The Heart of Europe -- Government Seeks a New Role
In the Emerging Civil Society
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The floods that devastated parts of Central Europe and the human suffering and dislocation that has been caused by the war in Bosnia and Kosovo have brought to the attention of the world the plight of the victims of these natural and human disasters. The International Red Cross has highlighted the "silent disasters" occurring in such regions of Russia as Chukota, where the life expectancy has plummeted to 34 years since the break up of the Soviet Union. Government funding of humanitarian assistance is insufficient to meet the compelling needs. Still, fundamental issues exist regarding the resurgence of the civil society in Central and Eastern Europe.

A recent article in The Washington Post of November 27, 1998 entitled "Can Wintry Blast Melt Cold Parisian Hearts?" described French President Jacques Chirac's plea to aid the plight of homeless people who were dying from the frigid cold temperatures that are sweeping across Europe. He was not pleading for aid from the French government that provides a web of social protections but for the people to take charity into their own hands and "do something to make things better." France, like other countries in Central Europe, has depended on the state to take care of the poor, the distressed and charitable causes. On average, less than .15 of a Frenchman's annual taxable income is devoted to charity. As noted in the article, cynics regard public support as "private money that is impure and immoral." They believe that only the state has "pure money." Thus, public giving is regarded as suspect. The problem in France, and in every other nation of the world, is that the state does not have sufficient money to fund the needs of its people and thus must look to non-governmental financial and volunteer resources in the building of its civil society.

Representatives of the Finance Ministries and the State Tax Agencies of Estonia, Latvia, Lithuania, Poland, Hungary, Romania, Slovakia and Slovenia met together with Russia, Armenia and South Africa at the OECD Institute in Vienna to review common issues of tax administration concerning the new wave of non-governmental organizations created after the dissolution of the Soviet Union and the Warsaw Pact that bound the Central Eastern European countries into a state managed economy and common defense structure.i[1] I had the honor of leading the discussions on tax exempt organizations with Susan Himes of the OECD, Al Short of the Canadian Revenue and Bulent Tas of the Finance Ministry of Turkey.

While the majority of the nations of Western Europe prospered under principles of free enterprise and trade, Central and Eastern Europe -- on the other hand -- tied to state controlled economies, could not compete and had to depend on regional trade and a barter system with their major trading partners to survive. As Western Europe recovered from the devastating Second World War, Central and Eastern Europe languished and became a closed society. Was this only due to the closed markets, a woefully inadequate monetary structure, a judiciary and legal system dependent on the whim of individuals rather than the rule of law? Or was it something deeper in the culture of these nations that was lacking -- a robust Civil Society.

Before we review what is happening today in the non-profit sector, it is important that we understand what happened during and after the period of Soviet domination when the Soviet system collapsed and these countries gained freedom of expression and action as they faced a new complex world.

The voluntary sector of Central and Eastern Europe is not a product of the revolution that occurred in 1989, even though there is no question that its growth and impetus comes from the new freedoms granted to individuals and their right to free association guaranteed by new constitutional rights. Foundations and associations have had a long and lasting history in this region. In the Czech Republic, Hungary and Poland, as well as the Baltic States, the history of these organizations dates back to the 13th century. Prior to World War II, voluntary organizations played an important role in the establishment of these countries. In Poland, for example, pre-World War II voluntary organizations assisted government to deliver social assistance, education, health and other humanitarian services. In Hungary they were important in the cultural and political life of the country. The First Republic of Czechoslovakia in 1918 codified the rights of free association and speech, which closely paralleled the United States Constitution.ii[2]

During the Second World War and the subsequent years of communist government domination, these entities' activities were strictly controlled and limited to only one purpose — to serve the state. Voluntary organizations were in reality quasi-nongovernmental agencies that lacked political and legal opportunity for independent civic initiatives. Thus, in the 1950's their activities became heavily polarized, their primary role was a political one and any provision of services was merely secondary. This permitted the state to proclaim citizen involvement in addressing public issues, but at the same time the state controlled their activities and the citizen's involvement.

The extent to which organizations were allowed to operate depended on how secure the government was in exercising its own power over the people. In Romania, for example, the Ceausescu government banned even quasi-governmental professional associations. On the other hand, in Poland and Hungary self help networks and other circles of voluntary groupings were allowed to exist. The renaissance of voluntary organizations after 1989 is in large measure due to the deterioration of the Soviet welfare state and the collapse of economies from poorly functioning monetary policies that made it impossible for this system to compete with free market forces.

Thus, our review must take into consideration not only the past but also the political and economic realities that exist today before we can examine the emerging role played by the non-profit sector. The increasing role that non-governmental organizations ("NGOs") are assuming creates a tension and challenge to the governments who still view them with suspicion and uncertainty as to whether the tax benefits that they grant actually are used to promote public benefit and democratic principles and not private enrichment. However, there is a growing awareness of the vital role these organizations must play to stabilize the society in which they function. The high profile support for non-governmental organizations was exhibited when the heads of state of Austria, Czech Republic, Germany, Poland, Hungary, Slovakia, Slovenia, Italy, Bulgaria, Romania and the Ukraine gathered at Levoce Slovakia this past January to voice support for the "Civil Society -- the Hope for a United Europe."

The design choice faced by these nations in reforming their NGO laws is whether to exempt qualifying "taxpayers" or qualifying types of income. The Basic World Tax Code ("BWTC") and reform statutes generally follow the design of exempting qualifying income, which potentially results in the taxation of NGO income to a profits tax. The basic strategy is to exempt the related income of the NGO and tax the commercial unrelated business income -- similar to the United States' approach. The BWTC recognizes exemption of "public benefit" organizations, i.e., organizations that are organized and operated for specific charitable community benefit, no part of the assets or earnings of which is used to benefit private individuals. These organizations receive some sort of direct government subsidy in the way of distributions from state budgets or through charitable deductions and value added tax exemption. Mutual organizations operate for the collective benefit of individuals and generally without any state subsidy. The third category of NGOs includes government- sponsored organizations or instrumentalities that perform essential governmental functions.

The BWTC requires that each entity must be treated as a separate juridical person, register with the appropriate government authority, provide a process of appeal to the Courts in the event of denial of tax exemption, provide a system of administrative tax penalties for failure to comply with the law on tax exemption, requirements for reporting to the tax officials through annual reports and finally a system of taxation of unrelated business activity and recognition of the deductibility of contributions for individuals and businesses. Some of the countries allow commercial activities by their nonprofit sector but apply a “destination of income” approach that does not tax profits if used for exempt purposes. Others, like Lithuania, tax all commercial activities of charities whether the profits are used for charitable purposes or not. Finally, some of the countries tax commercial activities, but permit the income producing activities to be conducted in taxable subsidiaries which then can receive a tax deduction for donations to the charity. Then there are the value added taxes (“VAT”) which provided a whole series of other issues.

One of the most interesting areas concerned the tax deductions of contributions by corporate and individual donors. There was no uniform approach by the various countries in either granting the tax benefit or the percentage deduction allowed. We will review this issue as we examine each country.

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“*The grand vision of the European Enlightenment was one of all humans as potentially capable of full humanity, regardless of race or creed, even the wretched of the earth capable of making their own decisions and sharing in the core of the common weal. Against the Hobbesian vision of humans as intrinsically egotistic, having to be restrained in their greed by a sovereign, it was the vision of humans capable of voluntarily subordinating their private ends to a common good and the law of reason. The communists had long and stridently appealed to idealistic motives. The reality we saw behind the façade was wholly different: the crass corruption in business and the exploitation of women in the lowest-paid menial jobs. Over the years, all idealism became suspect and we learned to trust only the crassest egotistic motives.”iii[3]*

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<u>ESTONIA</u>

Estonia has experienced broad economic growth since 1993. Bolstered by a strong national desire to reintegrate into Western Europe, Estonia has adhered to a disciplined fiscal and financial policy that has led the other former Soviet Union countries in pursuing economic reform. Its economic engine has gained steam from a low 2% inflation rate and a gross domestic product (“GDP”) growth of 3% beginning in 1995-96. Small and medium privatization is nearly complete and large-scale privatization of state energy, telephone and oil enterprises are on pace. Estonia has reoriented its trade to the West, with two-thirds of its exports now sent to Western markets. Free trade policies are the cornerstone of its policies, which have gained the approval of the European Union. However, lingering concerns relate to current account deficits, the slow implementation of rules and regulations to facilitate the transfer of real property and the privatization of housing and agriculture.

Estonians have a long history of democratic ideals. NGOs are credited with the establishment of organized society. From 1870 to 1917, they helped build a strong basis for statehood. One of the first tasks of the Soviet occupation powers in 1940 and 1944 was to prohibit NGOs from existing. Strong cultural and religious influences developed over centuries during German and Scandinavian colonization and settlement. Estonians are highly literate (100% of the population age 15 and over can read and write) and they have a strong religious culture (most Estonians belong to the Evangelical Lutheran Church with a sizable minority of Russian Orthodox adherents). Approximately 5,000 to 8,000 NGOs exist in Estonia today. They tend to be very small with a staff of 4-5 people.

The Estonian Constitution, adopted June 28, 1992, serves as the basis of the regulation of the NGO sector.iv[4] While it granted freedom of association, it contained broad restrictions enforced by the government. In 1994, the Law on General Principles of the Civil Code (LGPCC) amended this law and guaranteed the right of associations to have their own regulations with general norms established by the LGPCC. Separate laws for foundations and non-profit associations were provided for with regulation under the Commercial Code. The Law on Foundations and the Law on Non-profit Associations entered into force on October 1, 1996. Tax matters are regulated through the tax laws.

There are <u>four</u> kinds of non-profit organizational structures:

- Non-profit associations -- Voluntary associations of persons both physical and legal.
- Foundations -- No members, governed according to the articles of association.
- Non-profit partnerships -- Agreements between two or more persons to carry on a non-profit purpose. They are not registered and lack the status of a legal personality.
- Public law non-profit organizations -- Created by an act of parliament (i.e., Cultural Endowment of Estonia).

It should be noted that Estonian civil law does not distinguish between an NGO serving <u>public benefit</u> interests from those NGOs that are <u>mutual benefit</u> organizations. The definition of "public benefit" in general use in Europe is defined as those activities that are directed to the betterment of society generally and commonly referred to as "charitable". "Mutual organizations" are those directed at improvement of their members' benefit as a class. However, the tax law generally recognizes that only public benefit organizations are entitled to tax benefits. The law on foundations and non-profit associations provides specific regulations for churches, religious confessions, trade unions, apartment associations and political parties.

The not for profit associations and foundations have the following common features:

- The Constitution does not limit the purpose of any organization, except that it prohibits those purposes that are directed at changing the constitutional order by force or that are in conflict with criminal restrictions.v[5]
- The organization is created by the founding agreement. Its purposes must be declared in the agreement when founded. It must be founded by at least two persons.vi[6]
- Control and administration of NGO activities is under the jurisdiction of the interior ministry.vii[7]
- Registration is made at city departments and local courts.
- Registration requires:
    - Founding agreement
    - articles of association
    - bank statement of funds
    - names and addresses of board membersviii[8]
- The public is made aware of the existence of not for profit associations and foundations through public disclosure of registry cards. An electronic central register is currently being created.
- Rejection of registration can be appealed to a court of law.
- Compulsory management structures include management boards that control the operations of not-for-profit associations. Supervisory boards plan the activities and approve the actions of management boards.
- Not-for-profit organizations can engage in economic activities but must use any earned income only for their NGO objectives.
- Dissolution -- voluntary and involuntary. Provides for payment of creditors, transfer of remaining assets for NGO purposes or to the state for public purposes. No assets may be distributed to the members of the association or the creator of the foundation.ix[9]
- No restrictions on making investments abroad.
- Special act on political parties.

- Tax exemption from income on membership fees and interest for all registered non-profit associations and foundations.
- Only donations to associations and foundations and national public charities in the fields of education, culture, science and environment, health, sports, welfare and religion listed by the Ministry of Finance are deductible from tax. Businesses are permitted to deduct 10% of AGI but individuals cannot deduct charitable contributions from their personal income tax.
- UBIT -- Unrelated business income can be engaged into up to the primary activity but such income is taxable at the business rate.
- Copies of annual financial reports must be audited and approved by the general meeting of the non-profit association and if a foundation by the supervisory board. A copy of the approved report must is submitted to the registrar of non-profit organizations.
- Government funding for the non-profit sector through tax revenues.
- Compliance -- There is no obvious trend to use not for profit organization as a tax dodger or for personal political activities. The administrative issues are:
- Government foundations are governed by two compulsory boards.
- The Supervisory Board plans the programs of the foundation and organizes its management. The Management Board supervises the day-to-day activities of the foundation.

Nonprofit organizations in Estonia concentrate on educational and social benefit projects including the reform of higher education and secondary curricula implementation of regional preschool programs. **Active Learning in Action** are NGO funded programs that teach students how to run businesses and compete in free market economies. Other programs support 300 schools and 450 teachers in producing innovative teacher training using modern computer and telecommunications-based techniques. Internet programs provide distant learning opportunities, hookups with libraries, educational institutions, and hospitals. A major concern for the government and for the NGO community is the integration of ethnic Russians and other minorities into the social, political and economic life of the country.

Comment

Estonia law is one of the most comprehensive in the Central European region. It has developed a traditional civil law structure for its nonprofit organizations. It has permitted related business activities by its foundations. However, its annual registration procedure, its narrow list of organizations that receive deductible business contributions and the nondeductibility of individual charitable contributions will limit the growth of the sector. New legislation under discussion will alleviate these problems.

HUNGARY

Hungary was the first Central European country to make the transition to democracy under the controlled Soviet system. On the fall of the Soviet domination in 1989, Hungarian transition continued rapidly until 1994 when the privatization of state firms ground to a halt. Budget and current account deficits were at an unhealthy 8-10% of GDP. A renewed privatization effort began in 1994-96. In 1996, unemployment was reduced at 11% and inflation to 20%. Hungary had a 3% GDP growth in 1997 and projected growth of 5% in 1998. The restructuring of pension benefits, health care, taxation and higher education has produced a decreasing role of government. These developments resulted from a shift away from a state managed economic policy that secured international monetary support from a standby agreement. The OECD and NATO have now welcomed Hungary as a partner.

Hungary is a civil law country based on the common law tradition that guarantees the right of association, opinion and religion in which people are free to form voluntary organizations for any purpose that does not contradict fundamental human rights or seek the overthrow of the constitutional order by force.x[10] In 1987, the Civil Code guaranteed associations broad freedoms. The preamble to the Code reflected the strong government support of NGOs when it stated that "voluntary associations provide the basis for self-organization of society and their presence is necessary to a healthy development and functioning of any community at the local or national level." Foundations also received government approval for "the role they are expected to play in the deregulation of the Hungarian economy." This law was amended in 1993 to permit the creation of Public Benefit Companies, Public Chambers, and Public Foundations. In 1997, Hungary adopted Act CLVI that allowed five types of organizations to register as Public Benefit Organizations under certain conditions.xi[11] If they met these conditions, they received preferential tax treatment. The five types of organizations are:

- Voluntary associations -- organized by at least ten natural persons, they include societies, clubs, self-help groups, federations, unions, chambers of commerce, trade unions, mass organizations and social organizations. They cannot be formed for the primary purpose of economic activity or any criminal, military or unlawful purposes.

- Foundations -- Foundations are established under a "letter of establishment" by either natural or legal person or business partnerships for public interest purposes. They must have endowments and be operated by an organizational trustee. Founders have only limited power over the foundation. Foundations can be either grant making or operating foundations. Foundations are generally classified as:

  - supporting foundations—which conduct fundraising for public institutions
  - fundraising for specific projects
  - grant making
  - corporate foundations

  Foundations must pass a public benefit test before the Court grants registration. They must demonstrate to the Court 1) a durable public purpose; 2) a founding statute; and 3) an endowment large enough to pursue their goals. Foundations must also have governance procedures and rules for their operations.

- Public Benefit Company -- These organizations were primarily established to facilitate the privatization of government public services through an established not for profit organization. They are regulated under the limited liability company rules for businesses. This type of legal form applies to nonprofit service providers that cannot meet the requirements of a foundation or association.

- Public Chamber Body -- Created by the parliament which delegates specific activities and public responsibilities to facilitate formerly state run functions through:

  - Public Law Association (Academy of Sciences, Chamber of Commerce, Associations of Doctors, Lawyers and Accountants). Because of its quasi-governmental nature, the government has broad authority over the association.
  - Public Law Foundation (Assumed activities from the government in the field of education, health care, and public safety). These entities are financially accountable to the State Comptroller's office.

The following factors are inherent features of the laws as they apply to the respective structures.

- Registration - Must be registered with the national or local governments. If not registered, the organization can't engage in the ownership of property and other transactions, including entering into contracts or receiving direct or indirect state support.
- Voluntary Associations - Must have a set of articles describing activities, purposes, charitable and business activities, and a statement that it is not engaging in political activity or that it distributes profits.
- Must have a statutory meeting place where articles of association and minutes are kept.
- Court cannot refuse registration or order liquidation unless the association's activities are unlawful or infringe on personal rights or freedoms.
- Dissolution - Distribution must be made to an association with similar purposes or to the State for public purposes.
- Foundations
  - Public purpose.
  - Founding document is a Letter of Establishment.
  - Must have an endowment to support goals.
  - Individual names a trustee or the court will select the trustee.
  - Founder may reclaim assets he or she has donated. If Letter of Establishment does not specify, court will transfer assets to a similar foundation.xii[12]
- Tax Treatment
  - Voluntary Associations
    - Exemption from corporate income tax for scientific, technical, research, cultural, environmental, sports, health care, and social help for youth and children
    - Income from unrelated businesses limited to 10% of gross income or to $10 million Hungarian forints.xiii[13]
    - Donations generally are not tax deductible unless specifically held so by the tax authority on a case by case basis. Membership fees are not tax deductible. A new "one percent legislation" permits individual taxpayers to designate a registered public benefit organization to receive 1% of their income tax payment.
  - Foundations
    - Tax exemption of corporate income is the same as for associations with a limitation on unrelated business income of 10% and a cap of $10 million Hungarian forints.
    - Individuals may contribute and deduct up to 30% of their personal tax liability if the recipient is engaged in the fields of culture, education, research, social care, preventive medicine, sports, public benefit human rights, assistance to the poor aged, refugees and Hungarian minorities in foreign

countries.xiv[14] Donors may not receive any direct or indirect compensation for the contribution.

- • Corporate donors can deduct up to 10% of taxable income.

- • Public Foundations – Limits on individual donor deductions are subject to the same limits as apply to private foundations. Corporations can deduct the full amount of contributions to culture, education, social care, health care, religion, environment, sports, and care of children or youth.
- • Contributions to Hungarian organizations operating outside of Hungary for purposes deregulated for domestic organizations operating in Hungary are similarly deductible.
- • Political Activities – No restrictions unless it is a public benefit organization and then the organization must state that it is not engaged in political activities.

Private Benefit and Financial Reporting. The laws provide for conflict of interest rules that require founders to act in an independent and fiduciary manner toward foundation activities and its endowment. While there is a requirement for preparing financial accounts, there is no requirement to submit the audited financial statement to the government authorities or make them available to the public.

By far the largest foundation conducting activity in Hungary is the **Soros Foundation Hungary**, expending in excess of $20 million a year, the foundation supported programs to help restructure higher education. In this regard the World Bank has granted $60 million to restructure the university system in Hungary. The Foundation has also supported the reform of conventional teaching structures and programs for teaching democracy. **The Fund for Hungarian Higher Education** has been formed to assist Hungarian Universities in the restructuring through the pooling of funds and activities that strive to build the infrastructure and staffing of a modern university. The arts and culture in Hungary is in large part supported by NGOs. Efforts have also been taken to modernize the Hungarian health care system by improving care and services. The **Business Basics Foundation** and the **Know How Fund** of the British government provide business advice to small and medium-sized businesses in Hungary. Possibly the most ambitious program has been the **Central European University**. George Soros created this new university at a cost of $60 million as a modern educational institution drawing students from Central and Eastern Europe. The university provides the students a modern curriculum with advanced computer and distance learning capabilities to prepare students to face the new free market economies.

Comment

Hungary continues to make great progress toward the creation of a viable nonprofit sector. Areas of concern are the concentration of NGO resources in Budapest and the sustainability of NGOs in the regions if foreign donors withdraw. The question of transparency of governmental funding of NGOs under the "1%" legislation needs further clarification. The restrictive list of public benefit activities provided by the Hungarian statutes has created problems for foundations. One solution might be to give flexibility by granting governmental officials with the authority to decide what are public benefit activities. Missing from the current list of public benefit activities are services to the unemployed, neighborhood development, and promotion of entrepreneurship. Government contracting with NGOs raises potential issues of personal inurement because of political activities and ethical issues regarding salaries and compensation of Board members. Another weakness is the lack of reporting by NGOs, the overall effectiveness of their management and their skill in public relations.

LATVIA

Latvians consider themselves “Nordics” because of the strong cultural and religious influences of German and Scandinavian colonization and settlement. Historically Latvia has also been strongly influenced culturally and politically by Poland and Russia. A highly literate society, Latvians place strong emphasis on education and religion. Because of the Soviet “Russification policies” -- transfer of a large Russian population into Latvia -- during the period 1939-89, the percentage of ethnic Latvians dropped from 73% to 52% (33.8% Russian) which, in turn, has generated a strict draft law on requiring the speaking of the Latvian language and Latvian citizenship requirements. Under the Soviet occupation following the Second World War until 1989, Latvia’s industry was integrated to serve Soviet internal industrial needs. The centrally planned economic system was replaced by a system of free market principles. Today over 66% of those employed and 60% of GDP is found in the private sector. Over 58,000 private farms have been established and most cooperatives have been transformed into joint stock companies. Riga, the capital, is emerging as a regional financial and commercial center. On the other hand, privatization of food processing and large industrial enterprises has been slow. As a result, foreign investment is below the level of other countries of North-Central Europe.

The legal environment for NGOs in Latvia is complicated by the fact that under present law neither foundations nor associations can own property and engaging in economic activity is highly restricted. Two legal forms of nonprofit organizations exist under Latvian law -- associations and foundations. The Ministry of Culture is working on a “sponsorship law” for charitable contributions to listed public associations. Under this law, eighty five percent (85%) of the donations are deductible from the taxable income of companies up to 10% of their total income.

The law on Public Organizations and their associations enacted in 1992 provides the following:

- • An organization is required to be founded by either 10 or more natural persons by mutual association or by a legal entity that has received approval at congress or convention.
- • An association of public organizations shall be founded by two or more public organizations by mutual association.
- • Branches of public associations of foreign organizations may be opened in Latvia if their purposes are consistent with the Constitution.
- • The law excludes broad categories of income from the taxable base.xv[15]
- • A charter must contain the purpose, name, decision-making procedures, admission requirements and rights of members, procedures for acquiring and expending financial resources and a provision for the liquidation of assets.xvi[16]
- • Registration is made at the Ministry of Justice. If registration is denied, an appeal may be made to the court.xvii[17]
- • Public organizations can acquire property and conduct business.
- • Financial resources may come from membership fees, donations, and income from businesses.xviii[18]
- • Organizations must submit a report of income and expenditures to the State Revenue Service. Any member of the public organization and the mass media has a right to see the report.
- • Voluntary dissolution. Assets may be distributed to similar organizations.
- • Involuntary dissolution. Court may terminate the operation and distribute its proceeds.
- • Political organizations can qualify under the law.

- Professional associations can also qualify.
- Organizations of creative professions qualify.
- Sports organizations, societies and universities also qualify.

The law on charitable foundations is in draft form. It provides:

- Foundation may be founded by one or several founders. It may be funded by investment of its founder and third parties.
- Foundation has no right to engage in unrelated economic activities.
- Charter must contain the name, legal address, purpose, names and addresses of founders and the procedures for the management of the organization and provision for liquidation.
- Foundation has a council of 3 members to review operations and a Board with an auditor to conduct its activities.
- Disclosure of the organization's founding decision, charter, annual report, audit report and board's operational report must be made available to the public.
- Financial Reporting - Annual financial statements approved by the Board are filed with the Enterprise Register within a fixed number of days following the close of the accounting period.
- Special rules have been developed that preclude self-dealing between related persons.xix[19]

Because of the lack of core funding for non-government organizations, NGOs are being funded by foreign organizations. Some Latvian organizations have not been funded by grants and membership fees but have begun to charge fees for their services. Government ministries are giving grants to accomplish governmental purposes such as the **Student Initiative Fund**. Other NGOs have entered the area of tenant rights, rights of disabled and consumer protection. A pilot program for core funding from matching funds and fundraising has been established. Minority and human rights activist organizations have held conferences on the development of the civil society and the role of publications. Education plays a significant role as **"Step By Step"** programs are developed for individualized training in pilot schools that provide modern teaching methods in computers and the internet.

Comment

Latvia needs to develop a less complicated process for registration and to enact a law on private foundations and organizations that own assets. Current law restricts economic activities so that avenues of potential support are closed to sources of income generating activity. The government has changes in the registration and reporting laws currently under consideration.