

ASSOCIATION / COOPERATION

An association or cooperation (Danish: *Forening*) is a purpose - and membership - based organization with a democratic and flat structure. The form demands that you are a group of people who gather for a common goal. One can, but do not always have to, register an association with the business authorities.

Benefits of organizing as an association include strengthening a common purpose by forming a formal framework for a goal and intention. The purpose of an association can be non-profit, such as cultural, social or charitable associations, sports associations and civic associations, or it may have an economic purpose such as cooperatives.

You can, but do not always have to, register an association and have a CVR number for operations. If the association receives a subsidy from a public authority or have employees, it needs to have a CVR number. However, limited liability associations (F.M.B.A) must always be registered. It is the association's purpose and actual activities that determines whether it should be registered and, if so, how.

There are different types of associations, but a common feature of them is that there is no requirement for start-up capital, and that the association's members are not liable personally, unless it is written into the association's statutes. There are the following 5 types of associations:

- **Voluntary associations** that can but are not obliged to register. Landowner association or a cultural association can be this type of association.
- **Common associations** (also called non-business associations) which can but do not have a to register. It can be, for example, a non-profit organization.
- **Housing cooperatives** are obliged to register, because they are generally liable to corporation taxes.
- **Special associations** that can, but do not have a duty to register. An example of this could be a purchasing cooperation.
- **Associations with limited liability** (F.M.B.A.), which must be registered with CVR number.

An association must be registered if it:

- are trading and the members have limited liability (F.M.B.A)
- has employees and must pay wages (e.g. to a caretaker)
- must receive subsidies from public authorities (these are registered as voluntary associations)
- must carry on business (e.g. in the form of a kiosk in a sports association) and possibly be registered for VAT.
- must import or export (e.g. a purchasing association)

There are a number of legal regulations regarding the start-up and operation of associations. One of them being that the association must always be set up around a set of statutes that describe the association's purpose and activities. The association's founders and members can themselves design their own statutes, which are the only "laws" that regulate the association's own internal affairs.

At a founding general meeting, the members of the association must appoint a board consisting of a chairman, a deputy chairman and a cashier. In addition, the association can also choose to appoint responsible persons for e.g. public relations, artistic management and production, or whatever may be relevant to the association.

If you plan to have the association operating for profit, you should carefully consider the composition and decision-making between the General Assembly, its members and the Board of Directors. Taxation of the association's profits can be avoided if the profits are distributed for non-profit purposes.

Organisation and management

Common to all associations is that they have more than one member, and the members have entered into an agreement on a purpose for the association, which is usually expressed in the form of the statutes of the association. The member circle alternates from time to time, and members pay the membership fee to fund the association's activities.

The association's supreme body is a general meeting or a representative board, which also has the right to change the association's statutes. If the association owns something, it is the general meeting or the Board of Representatives that exercises the ownership rights.

Associations have an independent management elected by the members at a general meeting. Associations need not have any fortune.

An association acts as a legal body in the same way as a person or company. This means that the association can enter into agreements and assume obligations, and it is the association that buys, sells and hires.

As with business types, it is important to familiarize yourself with rules and legal requirements regarding associations. Both Skat and the Danish Business Authority have information about associations, just as many banks and municipalities have association manuals available on their websites.

Learn more about the different types of associations from the Danish Business Authority's website: <https://erhvervsstyrelsen.dk/foreninger>