

**Israel's far-right 'NGO Taxation Bill': Associations Bill
(Amendment—Donation from Foreign State Entity), 2024**

Overview

- If passed, the bill would: (1) levy an 80% tax on any donation from foreign governments to NGOs; and (2) block petitions to the courts by NGOs who are reliant on foreign state funding;
- NGOs funded by the Israeli government would be exempted, with additional exemptions at the discretion of the finance minister, a position currently held by the far-right MK Bezael Smotrich;
- The new measures would apply to Palestinian NGOs in the West Bank and Gaza as well as to Israeli and international NGOs in Israel;
- The bill reflects Israel's wider systematic targeting of NGOs and international organisations.

Background: Israel's systematic targeting of civil society

The new NGO taxation bill forms part of a coordinated strategy to undermine independent civil society and shield Israel from international scrutiny as it continues its assault on the Palestinian people. The bill builds on the 2016 'NGO transparency law,' which required NGOs receiving a majority of their funding from foreign state entities to publicly declare this in all publications and at government meetings. A previous version of the bill, proposing a 65% tax on contributions from foreign governments, was shelved in 2023 amid widespread international condemnation.¹ The reintroduced version is even more punitive, proposing an 80% tax on foreign contributions. It accompanies a raft of new measures targeting civil society, including a bill that would criminalise cooperation with the International Criminal Court and a directive enabling the government to revoke the registration of international organisations operating in the occupied Palestinian territory (oPt).²

Current status of the bill

Formally titled the Associations Bill (Amendment—Donation from Foreign State Entity) 2024, the bill was introduced by Likud MK Ariel Kallner in December 2024. It passed a preliminary vote in the Knesset in February 2025, with 47 members of the government voting in support of the bill and 19 opposing it.³ The bill has since been referred to the Constitution, Law and Justice Committee, who will debate its provisions and decide whether the government will support its passage through the Knesset. The committee is made up of 14 members of the government and is chaired by Simcha Rothman of the Religious Zionism party. On Monday 5 May, the committee began its deliberations over the bill.⁴

Key provisions and implications

The bill seeks to impose an 80% tax on donations to non-profit organisations from any 'foreign state entity.' It would also prohibit Israeli courts from hearing petitions submitted by organisations that are

¹ Staff, T., Magid, J., Sharon, J. and Keller-Lynn, C. (27 May 2023), [Likud bill targeting NGOs' foreign funding shelved amid international uproar](#). The Times of Israel.

² Shpigel N. and Maanit C. (19 Feb 2025), [Knesset Advances Bill Imposing Up to Five Years in Jail for Israelis Cooperating With ICC](#). Haaretz; Jerusalem Post (10 March 2025), [Israel cracks down on foreign NGOs: New rules target boycotts and October 7 denial](#).

³ Knesset News (19 February 2025), [Approved in preliminary reading: 80% tax on donation from foreign state entity to non-profit association not budgeted by the State of Israel](#)

⁴ Sokol, S. (5 May 2025), [Lawmakers debate controversial 80% tax bill on foreign government donations to NGOs](#). Times of Israel.

‘primarily financed’ by such entities. The bill would severely restrict access to funds for NGOs reliant on international contributions and limit their ability to legally challenge government actions in court.

Under Israeli law (Section 36a of the Associations Law), a ‘foreign state entity’ includes any foreign state or foreign state-controlled institution such as the EU Council and UN bodies, as well as the Palestinian Authority.⁵ The bill explicitly targets state-funded foreign contributions while excluding private foreign contributions, which are often used to fund pro-Israeli institutions.

NGOs funded by the Israeli government would automatically be exempted from the bill’s provisions. The Finance Minister, a position currently held by far-right extremist MK Bezalel Smotrich, would be granted powers to issue further discretionary exemptions. As a result, the bill would primarily impact human rights organisations who are critical of Israeli policy, creating a politically driven system that shields government-aligned groups while penalising dissent.

Due to Israeli laws that extend domestic civil law into the oPt, Palestinian NGOs operating in the West Bank and Gaza would also be subject to the bill. This would obstruct the provision of vital humanitarian assistance and hinder the documentation of rights abuses in a context of ongoing military violence and occupation in both Gaza and the West Bank.

The bill has drawn strong condemnation from civil society organisations. A coalition of twelve Israel-based human rights groups warned that it would “effectively cripple” the work of organisations monitoring state abuses and promoting accountability, eliminating oversight when it is most needed.⁶ In an open letter, nine leading Palestinian NGOs described the bill as an attempt to undermine and potentially dismantle civil society, particularly those exposing Israeli war crimes and state repression.⁷

Breaking with global norms and violating international law

The bill contravenes decades of established international practice, which recognises that humanitarian and development aid provided through official channels should be exempted from taxation in order to avoid desensitising donors and disrupting humanitarian relief and human rights protection.⁸ When similar powers were proposed under the 2023 version of the bill, UN Special Rapporteur Francesca Albanese warned that it could violate Article 55 of the Fourth Geneva Convention,⁹ which prohibits impeding the delivery of humanitarian relief except when strictly required by necessity and proportionality.¹⁰ Beyond its humanitarian implications, the bill also undermines fundamental rights enshrined in international law, including the freedoms of association and expression.

Recommendations

The UK government and international community must unequivocally oppose the bill and pressure Israel to withdraw it. The government should also continue to support independent civil society actors working in both Israel and the oPt. This includes safeguarding access to funding, protecting avenues for legal redress, and reinforcing accountability through international mechanisms.

⁵ Israeli Ministry of Justice (31 July 2023), [What is a donation from a foreign state entity? What are the obligations applicable to associations and public-benefit corporations that receive donations from a foreign state entity?](#)

⁶ Dayan, L. (5 May 2025), [‘First-degree Act of Fascism’: Knesset Debates Far-right NGO Bill Aimed at Decimating Israel’s Human Rights Groups](#). Haaretz.

⁷ Abdalah (4 May 2025), [Knesset Committee to Discuss Bill Imposing 80% Tax on Foreign Funding of NGOs Tomorrow](#).

⁸ Steel, I. et. al. (May 2018), [The taxation of foreign aid: Don’t ask, don’t tell, don’t know](#). Overseas Development Index.

⁹ Geneva IV. (1949), [Geneva Convention Relative to the Protection of Civilian Persons in Times of War](#). Article 55.

¹⁰ Albanese, F. (25 May 2023), [Israel’s new anti-NGO legislation: An Effort to eradicate Opponents of Illiberalism](#). Foundation for Middle East.