

Law to Eliminate Free Civil Society Organizations

Amendment to Associations Law (Donation from a Foreign Political Entity, 2024)¹

Introduction

Since its establishment on 29 December 2022 and the "legal reform" announced by the Justice Minister a few days later, members of the Netanyahu government have been engaged in a regime revolution in a bid to seize control over the state's authorities and assets in order to advance their political and personal interests. As part of this effort, the government has promoted a long list of anti-democratic and dangerous legislative proposals.

On 16 February 2025, the Ministerial Committee for Legislation approved the private bill in question.² **As explained below, this bill is an integral part of the regime revolution sought by the government:**

- It aligns with the main thrust of the regime revolution: politicization through government control over budgets and limited judicial review over the government.
- It seeks to shut down Israel's civil society organizations by drying up the funding sources of many of them.
- Sanctions and restrictions on civil society organizations are a distinct hallmark of authoritarian regimes. Still, the proposed 80% tax on foreign donations is unprecedented worldwide.
- It violates the principle of equality and classifies organizations operating in Israel according to political loyalty criteria.
- Denying civil society organizations the right to legal recourse would allow the government to eventually shut them down altogether.
- The bill specifically aims to eliminate organizations that work to ensure that Israel upholds its international obligations, both within its sovereign territory and in the occupied Palestinian territories.

* English-language reference. All other references in this document are in Hebrew.

¹ [Bill on Associations Law \(Amendment: Donation from a Foreign Political Entity, 2024\)](#), Knesset National Legislation Repository, 16 December 2024.

² Noa Shpigel and Chen Maanit, [*'Shutting People Up': Israeli Lawmakers Advance Bill Targeting Funding of Foreign-Funded NGOs](#), Haaretz, 20 February 2025.

- It seeks to limit access to the courts for entire populations whose sole option of getting legal remedy is to turn to civil society organizations.
- It infringes on the fundamental rights of activists, volunteers, and employees in civil society organizations, particularly freedom of expression, association, and occupation, which have been recognized in Supreme Court rulings and in international treaties to which Israel is a signatory.
- It is an integral part of the delegitimization campaign that Netanyahu's governments have been waging against civil society in Israel.

Current Legal Situation and Proposed Amendment

Current Situation: According to Article 9(2) of the Income Tax Ordinance [New Version],³ a nonprofit organization classified as a "public institution" is exempt from paying taxes on its income, while Supreme Court rulings stipulate that NPOs have the right to petition the courts regarding standing rights.⁴

Proposed Amendment: The bill seeks to amend the Associations Law-1980,⁵ by stipulating that donations from a foreign political entity would be taxed at a rate of 80%, unless the finance minister decides otherwise in special circumstances (with the Knesset Finance Committee's approval). Courts would no longer be obligated to hear petitions submitted by NPOs whose primary funding comes from a foreign political entity. The law would not apply to organizations receiving government funding, thereby effectively excluding right-wing NPOs, which are largely funded by private donors. In other words, NPOs that support the government and its policies would not be affected.

Zulat's Position

The bill aims to shut down civil society organizations and classify them according to political loyalty criteria. This is an anti-democratic proposal, as it seeks to suppress criticism of the government and opposition to its policies. It must therefore be seen as an inseparable part of the regime revolution. Following are the main dangers posed by the bill:

³ [Income Tax Ordinance \[New Version\]](#), Nevo, updated 7 February 2019.

⁴ [Supreme Court Petition 837/19 Adv. Yossi Fuchs v. Attorney General](#), Nevo, 4 February 2019.

⁵ [Associations Law-1980](#), Nevo, last updated 1 January 2025.

- **It aligns with the main thrust of the regime revolution: politicization through government control over budgets and limited judicial review over the government.** Exorbitant taxation on foreign donations would allow the government to indirectly control the budgets of unsympathetic NPOs. Organizations receiving such donations would be denied access to the courts, effectively nullifying Supreme Court rulings on standing rights and preventing courts from hearing petitions and lawsuits that challenge the government. The bill mirrors other legislative efforts, such as the law passed in January 2025 granting the government control over the Israel Bar Association's budget by restricting the rate of membership fees and their use,⁶ a bill to place the Israel Public Broadcasting Corporation's budget under government control,⁷ bills seeking to eliminate judicial review over Basic Laws, bills to reduce or annul judicial review of ordinary laws and government resolutions, and the law abolishing judicial review based on the reasonableness standard (subsequently overturned by the Supreme Court in January 2024).
- **It seeks to shut down Israel's civil society organizations by drying up the funding sources of many of them.** Given that human rights and civil society NPOs are mostly funded by foreign governments or foundations (a standard practice worldwide), these would likely cease their funding rather than contribute 80% of their donation to Israel's state budget. Since courts would no longer be required to hear cases brought by these NPOs, they would lose their ability to assist victims and the public, leading to a decline in both their activities and private donations.
- **Sanctions and restrictions on civil society organizations are a distinct hallmark of authoritarian regimes. Still, the proposed 80% tax on foreign donations is unprecedented worldwide.** Russian President Vladimir Putin imposed a 24% tax on NPOs classified as "foreign agents,"⁸ the Nicaraguan government revoked tax exemptions for NPOs in August

⁶ [Israel Bar Association Law \(Amendment No. 45, 2025\)](#), Knesset National Legislation Repository, 22 January 2025.

⁷ [Bill on Israel Public Broadcasting Law \(Amendment: IPBC's Budget, 2024\)](#), Knesset National Legislation Repository, 15 July 2024.

⁸ Charles Digges, [*Prime Minister Putin Slaps Tax on Foreign NGOs in Effort To Purge Russia of Foreign Influence](#), *Bellona*, 3 July 2008.

2024, subjecting them to the standard tax rate (10% to 30%),⁹ while El Salvador has been advancing a bill to impose a 40% tax on NPOs.¹⁰

- **It violates the principle of equality and classifies organizations operating in Israel according to political loyalty criteria.** A Channel 13 expose about Transportation Minister Miri Regev approving funding for projects in local authorities and ranking Likud party activists according to their personal loyalty to her (the most loyal were termed "diamonds")¹¹ prompted the police to launch a criminal investigation in June 2024. The wording of the bill in question attests to the intention to use similar criteria to classify NPOs operating in Israel: the budgets of human rights and civil rights NPOs, mostly funded by foreign states or foundations, would be "dried up" and they would be denied recourse to the courts. In contrast, the bill would not affect right-wing NPOs since they are mostly supported by private foreign donors and they would be able to go on filing court petitions in support of the government's position, while the NPOs receiving government funding would be classified as "diamonds."
- **Denying civil society organizations the right to legal recourse would allow the government to eventually shut them down altogether.** Although ministers, coalition MKs, and right-wing activists have been marketing it as intended to deny access to the courts to Palestinians and asylum seekers, the bill is actually meant to deny access to the NPOs. This means that NPOs may be denied legal remedy if the government decides to use an administrative measure (say, emergency regulations) to close them down or to restrict their actions in other ways. For example, in August 2024, Nicaragua's dictatorial regime revoked the registration of some 1,500 NPOs, effectively turning them into illegal entities.¹²
- **The bill specifically aims to eliminate organizations that work to ensure that Israel upholds its international obligations, both within its sovereign territory and in the occupied Palestinian territories.** Contrary to what is stated in the bill, to the effect that

⁹ Walter Sanchez Silva, [*Nicaraguan Dictatorship Eliminates Tax Exemptions for Catholic and Evangelical Churches](#), *Catholic News Agency*, 23 August 2024; Róger Pérez, [*Tax Reforms for Non-Profit Organizations: Notable Changes in Income Tax Management](#), *Arias*, September 2024.

¹⁰ Team WOLA, [*U.S. Groups Condemn Proposed Foreign Agents Law in El Salvador](#), *WOLA*, 24 November 2021.

¹¹ Josh Breiner, [*Israel Police Launch Investigation Into Possible Fraud, Breach of Trust at Transportation Ministry](#), *Haaretz*, 10 June 2024; Aviad Glickman, Eli Senyor, Baruch Kra, and Raviv Drucker, [*Regev 'Not Familiar With a Loyalty Table' But Document Handwritten by Her Shows Otherwise](#), *13 TV*, 26 May 2024.

¹² Adam Pourahmadi and Avery Schmitz, [*Nicaragua Forces 1,500 Church and Civil Society Groups To Close](#), *CNN*, 20 August 2024.

funding from foreign governments "exceeds the boundaries of democracy and harms Israel's sovereignty and independence," what happens in the occupied Palestinian territories is an international matter. Israel itself repeatedly declares in international forums and in the Supreme Court that these territories are under "belligerent occupation" and have not been annexed (except for East Jerusalem, whose formal annexation by Israel was rejected and declared illegal by the international community and the UN Security Council). Nor are violations of human and civil rights within Israel's recognized sovereign territory considered an "internal matter" either, because Israel is a signatory to numerous international conventions protecting human and civil rights and is subordinate to international oversight mechanisms under these conventions and by virtue of being a member of the United Nations.

- **It seeks to limit access to the courts for entire populations whose sole option of getting legal remedy is to turn to civil society organizations.** The right of access to courts is a fundamental right recognized in Israeli and international law, to which Israel is committed (as opposed to standing rights, which are recognized in Supreme Court rulings). The bill would infringe on the ability to exercise this right for entire populations in the occupied Palestinian territories and within Israel itself, for whom human and civil rights NPOs provide legal, humanitarian, or social services. This would not only affect Palestinians in the West Bank and Gaza Strip, as coalition MKs and right-wing activists claim in order to gain public support, but also NPOs supporting women's rights, LGBTQ+ rights, asylum seekers, the poor, the Ethiopian-Israeli community, people with disabilities, victims of police violence, and more.
- **It infringes on the fundamental rights of activists, volunteers, and employees in civil society organizations, particularly freedom of expression, association, and occupation, which have been recognized in Supreme Court rulings and in international treaties to which Israel is a signatory,** such as the Universal Declaration of Human Rights (1948) and the International Covenant on Civil and Political Rights (1966). The bill would also violate 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 (adopted on 9 December 1998).¹³ Specifically, the bill contradicts

¹³ [Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms](#), *United Nations General Assembly*, 8 March 1999.

the latter's Articles 1 and 2, which state that every individual has the right to promote and seek protection and realization of human rights and fundamental freedoms at the national and international levels, as well as Articles 5 and 6, which guarantee the right to meet or assemble peacefully and the right to freely publish and disseminate opinions, information, and knowledge to others regarding all human rights and fundamental freedoms.

- **It is an integral part of the delegitimization campaign that Netanyahu's governments have been waging against civil society in Israel.** The explanation attached to the bill does not attempt to conceal its aim to classify civil society NPOs as hostile "foreign agents." It explicitly states that "the purpose of this bill is to reduce the indirect influence of foreign governments and political entities on the State of Israel. This influence is expressed, among other things, in direct financial support to Israeli NPOs acting as agents of change on behalf of these entities." Past legislation already expanded state oversight over the content and activities of NPOs and categorized them as negative and harmful elements by imposing extraordinary disclosure obligations concerning support received from a foreign political entity¹⁴ (Amendment No. 11 to the Associations Law-1980 in 2008,¹⁵ as well as Duty of Disclosure Law for Groups Supported by a Foreign Political Entity in 2011 and its amendment in 2016¹⁶).

It is for all the aforementioned reasons that Zulat objects to a bill that is designed to silence and shut down civil society organizations and is a substantial part of the infrastructure being prepared by the government for the transition to a full dictatorship. This includes a long list of anti-democratic, racist, and dangerous legislative proposals, the mere discussion of which serves to shape the public consciousness and inure the people to life under a dictatorial regime.

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¹⁴ Eitay Mack, *[Pseudo Democracy: State of the Regime in Israel](#), Zulat, 23 June 2022.

¹⁵ [Associations Law \(Amendment No. 11, 2008\)](#), Knesset National Legislation Repository, 15 January 2008.

¹⁶ [Duty of Disclosure Law for Groups Supported by a Foreign Political Entity-2011](#), Nevo, 2 March 2011.