

Position Paper 66

**The Proposed Amendment to Israel's Associations Law (2004):
Toward Restricting Freedom of Association and Escalating the Political
Targeting of Civil Society**

Sawsan Zaher

An Attorney Specializing in Human Rights

Mada al-Carmel- Arab Center for Applied Social Research

90 Hamiginim st. Haifa

Tel: +972 4 8552035, Fax: +972 4 8525973

[www. mada-research.org](http://www.mada-research.org)

mada@mada-research.org

Introduction

In February 2025, the Knesset plenum passed a private member's bill submitted by Member of Knesset (MK) Ariel Kallner (of the Likud) to amend Israel's Associations Law, titled "Associations Bill (Donation from a Foreign Political Entity), 2024" in a preliminary reading.¹ The bill seeks to impose severe restrictions on associations in Israel that receive funding from foreign states. According to the bill, an 80% tax will be levied on any donation made to an association by a "foreign political entity" (e.g. a foreign government or union of states), except in cases where the association is supported by the Government of Israel or has obtained a special exemption from the Minister of Finance.² Exceptions are also made for donations intended to support a "public institution" (as defined in the Income Tax Ordinance) that is funded by the state, or a "public institution" with a total annual budget not in excess of 100,000 New Israeli Shekels (NIS).³ Additionally, the bill proposes to prevent the courts from hearing petitions or reviewing legal proceedings brought by associations whose primary source of funding is foreign political entities. In other words, associations that receive the majority of their funding from foreign governments would be subjected to a heavy tax on donations made to them and would effectively be barred from appealing to or bringing cases before the Israeli courts. These radical measures aim to restrict the operational capacity of civil society organizations that rely primarily on foreign funding, as opposed to right-wing organizations, which enjoy the backing of the Israeli government and receive state funding from government ministries.

The objectives of the bill, according to statements by its sponsors and supporters

The sponsors and supporters of the bill portray it as a measure designed to protect Israel's sovereignty and curtail undesired foreign influence over the country's domestic affairs. The official explanatory notes accompanying the bill state 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 manifested, among other things, in financial support to associations in Israel that act as agents of change on behalf of these entities".⁴

During the debate in the Knesset plenum that preceded the preliminary approval of the bill, MK Ariel Kallner, who introduced the legislation, outlined its underlying objectives.⁵ From his statements and remarks made by other proponents of the bill (Justice Minister Yariv Levin, for example), it can be concluded that the bill targets a specific group of

1. The Knesset (2024, December 1). Non-Profit Associations Bill (Amendment– Donation from a Foreign Political Entity) Bill No. P/5222/25. The Knesset. [in Hebrew]

2. Ibid.

3. Ibid.

4. Ibid.

5. The 25th Knesset. (2024, December 16). Protocol of Knesset Sessions. Session No. 231. [The Knesset](#). [in Hebrew]

associations affiliated with opponents of the ruling coalition and the government. These associations can be identified as left-wing groups, human rights organizations, or Arab Palestinian organizations. During the debate, Kallner claimed that certain foreign states were using funding as a means of interfering in Israel's politics, influencing its decision-making, and undermining its sovereignty. He noted that over 1.3 billion NIS had poured in from foreign states to non-parliamentary organizations in the period between 2012 and the date of the debate on the bill in February 2025.⁶

Kallner further alleged that Israel's judicial system had been transformed into a "playground for foreign states",⁷ in reference to a study carried out by the Im Tirtzu Zionist movement, which found that 38 petitions had been submitted to the Supreme Court by "extremist" left-wing organizations that received over half a billion NIS from foreign states between 2017 and the present. He cited HaMoked: Center for the Defence of the Individual as a leading source of this "legal onslaught." Kallner also specified funding received from Germany, the European Union, Switzerland, the Netherlands, and Britain, and gave examples of petitions submitted to the Supreme Court concerning the entry of humanitarian aid into Gaza, and a petition against the so-called "Al-Jazeera Law." He stressed that the organizations that filed these petitions were funded by foreign states.

In addition, Kallner argued that certain foreign countries were providing funding to associations working to undermine the Jewish identity of Israel,⁸ citing funding provided to the Center for Refugees and Migrants by Switzerland, the United Nations, and the European Union, as well as funding from Turkey for civil society organizations in East Jerusalem. He further alleged that the European Union funded organizations opposed to Israel's occupation in the West Bank, including direct funding to Breaking the Silence, in order to promote its campaign on "settler violence", which he claimed sought to harm Israel and bring diplomatic pressure bear against it. Kallner also mentioned the sanctions imposed by the Biden administration on Jewish settlers in the West Bank, based on "false reports" published by the organization Yesh Din, which also received foreign funding. Accordingly, Kallner stated that the Supreme Court must not become a "branch of foreign states."

Justice Minister Levin, a supporter of the bill, stated during the same debate that no state in the world would allow such foreign interference to take place via funding to associations, and that the legislation was an important step toward preventing further interference in the domestic affairs of the State of Israel and infringements of its sovereignty.⁹

6. Ibid.

7. Ibid.

8. Ibid.

9. Ibid.

The political motivations behind the bill

Notwithstanding the official justifications, many analysts, human rights organizations, and opposition figures claim that the true motivations behind the bill are political in nature. They contend that its real goal is to cause specific harm to organizations known for their opposition to and criticism of the government.¹⁰ They believe the restrictions stipulated in the bill are directed almost exclusively at associations that are funded by Western states (including the United States and European states), through a category of funding that is used mainly to support human rights organizations, Arab associations, and other groups critical of government policies.¹¹

Conversely, the bill does not apply to foreign donations from private bodies, which are the primary channel of funding to right-wing organizations. The exclusion of right-wing organizations from the scope of the bill points to the deliberate political targeting of organizations opposed to government policy and the raft of sweeping, discriminatory laws enacted by the Knesset. A clause authorizing the Minister of Finance to grant an exemption from the tax to certain associations supports this claim. The clause in question effectively authorizes the government to exclude organizations "aligned" with its agenda and objectives, while continuing to target those that are ideologically opposed to it.

The anticipated implications for Palestinian organizations

It is no coincidence that MK Kallner, the legislator behind the bill, focused on human rights organizations in his speech before the Knesset plenum, explicitly naming HaMoked: Center for the Defence of the Individual, Gisha, Physicians for Human Rights–Israel, the Association for Civil Rights in Israel, Adalah, and Breaking the Silence as examples of organizations that are funded by foreign countries and allegedly working against the interests of Israel. These organizations, which actively defend human rights, document violations by the authorities, promote transparency and good governance, and criticize state authorities, will find it extremely difficult to sustain their activities without these sources of funding.

What sets these organizations apart is that the majority of their donations come from foreign political entities. They do not receive funding from Israeli government ministries, as a matter of principle, in order to maintain the independence of their work.¹² As a result, they rely on grants and support from other governments and international bodies such as the European Union, foreign governmental funds, United Nations agencies, and individuals. The imposition of an 80% tax rate on the donations they receive therefore

10. The Association for Civil Rights in Israel (2025, February 26). The bill to tax donations from a 'foreign political entity' is unconstitutional, anti-democratic and discriminatory. [The Association for Civil Rights in Israel](#) [in Hebrew]; the Israel Democracy Institute (2025, February 18). The Associations Bill (Amendment–Donation from a Foreign Political Entity), 2024. [The Israel Democracy Institute](#). [in Hebrew]

11. Ibid.

12. The 25th Knesset, supra note 5.

stands to drastically reduce their funding, and in turn to make it extremely difficult for them to continue their work.¹³

If the law passes, these organizations are likely to lose their funding in a short period because of the associated tax requirements, potentially forcing most of them to shut down. The ramifications for Arab Palestinian associations would likely be even more severe and immediate: unlike organizations that work within the Jewish-Israeli community, which are sometimes successful in local fundraising from private donors, these (Arab Palestinian) associations rely almost exclusively on funding from foreign states and other entities.

Furthermore, the bill's proposed ban on organizations funded by foreign governments from filing petitions to the Supreme Court,¹⁴ would directly constrain their ability to exercise the right to seek judicial review of state decisions and actions that they consider violate human rights or contravene the law. These organizations are, in fact, the main bodies that petition the Supreme Court and the lower courts, often doing so both in their own name and on behalf of individuals and other associations, particularly in cases involving human rights violations.

While it may appear that the number of such petitions is limited and that they are submitted by just a handful of organizations, in reality, these organizations represent dozens of others, which in turn represent a variety of marginalized communities. If the bill passes into law, the rights violations that are exposed and raised by these organizations will no longer reach the legal sphere. As a result, public petitions in the fields of human rights and social justice, or that entail criticism of the government, will no longer be submitted by these groups. Such a development would preclude judicial oversight of government policies and measures related to discriminatory laws, home demolitions, the deportation of refugees, and decisions that discriminate against Arabs. It would likewise block petitions concerning violations of international law perpetrated against Palestinians in the occupied territories, as well as petitions addressing –directly or indirectly– the crime of genocide in Gaza. In practice, significantly restricting the activities of these organizations —or causing them to shut down— would create a gap in oversight over state authorities and hinder efforts to safeguard the public's right to justice, to uncover the truth, and to expose human rights violations in various fields.

Moreover, the damage caused to associations —in particular Arab Palestinian associations— will not be limited to the organizations themselves, but will also affect the groups, communities, and causes they represent and the areas in which they operate. Arab Palestinian associations serve the Arab community in Israel in various spheres, including the law, planning and building, women's and children's rights, academic research, issues relating to cyberspace, and so on. Palestinian associations that operate in East Jerusalem, serving the city's Palestinian residents, will face particular harm, since they focus on exposing human rights violations against residents of East Jerusalem and on defending and promoting their rights. These organizations in particular stand to lose

13. Ibid.

14. Ibid.

their protection and platform if they are severely restricted or forced to close down. Ultimately, the bill threatens to weaken civil society as a whole, and the harm caused would not be limited to narrowly-defined "political" organizations, but would also extend to social and public associations, further shrinking the public sphere.

Infringements of constitutional rights

The restrictions proposed in the bill may violate a number of constitutional rights, affecting both the associations in question and the target groups on whose behalf they work. Firstly, if the legislation is passed, it would violate the right to freedom of association, since curtailing the activities of the affected organizations or causing them to shutter as a result of the proposed high tax would limit their ability to secure funding, and consequently their ability to continue to organize and pursue their goals and vision. Secondly, the bill constitutes a blatant violation of the right to freedom of expression, since civil society organizations play a central role in shaping public discourse by voicing criticism, shedding light on rights violations, reinforcing human rights protections, advancing social and community-based projects, and effectively providing a public "voice" to marginalized groups and issues that do not appear on the mainstream public agenda. It is therefore not a simple question of the harm caused to the organizations themselves, but also of suppressing criticism of the authorities, to the point of silencing voices and stifling opinions critical of government policies. Thirdly, the bill threatens to undermine the right to access the courts, which in turn infringes on the rights to due process and to fair and effective legal proceedings, both of which are constitutional rights. Fourthly, these rights would be violated in an unequal manner, since the bill exempts right-wing organizations and groups that promote the government's objectives in various fields, as these bodies generally rely on private donations rather than grants from foreign entities and/or receive donations and funding from Israeli government ministries. For example, while the human rights organizations affected would be barred from petitioning the Supreme Court, far-right groups, such as Regavim, would still be able to appeal to the Supreme Court and the lower courts – under the ostensible guise of "defending rights" – with requests to demolish Palestinian homes in the West Bank or in unrecognized Bedouin villages in the Naqab/ Negev.

In addition to the above, the legislation would also breach the constitutional principle of equality and lead to discrimination on the basis of nationality. A study conducted in 2019 on Palestinian civil society inside Israel found that, as of that year, there were a total of 3,000 non-profit organizations operating within the Arab community in Israel, of which 1,111 were categorized as active organizations. The study found that just 22 of these organizations (1.7%) reported having contractual relations with the government (including in education, among other areas), and that 296 organizations (22.8%) received government funding in accordance with Article 3(a) of the Budget Foundations Law, 1985.¹⁵

15. Jamal, Amal. (2019). **Arab Palestinian Organizations in Civil Society in Israel**. Tel Aviv and Jerusalem: Tel Aviv University and the Hebrew University. [in Hebrew]

Thus, the matter concerns a small minority of associations, most of which are active in the cultural and educational spheres and receive support in order to provide services within the Arab education system or within the framework of local authorities. The distinction between associations that receive state funding and those that do not corresponds almost entirely with the ideological-political divide. The law negatively discriminates against a whole sector of associations that work to uncover the crimes perpetrated by Israel in the Gaza Strip and the West Bank, and against institutional policies of discrimination and racial segregation toward Arab citizens in Israel. In contrast, the funding of associations affiliated with the political right and the ruling coalition will feel the impact, since they are excluded from the scope of the bill.

It is no coincidence that on February 19, 2025, a bill to protect Israeli public officials from the activities of the International Criminal Court (ICC) against the State of Israel (2024) passed a preliminary reading before the Knesset. This legislation imposes additional restrictions on individuals and organizations that provide any kind of assistance in bringing Israelis to trial before international or foreign courts.¹⁶

Under this bill, the Minister of Finance would be authorized to issue an order stipulating that anyone who provides information to or works for or on behalf of the ICC in The Hague, or offers means to support its activities, is not to be considered a "public institution" for purposes of receiving tax benefits, and will be ineligible for financial support from the government.¹⁷ It also introduces various penalties and restrictions on the conduct of individuals and organizations dealing with the ICC, including: an obligation to report and update on any request or order to provide information issued by the Court; a prohibition on delivering information to the Court, with a penalty of five years of actual imprisonment for anyone who violates this prohibition; a ban on providing services or other means to the Court, also punishable by five years' imprisonment for anyone found in breach of it; and a prohibition on the conduct of economic activities by individuals with the ICC.¹⁸

The implications of the bill for Israel's foreign relations

In addition to its domestic effects, this legislation is expected to destabilize Israel's foreign relations, particularly with democratic Western states, as the main funders of the affected associations. Most of the "foreign" funding that the bill targets comes from friendly states and strategic partners of Israel (including the United States, Germany, France, Britain, Scandinavian countries, and the European Union), and the funding is allocated to associations in fulfilment of these countries' policies to support civil society in Israel.

16. The Knesset. (2024, July 1). Bill for Protection of Israeli Public Figures from Activity of the International Criminal Court in The Hague against the State of Israel, 2024, Bill No. P/4711/25. [The Knesset](#). [in Hebrew]

17. Ibid.

18. Ibid.

Imposing a punitive 80% tax on such financial assistance can be regarded as a hostile move that sends a mixed message. On the one hand, it portrays these countries as negative actors engaging in "illegitimate interference" in Israel's domestic affairs; on the other hand, it effectively precludes them from implementing their policies of supporting Israeli civil society. Western countries may therefore view this measure as a direct attack on their relations with Israel and mutual trust between them.

The potential harm to relations with foreign donor countries did, in fact, previously lead to the scrapping of a similar bill in 2023. At the time, the Biden administration in the United States, along with European states, for example, exerted both public and behind-the-scenes pressure to thwart a previous legislative initiative by MK Kallner in February 2023.¹⁹ Prime Minister Benjamin Netanyahu ultimately backed away from it, fearing it would generate a crisis in relations with these states.²⁰

International opposition arose from the realization that the legislation would impair humanitarian and democratic activities in Israel that receive funding from Western states and would therefore frustrate the joint efforts that these states seek to advance, including regional peace, social development, and the protection of human rights.

Still, significant political shifts that have taken place since criticisms were voiced against the previous bill in 2023 cannot be ignored. The administration in the United States has changed, and the Trump administration has itself halted American funding to civil society both within the United States and elsewhere.²¹ In addition, the political landscape in Europe is also changing, and the work of civil society associations to promote human rights and marginalized groups in accordance with international human rights law has itself come under attack.

It is also worth noting that some foreign states support, directly or indirectly (or at least do not oppose), Israel's ongoing commission of the crime of genocide in Gaza, as well as the continued execution of Israel's vision of annexing the West Bank – all measures and violations that these associations oppose. Thus, the extent of anticipated international criticism of the bill –if it is advanced and enacted into law– remains unclear at this stage.

Advocacy work against the bill in the international arena must therefore take account of the need to redouble efforts with such states. While one might expect the same sharp criticism that was levelled by these states when the previous bill was advanced in 2023, it is also possible that the current bill will not elicit similar criticism from the same actors.

19. Arab48, (2023, May 27). Israeli Government backs down from enacting the 'Law of Associations'. [Arab48](#). [in Arabic]

20. The Knesset. (2023, February 13). Bill to Amend the Income Tax Ordinance (Collection of Taxes on a Foreign Entity), Bill No. P/2329/25. [The Knesset](#). [in Hebrew]

21. Seif al-Din, Mohamad; and Euro News. (2025, February 7). One after another... Trump leads mass withdrawals from international organizations. [Euro News](#). [in Arabic]

It should be noted that in April 2025, the bill was transferred for discussion at a first reading before the Knesset's Constitution, Law and Justice Committee, and the debate was scheduled to take place on May 5, 2025.²² It is therefore likely that international criticism will grow as the discussion over the bill progresses and it is placed on the agenda of the Constitution, Law and Justice Committee for a vote at its first reading.

The Israeli bill as exceptional

Various other states have enacted laws that restrict the activities of associations by imposing reporting obligations, taxes on donations from foreign entities, or compelling them to register themselves as recipients of foreign funding. A comparative analysis indicates that the countries that introduced this legislation –including Russia, Hungary, Georgia, and Poland– are either non-democratic regimes or states that have undergone constitutional or regulatory transformations, as is the case with Israel. However, a comparison of such legislation and the Israeli bill reveals that the latter imposes exceptional restrictions that have not been matched by any other country.

Russia: In 2012, Russia enacted the "Foreign Agents Law", which requires non-governmental organizations (NGOs) that receive foreign funding and engage in political activities to be registered as "foreign agents." The law imposes strict reporting obligations on such organizations and obliges them to declare their status as "foreign agents" on every publication they produce. Violations of the law may result in heavy fines, and even in criminal penalties. The scope of the law was later broadened to include media outlets and individuals deemed to be under "foreign influence".²³ However, the law does not enforce taxes on foreign donations. The legality of the law was reviewed by the European Court of Human Rights, which ruled that it stood in contravention of the European Convention on Human Rights, deeming it "arbitrary" and used in a "broad and unpredictable" way.²⁴

Hungary: In 2017, Hungary enacted a law that obliges non-governmental organizations (NGOs) that receive foreign funding above a certain amount to register it and declare it in their publications.²⁵ The law underwent judicial review before the European Court of Justice, which ruled in 2020 that the law was discriminatory and violated the right to freedom of association, and was consequently in violation of European Union law. The law was subsequently rescinded, in 2021. The Hungarian regime nevertheless continues to implement measures to restrict the work of civil society, including waging de-legitimization campaigns against it.²⁶ It is notable that this law, too, did not levy taxes on donations from foreign states or entities.

22. The Knesset, supra note 20.

23. Human Rights Watch. (2022, December 1). Russia: New Restrictions for 'Foreign Agents'. [Human Rights Watch](#).

24. European Court of Human Rights. (2024, October 22). 'Foreign agent' legislation in Russia is arbitrary, and creates a climate of distrust. [European Court of Human Rights](#)

25. Human Rights Watch. (2021, April 23). Hungary's Scrapping of NGO Law Insufficient to Protect Civil Society. [Human Rights Watch](#).

26. Ibid.

Georgia: In 2024, the Georgian parliament approved a law obliging NGOs and media outlets that receive 20% or more of their funding from foreign sources to register themselves as "foreign agents". This law triggered widespread protests in the country and attracted international criticism, including from the European Union and the United Nations, based on concerns about violations of the rights to freedom of expression and freedom of association. Despite a veto by the state president, the parliament ultimately passed the law in May 2024.²⁷ Significantly, this law, too, does not impose taxes on donations received from foreign entities or states.

Poland: In 2020, ahead of the 2023 parliamentary elections, a government minister put forward an initiative to monitor the foreign funding of associations. Within the framework of this initiative, it was proposed that associations should be required to report on their funding sources, and those that receive 10% or more of their funding from foreign sources should be required to proclaim it on their websites and be listed on a public registry to be kept by the Ministry of Justice. Associations receiving in excess of 30% of their funding from foreign sources would be subjected to additional reporting requirements. Failure to comply with these obligations was to have resulted in severe financial penalties.

The initiative was roundly criticized by civil society, but did not lead to actual legislation. The initiative was abandoned and was not reintroduced following the Polish parliamentary elections held in 2023.²⁸

Conclusions and ways forward

The Associations Bill (Amendment– Donation from a Foreign Political Entity), 2024 seeks to impose a punitive tax of 80% on donations to associations from foreign states, and also prevents these associations from petitioning the courts. The primary targets of the law are human rights organizations, Arab Palestinian associations, and associations that work to expose violations against marginalized groups by the State of Israel, particularly in the occupied Palestinian territory.

Although the bill threatens to constrain the activities of many associations, it would have particularly severe repercussions for Palestinian associations, the vast majority of which are reliant on donations from foreign states or entities. Furthermore, the bill discriminates against certain associations on an ideological basis, since most associations that promote the government's political agenda receive direct financial support from the state and would therefore not be harmed by the law.

The draft law violates fundamental constitutional rights, including the rights to freedom of association, freedom of expression, and the right to fair judicial proceedings, and

27. Organization for Security and Co-operation in Europe (OSCE). (2024, May 30). Urgent Opinion on the Law of Georgia 'On Transparency of Foreign Influence'. [OSCE](#).

28. Civic Space Watch. (2020, May 11). POLAND: The Minister of environment is planning a law on foreign funding for NGOs. [Civic Space Watch](#).

subverts the principle of the rule of law. It could potentially lead to the destruction of civil society in Israel. Moreover, the groups served by these associations –first and foremost Palestinians– would be greatly harmed by the collapse of the organizations that work to protect and promote their rights.

To prevent the bill from advancing further in the legislative process, mass campaigns should be launched that highlight the extent of the harm it will cause, both to the affected associations and their beneficiary groups, and should involve members of the affected groups, academics and legal experts. In parallel, a coalition of Palestinian associations should be established to work together to raise awareness and lead both popular and legal struggles against the bill, since submitting petitions and legal interventions may lead to positive intervention by the Supreme Court.

Internationally, appeals should be made to donor states and international institutions to bring diplomatic pressure to bear – both public and behind closed doors – to halt the progress of the bill. For example, targeted messages could be sent to representatives of the European Union, the various United Nations agencies, and international human rights organizations, urging them to demand the withdrawal of the bill.

Particular attention should be paid to the pointed criticisms leveled by United Nations institutions and the European Union at similar legislation in countries such as Russia, Hungary, and Poland, as well as to the exceptional nature of the Israeli bill, which stands apart even among these laws, since no other country currently imposes taxes on donations to associations!



Mada al-Carmel

Arab Center for
Applied Social Research