



Fact Sheet: Non-Governmental Organizations (NGOs) in the United States

The United States firmly believes that a robust civil society—independent of state control or government involvement—is necessary for democracy to thrive. From the earliest days of U.S. history, civil society organizations have played a key role in protecting human rights, human dignity, and human progress. As Secretary Clinton has said, “civil society not only helped create our nation, it helped sustain and power our nation into the future.”

Civil society in the United States encompasses a broad range of organizations that allow individuals to achieve their social, economic, and political aspirations through organizing themselves unhindered, according to their own interests, needs, and priorities. We are committed to the idea that the public interest is served best when private citizens and members of civil society are able to choose the aims, organizations, and causes they support.

Accordingly, U.S. regulations that impact civil society organizations are designed to facilitate and support—not to discourage—the formation of non-governmental organizations (NGOs). U.S. regulations are designed specifically to avoid making judgments about the value or work of any given NGO. U.S. and international NGOs represent virtually every conceivable ideology, political cause, religion, social issue, and interest group. Some are deeply engaged in the political process; others are nonpartisan, operate far from the political process, and are involved only in social issues.

The following overview explains how NGOs operate in the United States, and how they are regulated.

What is Civil Society?

Civil society includes many forms of social organizations formed voluntarily by citizens to advance shared goals or interests. This includes independent public policy research organizations, advocacy organizations, organizations that defend human rights and promote democracy, humanitarian organizations, private foundations and funds, charitable trusts, societies, associations and non-profit corporations. It does not include political parties.



Areas of Activity for NGOs in the United States

Approximately 1.5 million NGOs operate in the United States. These NGOs undertake a wide array of activities, including political advocacy on issues such as foreign policy, elections, the environment, healthcare, women's rights, economic development, and many other issues. Many NGOs in the United States also operate in fields that are not related to politics. These include volunteer organizations rooted in shared religious faith, labor unions, groups that help vulnerable people such as the poor or mentally ill, and groups that seek to empower youth or marginalized populations. Indeed, NGOs exist to represent virtually every cause imaginable. Their sources of finance include donations from private individuals (American or foreign), private sector for-profit companies, philanthropic foundations, or grants from federal, state, or local government. Sources of finance may also include foreign governments. There is no prohibition in U.S. law on foreign funding of NGOs, whether that foreign funding comes from governments or non-government sources.

Legal Framework for NGOs in the United States

Starting an NGO

In general, any group of individuals may come together to form an informal organization in order to jointly discuss ideas or common interests, and they can do so without any government involvement or approval. If a group seeks particular legal benefits, such as exemption from federal and state taxation, it may choose to formally incorporate and register as an NGO under the laws of any of the 50 U.S. states.¹ Individuals do not need to be U.S. citizens to create a new NGO.

Registration requirements, and forms of organization, vary from state to state, but are generally very simple, so that anyone can incorporate an NGO in just a few days at the state level. The process typically involves providing a short description of the organization, its mission, name, the address of an agent within the state, and paying a modest fee. Most states have a general incorporation statute that makes this process a routine matter, not subject to approval by the legislature or any other government official. This approach removes the risk that a government official might abuse his or her power in determining which organizations should be allowed to exist or not. In several states, certain NGOs formed for religious, educational and other charitable purposes must also register with a state charity official charged with protecting charitable assets and regulating the charitable solicitation of funds from the public.

Tax-exempt Status

Many NGOs in the United States are qualified as exempt from state and federal taxes. This legal status makes it easier for NGOs to operate as nonprofit organizations because they do not have to pay tax on the income (funding) they receive. If an NGO wants to receive exemption from income taxation from the

¹ Not all NGOs in the United States are incorporated. It is remarkably easy to form a charitable entity in the United States. A person can create a charitable trust simply by executing and delivering a deed, contract, or other instrument conveying the trust property to another person (or even to herself) in trust for the charitable purpose. No government approval is required to form the trust beyond the standard requirements for signing a contract or deed conveying property, however many U.S. states require all NGOs formed for religious, educational or other charitable purposes to register with a state charity official, particularly if it will be soliciting funds from the public.



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U.S. Federal Government, the NGO applies to the Internal Revenue Service. There are many types of NGOs listed in the Internal Revenue Code that are eligible for tax-exempt status, and the type of benefits available depends on the type of NGO and the type of activities conducted. In general, NGOs organized exclusively for educational, religious, charitable, scientific, testing for public safety, literary purposes, and certain sports, that are non-profit and do not play a partisan political role (e.g., by supporting candidates for election or attempting to influence legislation), can apply to receive exemption from federal income taxation on all income related to these purposes.

NGOs organized for political purposes receive limited tax exemption only for income received from contributions solicited from the general public, membership dues, or fundraising events. State governments often use the same standards for applying state income tax laws. Organizations seeking exemption from state taxes generally must file applications for exemption with the state tax authorities.

Another feature of tax-exempt status is that contributions to some of these organizations may be tax deductible for the donor. This provides an important incentive for citizens and corporations to donate funds to these groups.

It is important to note that the federal and state governments do not judge the value of an organization's specific activity or mission in determining that these organizations are eligible for tax-exempt status. The U.S. government generally does not seek to influence an organization's mission, determine how an NGO is structured, approve who runs it or serves on its board, or direct its financial management. Instead, U.S. law generally regulates organizations by requiring regular public disclosure – through filing of information returns with the government – of an organization's funding, activities, and leadership. The regulations do not allow government officials to revoke permission to operate or tax-exempt status based on judgments about the merits of an organization's mission, activities, budget, or leadership.

Freedom of Expression and Association in the United States

There is generally very little restriction on the freedoms of expression and association of NGOs under U.S. law. Although NGOs engaged in political activities may not qualify for the most preferential tax-exempt status, the U.S. government thus does not prevent NGOs from undertaking advocacy for political issues or criticizing the government. The U.S. constitution provides for robust protections for freedom of expression, and leaves open space for debate that is necessary in democratic societies, including protecting ideas that offend, shock, or disturb.

The United States has many laws and regulations on issues including immigration and visas, campaign finance and lobbying, terrorism financing, and money-laundering that may affect NGOs. However, these laws are applicable to everyone and to all organizations, not exclusively NGOs.²

² Certain NGOs—charitable 501(c)(3) organizations in particular—may be subject to some operating restrictions, including IRS rules prohibiting self-dealing (transactions with organization insiders) and excessive compensation, limiting lobbying and political activities, requiring minimum distributions for activities, and restricting certain kinds of commercial or investment activities. In addition, state laws may impose governance restrictions, such as a minimum number governing body members or limits on the number of governing body members that may be compensated.



Foreign NGOs in the United States

The United States hosts many foreign NGOs that do important and valuable work in our country. Foreign NGOs can register in the U.S. by filing a simple form as a non-profit entity. Some operate as non-partisan foundations, while others are affiliated with foreign political parties and operate as think tanks and liaisons to U.S. organizations concerned with foreign policy. These foundations organize programs for their respective politicians when they come to the United States, and organize conferences, youth exchanges, and fellowships/scholarships. They also provide funding to and conduct joint projects with American NGOs. Funded entirely by foreign governments, these foreign party institutes do not have special restrictions on their activities in the United States, can conduct meetings and publish materials freely, and are not required to provide reports to other U.S. federal government agencies, provided they register and file tax returns according to the requirements described below.

As Secretary Clinton said in Krakow in July 2010, "We welcome [foreign] organizations in the belief that they make our nation stronger and deepen relationships between America and the rest of the world. And it is in that same spirit that the United States provides funding to foreign civil society organizations that are engaged in important work in their own countries. And we will continue this practice, and we would like to do more of it in partnership with other democracies."

Regulation of Foreign Funding of NGOs and Foreign NGOs

Foreign Funding of U.S. NGOs

As Secretary Clinton has said, "in the United States, as in many other democracies, it is legal and acceptable for private organizations to raise money abroad and receive grants from foreign governments, so long as the activities do not involve specifically banned sources, such as terrorist groups." As a general matter, U.S. law imposes no limits or restrictions on the receipt of foreign funding by NGOs operating in the United States. Of course, laws that are generally applicable to all Americans may apply to NGOs, such as restrictions on receiving contributions from a terrorist organization. There are also restrictions on direct financial support of political candidates by foreign individuals.

Foreign NGOs Operating in the United States

Before foreign organizations are able to conduct activities in any particular U.S. state, they must apply for a license to conduct business in that state. This process is similar to the incorporation process for U.S. NGOs described above. Like domestic NGOs, foreign organizations can apply to the Internal Revenue Service for recognition as charitable or social welfare organizations under the Internal Revenue Code. Although such organizations are exempt from paying taxes on their income, contributions to foreign organizations are not tax-deductible (in the absence of a special treaty providing otherwise with the country of the NGO's origin).

The Foreign Agents Registration Act (FARA)

This act requires any person or organization (U.S. or foreign) that is an "agent of a foreign principal" to register with the Justice Department and to disclose the foreign principal for which the agent works. Foreign principals can include governments, political parties, a person or organization outside the United



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States (except U.S. citizens), and any entity organized under the laws of a foreign country or having its principal place of business in a foreign country. FARA requires people acting as agents of foreign principals under certain circumstances to make periodic public disclosure of their relationship with the foreign principal, as well as activities, receipts, and disbursements in support of those activities.

Some governments have misinterpreted FARA as restricting the ability of civil society to register and operate. On the contrary, FARA does not impose a tax, nor does it set a cap on foreign funding that an organization can receive. FARA covers all "persons," including individuals, corporations, and associations. FARA also includes a number of exceptions, including for persons whose activities are in "furtherance of bona fide religious, scholastic, academic, or scientific pursuits or of the fine arts." FARA also exempts from registration other NGO activities, such as certain solicitations of funds for medical aid, or for "food and clothing to relieve human suffering."

NGO Relations on the Local and International Levels

Once an NGO has registered according to the requirements summarized earlier, the U.S. government does not interfere with how the NGO accomplishes its purposes. NGOs are free to recruit participants for their organizations as they wish, and need not provide notification to any government agency about its membership, activities, or outreach. Like other U.S. organizations and companies, U.S. NGOs must refrain from working with governments or individuals under U.S. sanctions, as well as with groups designated as foreign terrorist organizations, but otherwise, they are free to collaborate with foreign NGOs or foreign governments to achieve their purposes. There are no regulations that restrict U.S. NGOs from attending conferences abroad, finding donors overseas, or performing work internationally.

Additional Resources

[Secretary Clinton's Remarks on Civil Society: Supporting Democracy in the 21st Century](#)

[Secretary Clinton's Remarks on the Strategic Dialogue with Civil Society](#)

[Fact Sheet: Initiatives to Strengthen Civil Society and Provide Protection to NGOs under Siege](#)

[Fact Sheet: U.S. State Department's Guiding Principles on NGOs](#)

[Bureau of Democracy, Human Rights, and Labor](#)

External Links

[Photo Gallery: Civil Society Upholds Democracies](#)

[Civil Society's Role in New Democracies](#)

[Civil Society, Democracies, and Elections](#)

[Cultivating Civil Society 2.0](#)

[The Lasting Impact of Digital Media on Civil Society](#)

[Free Exchange of Information and Enhancing Civil Society](#)