition and coalition representatives are seemingly engaged in a dialogue about the regime revolution legislation at the Presidential Residence in Jerusalem, the Netanyahu government's efforts to crush the remnants of Israel's

¹ Eitay Mack, [Pseudo Democracy: State of the Regime in Israel](#), *Zulat*, 20 June 2022.

² [NGOs Law-2008 \(Amendment No. 11\)](#), *Knesset*, 24 January 2008 (Hebrew).

³ [Duty of Disclosure Law for Groups Supported by a Foreign Political Entity-2011](#), *Knesset*, 2 March 2011 (Hebrew).

democratic institutions continue full steam ahead, now targeting civil society.

The Bill

On 28 May 2023, the Ministerial Committee for Legislative Affairs is expected to vote on MK Ariel Kellner's (Likud) bill to amend the Income Tax Ordinance in order to tax donations from a foreign political entity. An NGO receiving a donation consistent with the terms specified in the bill will be excluded from the definition of "public institution" under Article 9(2)(b) of the ordinance. The NGO will lose its recognition as a public institution under any and all laws, with such attendant implications as donors no longer being entitled to a tax credit based on Article 46 of the ordinance. The bill also proposes to establish that an NGO receiving a donation from a foreign political entity consistent with the terms specified in the bill will be liable for a 65% tax rate on its income.

Zulat's Position

This bill aims to impose economic sanctions on human and civil rights NGOs critical of the government and thereby bring about their closure.

- ☒ Imposing sanctions and restrictions on the activities of human and civil rights associations is a clear hallmark of authoritarian regimes.
- ☒ It was submitted by MK Kellner as a private bill, similar to other bills of the regime revolution. This modus operandi is designed to allow Prime Minister Netanyahu to evade any personal responsibility (given the international criticism against him, especially by the United States) and to threaten Israel's opposition parties and democratic public that if they do not cave in to some groundless "understandings" with the coalition, the MK might submit his anti-democratic bill to the Knesset for approval.
- ☒ This was no independent initiative by MK Kellner. Back on 21 November 2022, at an event hosted by the Knesset titled "Human Rights Organizations Operated by Hamas," Finance Minister Bezalel Smotrich (Religious Zionism) said that these organizations were an existential threat to Israel and that the incoming government must deal with them by "seizing their funds" and act against them with legal and security measures.

Diaspora Affairs Minister Amichai Chikli (Likud) added that the European Union was "the arrowhead involved in the delegitimization" of Israel.⁴

- ☒ The bill's explanatory notes do not try to hide its anti-democratic purpose and overtly state as much: "The bill seeks to reduce, through taxation, the involvement of foreign political entities in Israel's democracy in the form of financial support for NGOs and non-profits and meddling in Israel's legal issues, political activity, government and municipal policies, and public opinion. The flooding of the courts with politically-driven legal proceedings, direct influence over the public discourse, and attempts by foreign political entities to change government and municipal policies harm the fundamental characteristics of the independent State of Israel and the sovereignty of its citizens."⁵
- ☒ It violates the principle of equality by "targeting" human and civil rights NGOs, which are mostly funded by donor countries or foundations (as is customary in most of the world), whereas Israeli right-wing NGOs are usually supported by foreign tycoons and will therefore be unaffected by the bill. Prime Minister Netanyahu knows very well that if the bill is approved by the Knesset, donor countries will stop funding the activities of the NGOs and thereby bring about their closure, which is exactly what happened in other dictatorial and non-democratic regimes around the world.
- ☒ Obviously, had the intention not been to specifically "target" human and civil rights NGOs critical of the government for political reasons, a bill would have been introduced to tax all donations, regardless of whether they came from a state or a private entity.
- ☒ The proposed bill will apply to "a donation that interferes in Israel's internal affairs," which broadly defines a donation to almost any type of public activity (filing or assisting with the filing of an appeal to court, the Knesset, the executive branch, law enforcement agencies, local authorities, and Israeli public opinion).⁶ Although this is not explicitly noted in the text of the bill, in view of the current political campaign and the campaigns that accompanied its previous incarnations, the basic premise underlying it clearly is that the human rights violations committed by the State of

⁴ Noa Shpigel, [Israel Must Deal With Human Rights Orgs as an Existential Threat, Netanyahu Ally Says](#), *Haaretz*, 21 November 2022.

⁵ [Bill on Amendment to Income Tax Ordinance \(Taxation of Donation From Foreign Political Entity\)-2023](#), *Nevo*, 13 February 2023 (Hebrew).

⁶ *Ibid.*

Israel, its security forces, and the settlers in the Occupied Palestinian Territories (OPT) are part of "Israel's internal affairs," and that sanctions should be imposed on human and civil rights associations trying to expose and stop these violations and to provide relief to the victims.

- ☒ **What happens in the OPT is a matter of international interest.** Israel has repeatedly declared at international forums and in response to Supreme Court petitions that this is territory under "belligerent seizure" that remains unannexed (except for East Jerusalem, whose formal annexation by Israel was declared invalid and in violation of international law by the international community and the UN Security Council).
- ☒ **Nor are violations of human and civil rights within the State of Israel's recognized sovereign territory considered an "internal matter" either,** due to the fact that Israel is a signatory of numerous international treaties for the protection of human and civil rights and is subject to international review mechanisms by virtue of this fact and of its membership in the United Nations.
- ☒ **The bill is intended to harm population groups in the OPT and within the State of Israel to whom the NGOs provide legal, humanitarian, and social services.** Particularly affected will be the rights to turn to the courts and to receive legal representation and due process. This will not only affect Palestinians in the West Bank and the Gaza Strip (as coalition members and right-wing activists claim in order to gain public support), but also NGOs protecting the rights of women, LGBTQs, asylum seekers, the poor, disabled persons, Ethiopian immigrants, victims of police violence, and more.
- ☒ **It infringes on the fundamental rights of activists, volunteers, and workers of NGOs recognized in Supreme Court rulings and international treaties signed by Israel,** in particular the rights to freedom of expression, association, and occupation. Among others, these rights were recognized in the Universal Declaration of Human Rights (1948) and in the International Covenant on Civil and Political Rights (1966).
- ☒ **It violates the principles of the UN Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society To Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms (A/RES/53/144, adopted on 9 December 1998).** Articles 1 and 2 state that every person has the right to promote and strive for the protection and realization of human rights and fundamental freedoms

at the national and international level, while Articles 5 and 6 guarantee the right to meet or assemble peacefully, as well as the right to freely publish and disseminate views, information, and knowledge to others on any human rights and fundamental freedoms.

- ☒ It will also harm Israeli men and women who are not active in NGOs or receive any services from them, as it will strengthen the delegitimization and political persecution of the opposition and government critics in Israel. The same process happened in other non-democratic countries: human/civil rights NGOs were closed to begin with, and the political persecution of citizens suspected of supporting the promotion of human/civil rights and democracy did not stop and continued unabated.

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