

SUMMARY TABLE OF MEMBER STATES' LAWS IN RESPECT OF CO-OPERATIVES

Country	Law (No.) /Year / Title	Definition	Voting rights	Membership and Shareholding Requirements	Interest Bearing Priority Shares	Non-user (investor) members	Distribution of reserves on dissolution	Allocation of Profits to Reserves	Fiscal regime	Transactions with Third Parties	Liability	Board Structures
AUSTRIA	- Reichsgesetzblatt No. 70/1873; Gesetz vom 9.4.1873 über Erwerbs-und Wirtschaftsgenossenschaften (Co-operative Law). - Bundesgesetzblatt (BGBl.) No. 10/1991 - BGBl. No. 625/1991; Genossenschaftsverschmelzungsgesetz (Last modification of principal law on co-operatives-merger law BGBl. 1980/223) - BGBl. 127/1997; Bundesgesetz über die Revision von Erwerbs-und Wirtschaftsgenossenschaften (Auditing law). - Genossenschaftskonkordverordnung (21.3.1918) (bankruptcy rules) - "Euro-Genossenschaftsbegleitgesetz, BGBl. I Nr. 136/2000" (introduction of Euro).	Co-operatives are associations of the number of whose members is not limited. Membership is voluntary. Their activities are concerned with encouraging employment or economic interests of the members	The general rule foreseen in the law is "one member – one vote". The statutes may lay down different regimes for example relating the number of votes to the economic participation. Co-ops with more than 1000 members may have sectional general meetings (2-tier voting).	No minimum number of members foreseen by law but the articles of association may state limits (minimum or maximum). Each member must acquire at least one interest share; members have a right to get a dividend paid	Yes. Rules defined by articles of association.		Permitted. Allocation of residual amounts in accordance with the rules governing the apportionment of profits (article 48 of the Co-operative Law).	No requirement to create reserves (though normally done in practice).	No specific legislation. Except for agricultural equipment and viticultural co-operatives that exploit solely their own production which are exempt from companies tax.	Permitted where the articles of association allow. However this must be to further the interests of the co-operative and not to "seek gains" (article 1 of the Law on Co-operatives). Agricultural co-operatives governed by the law on the exercise of professions (Gewerbeordnung, 1974) may do so.		Management Board. Supervisory Board obligatory where more than 40 permanent employees.
BELGIUM	Art. 27 of the Constitution. Art.141 to 164 /1935 (last modified by the Co-ordinated Law on Commercial Companies of 15/07/1998). Law on Commercial Companies (article 2). Law co-ordinating Commercial Companies. Law of 5-12-1984 . Law regulating Co-operatives. Articles of the aforementioned Royal Decree of 30/11/1935 . Royal Decree 8-01-1962 (establishing co-operative principles). Law of 20/07/1991 Distinction between "true" and "false" co-operatives. Law of 29/06/93 (mergers and demergers) Law of 13/4/95 (amending Law of 20/7/91) Law replacing the articles of the commercial code concerning co-operatives.	Companies comprised of members whose number and contributions are variable. 1° SCRL = co-operative society with limited liability 2° SCRIS = co-operative society with unlimited joint and several liability 3° SCP = social co-operative ("société à finalité sociale")	General rule is "one member - one vote". Legal entities may have more than one vote, with a limit of 10% of the present/ represented members, where allowed for in the articles of association. Co-operatives of more than 1000 members may adopt 2-tier voting structures.	Minimum of 3 members (physical or legal). 1° € 18,600 minimum share capital. 2° No minimum share capital.	Limited interest (6% net) is permitted. The net surplus may be distributed to the members prouta their transactions with the co-operative.	No, unless 3rd party is specifically named in the articles of association, or fulfilling the statutory and legal requirements for membership.	Permitted. On pro rata basis of shares, or another system defined by the articles of association or decision of general meeting.		First €125 p.a. invested per member exempt from 25% withholding tax; Interest on advances by members not considered as taxable return on invested capital; Reduced rates of Corporate Tax for approved co-ops (28% on first € 25,000, 36% up to € 89,000); Approval of <i>Commission Bancaire et Financière</i> not required for share issues by approved co-operatives; Managers of co-ops have social security rights of employees; possibility of assistance from the <i>Société Fédérale d'Investissement</i> (national investment fund) for the incorporation, re-organisation or expansion.	permitted.	normally limited	
DENMARK	Denmark does not have a legislation specific to co-operative companies. Co-operative principles are set out in the companies act no. LKS 546 of 20 Jun 1996 ("Lov om etvernsdrivend virksomheder"). According to §9 under the Act co-operatives are obliged to register in the Danish Commerce and Companies Agency. The Danish Constitution protects and promotes freedom of association, free creation of not-for-profit associations, including inter alia co-operative companies.	Co-operatives can take several company forms (partnership, S.A.R.L. etc). They are subject to no specific state control and their nature derives solely from their articles of association. Legally co-operatives are governed by well-developed legal practice by customary administrative practices and by the articles of association of the individual co-operative. In the Act of Commercial Enterprises, a co-operative (andelsforening) is defined as a business the purpose of which is to promote its members' common interests through participation in the business as purchasers, suppliers or in similar manner, where the profit of the business, apart from normal interest on the paid-up capital, is either distributed between the members in proportion to their share of turnover or remains within the company.	General principle of "one member - one vote". However alternative arrangements can be made in the articles of association. 2-tier voting structures are permitted.	No specific rules in law; depends on the articles of association. 3 members minimum (physical or legal). No minimum capital requirement. In Danish co-operatives, membership confers an unspecified share of the co-operative. The co-operative's equity capital usually consists of unallocated joint capital/equity capital (collective ownership). Members are not obliged to "buy shares" in order to join a co-operative and consequently cannot withdraw capital (e.g.: when they leave).	Limited interest payable on ordinary shares. No provision for priority shares.	Permitted, with no restrictions.	Permitted. In case of liquidation only the members have the right to the reserves if the articles of association permit. The Danish common right provides for the distribution of assets proportionally to the transactions undertaken by the members with the co-operative during the previous years, except dispositions to the contrary in the articles of association. There is no legal obligation to create a reserve. In practice where reserves exist they are considered as non-distributable in articles of association.	No obligation to create a reserve, however normally done in practice and usually considered as non-distributable.	Specific tax rules apply to the calculation of taxable income where the co-op has more than 10 members and where the longer term trade with non-members does not exceed 25% of turnover. Specific rules also apply for consumer co-ops and for associations promoting the commercial interests of members. Taxable income is assessed as 4% of the difference between the co-operative's trade with members and total turnover, plus 6% of the residual assets. This method of calculating income differs from other company types. However the rate of taxation is the same (30%).	Not normally permitted.	Limited or unlimited liability (normally limited).	

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FINLAND	Original Co-operative Company Law of 1901 (first framework law on co-operative societies). Co-operative Company Law No. 247/1954, as amended (Major revision being prepared for 2002). Law 1271/1990, as amended (co-operative credit institutions). Law 360/1968 (Taxation). Law 502/1989, enables associations with economic activities to convert into co-operatives.	Co-operative companies are legal persons whose purpose is to develop economic activities in which members participate by using the co-operative's services, in order to promote their economic interests. Co-operatives are companies. Co-operatives become bodies corporate with the related rights by being registered with the trade registry.	Principle "one member-one vote". Where a majority of members are legal persons, the articles of association may provide that legal persons have more than one voting right. Note: the new co-operative law in preparation allows multiple votes in all co-operatives in its current draft. 2-tier voting structures are permitted.	Minimum of 5 members (physical or legal), or three members where these members are co-operative entities (second degree co-operatives). No specific rules of the form of members' economic participation in co-operatives. Left to the articles of association. In agricultural co-operatives shares may be linked to % of transaction with the co-operative.	Yes, where allowed by the articles of association and provided that legal obligations such as the constitution of the legal reserve are fulfilled. Members may acquire one or more interest shares or investment interest shares which receive interest is paid out of profits. Additional shares conferring entitlement to a preference dividend (repayment is made prior to that of normal interest shares) may be issued. Interest shares carry no voting rights. Investment interest shares may be held by non-members who have the right to attend general meetings but without voting right.	Permitted. Non-members may hold investment interest shares (which carry no voting rights).	Permitted where foreseen in the articles of association and provided that the residual assets suffice. However, if assets have been distributed in violation of the law or the articles of association, each member must repay the amount so obtained, plus interest at an annual rate of 6%. In addition, any person who has participated in such distribution may be held personally liable.	The reserve fund must constitute 1% of total assets with a minimum of FIM 15,000, until this amount is reached 5% of annual profits must go to reserves.	Co-ops are subject to the same tax treatment as joint stock companies. However co-operatives have certain tax benefits (returning of the surplus/profits – law 360/1968, section 18).	Not normally permitted under laws, however articles of association may specify that services of a co-op may be used by other persons.	Normally limited. Members are not personally liable for the co-operative's debts (unless otherwise specified in the articles of association).	
FRANCE	Law 47-1775 of 10/9/1947 (General law applicable to all kinds of co-operatives) modified in 1985, 1989, 1992 and 1998. Law of 24/7/1967 (Title III) on companies with variable capital. Decree N° 84-1027 of 23/11/84 and Decision of 23/11/84 (co-operative auditing) Decree N° 93-455 of 23/3/93 (exit from co-operative status) Decree N° 91-14 of 4/2/91 (holders of co-op investment certificates) Decree N° 93-675 of 27/3/93 (holders of members' co-op certificates) Decree N° 93-674 of 27/3/93 (holders of priority interest shares with no voting rights) Specific laws exist concerning co-operatives active in certain sectors (workers' co-operatives, users' co-operatives, production co-operatives, professional co-operatives, credit co-operatives). These specific laws may depart from the general rules of the 1947 law. A new law for social co-operatives (Société Coopérative d'Intérêt Collectif) was adopted in 2001.	Civil or commercial company with fixed or variable capital. All natural and legal persons who have the legal capacity to enter into contracts and assume obligations can be members. Co-operatives may have the following objectives: 1. To reduce, in benefit of their members and by common effort of the same, the price of resale and, if it is the case, the price of sale of certain products or certain services, to ensure the functions of the entrepreneurs or intermediaries, when the remuneration will reflect this price of resale; 2. To improve the quality of the products provided to its members or of the products provided by them to the consumers; 3. And in general to contribute to the satisfaction of the needs and the promotion of the social and economic activities of its members as well as its education.	General rule of "one member - one vote". However "social economy unions" may grant voting rights proportional to the number of members or the volume of business with the union. Non-user investor members may have votes proportional to their shareholding with a ceiling of 35% on all such votes.	The minimum number of members is determined by the sectoral laws (e.g. for agricultural co-operatives 7, for craft co-ops - 7 if the members are private companies and 4 if they have limited liability status). Physical or legal persons. Minimum capital where members are SARL's = FF 25000, SA's = 125,000. Members' subscription are established in the articles of association. This should be at least a share or a number of shares proportional to their future activity within the co-operative.	Interest must not exceed the average rate of return on bonds issued by private companies. All allocations must be on a pro rata basis and profits from non-member trade may not be included. Law 92-643 of 13/7/92 allows interest shares granting specific benefits (e.g.: priority interest) without voting rights. These shares are transferable between members and repayable at par value in the event of liquidation.	Law N° 92-643 of 13/7/92 allows non-user investor members with votes proportional to shareholdings up to a ceiling of 35%. According to the Law of 3/1/83 co-operatives may issue equity loans. Under Law 87-416 co-operatives may issue co-operative investment certificates (with a limit of 50% of the capital accrued at the end of the previous financial year). Law N° 85-703 of 12/7/85 allows the creation of "social economy unions" in which 85% of the voting rights must be held by co-operatives, mutuals or associations.	Not permitted. Residual assets are distributed to general interest activities (oeuvres d'intérêt général). However, during the life of a co-operative, some reserves (created for that purpose and within established limits) may be incorporated into capital to increase the value of interest shares (Law 92-643 of 13/7/92) or allocate bonus interest shares. Article 17 of the Law of 1947 allows for use of reserves to cover losses for a period of four years.	3/20th of operating surpluses must be allocated to reserves for as long as the reserves are less than the share capital.	Co-operatives are subject to company tax at a rate of 33%. However in certain circumstances (craft, transport and maritime co-ops, construction, agricultural procurement and purchasing, low rent housing, workers' and consumers' co-operatives) trade with members is exempt, but members pay income tax on income and discounts from the co-operative. Income on shares is governed by standard tax rules.	Certain co-operatives may only trade with members. For agricultural co-operatives no more than 20% of turnover.	Normally limited.	
GERMANY	Reichsgesetzblatt P. 55/1889, in the form of a publication of 19/08/94 – Bundesgesetzblatt (BGBl. I P. 2202/1994) Amendments: 9/6/98 (BGBl. I S. 1246); 22/06/1998 (BGBl. I P. 1474/1998); 19/12/98 (BGBl. I S. 3837); 24/2/00 (BGBl. I S. 161). Gesetz betreffend die Erwerbs- und Wirtschaftsgenossenschaften	Co-operatives are companies the number of whose members is not limited, which must have the aim of promoting the economic benefit or efficiency of their members by common activities. Co-operatives may be incorporated under the co-operative law; they may also exist under general company law, their co-operative nature being determined solely by their articles of association.	The general rule is "one member – one vote". Exceptions: (1) In case of "extraordinary contribution" one member can have up to 3 votes (but may have only one vote where decisions require a 3/4 majority). (2) In co-operatives where the members are only or mainly co-operatives the voting rights may be related to business participation.	Minimum 7 members (physical or legal persons); No minimum capital. One member may hold more than one share (limits established in articles of association); Participation may be proportional to the business undertaken with the co-op.	Yes. Residual surpluses (after distribution pro rata based on members' contributions) may be assigned to interest bearing shares. Rules set out in articles of association.	Permitted if allowed for in the articles of association.	Permitted. On liquidation, may be distributed to members after payment of creditors.	As a general rule co-operatives are taxed as companies. The sole exception are the housing co-operatives which are tax exempt (providing that they do not realise profit and invest the surplus in social housing). This exemption is not exclusive to co-operatives. Agricultural equipment and viticultural co-operatives that exploit solely their own produce are exempt from companies tax.	Permitted.	Normally limited, but may be unlimited or no liability (according to articles of association)	Management board (Vorstand) and Supervisory Board (Aufsichtsrat) obligatory.	

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GREECE	Framework Law No 1257 /1982 (amended in 1985 & 1994) Law L.1667/86 on civil co-operatives Law L.2169/93 on agricultural co-operatives (replacing L.1541/85, amended by laws L.2181/1994 and L.2538/1997).	Voluntary unions of persons aiming at the economic, social and cultural development by means of common enterprise, equitable co-operation and mutual membership. Civil Co-operative: Voluntary union of persons with economic objectives, which is not active in the agricultural sector and aims at the economic, social and cultural development of its members and the improvement of their quality of life by means of co-operation within a joint enterprise.	General and strict application of the "one member - one vote" rule. However, the rules of a co-operative can provide for some element of weighted voting, usually based on the level of trading or use of services which a members may have with the co-operative. Such weighted voting, if it is allowed in the rules of the particular co-operative, would only apply in relation to less important decisions.	Minimum 20 members (1st degree) & 15 members (2nd degree) Only physical members in agricultural co-operatives. Economic participation of at least 50 000 drachmas.	Profits must normally only be distributed according to participation in the activities of the co-operative, however the articles of association may provide for alternative allocations. There are no provisions, however, for shares conferring special rights.	Not permitted.	Permitted. Residual assets must normally be distributed to members on a pro rata basis of the number of shares held. However the articles of association may provide for alternative arrangements.	10% of the profits of civil and agricultural co-operatives must be allocated to reserves until such reserves equals the aggregate value of shares.6	Agricultural co-ops are exempted from corporate, land tax and stamp duties. They also have exemptions on members' acquisition of shares, deposits made by members, loans made by members, transfers of property between co-operatives and to members from first degree co-ops. Civil co-operatives are subject to normal tax laws, however housing co-operatives are exempt from capital gains on property sold to members on the condition that such amounts are allocated to reserves exclusively used for the social purpose of the co-operative.	All activities that the law does not expressly reserve for members (such as supply of goods for the co-operative's requirements, technical and organisational assistance to enhance production, processing and sale of the co-operative's products, grant of loans and guarantees etc.) may be carried out with third parties.	Limited.	
IRELAND	<u>Primary legislation:</u> Basic law/1993 Industrial and Provident Societies Acts (IPSA) (modifications in 1913, 1971, 1978) Companies Act/1990 <u>Subordinate Legislation:</u> Laws on financial limits/1985 Laws on the forms of co-operatives/1986 Amendments of the law on financial limits /1990 Law on expenses/1995 Law on co-operatives registered with Registry of the Friendly Societies in accordance with this law/1936 Credit Unions are subject to specific legislation (not dealt with here).	An Industrial and Provident Society (Co-operative) may be formed "for carrying on any industries, businesses or trades specified in or authorised by it's rules". Members can be natural or legal persons, according to the provisions of the ISPA.	The "one person-one vote" principle is applied in all co-operatives even though this principle is not found in legislation. However, the rules of a co-operative can provide for some element of weighted voting, usually based on the level of trading or use of services which a members may have with the co-operative. Such weighted voting, if it is allowed in the rules of the particular co-operative, would only apply in relation to less important decisions.	Minimum 7 members for a first degree co-op, 2 members for a second degree co-op. No maximum number. Physical or legal persons. All the members are required to subscribe a share the minimum amount of which is limited by the basic law.	Not permitted.	Not permitted.	Permitted.		Co-operatives are essentially subject to the same standard tax rules as are applicable to mainstream businesses. Special tax treatment and concessions as compared with other mainstream businesses were abolished in the mid 1990s.	Permitted.	Limited.	
ITALY	art.45 of the Italian Constitution Law on the formation of co-operatives 1947 ("Basic Law") Articles 2511 to 2548 of the Civil Code, V, title VI DLCP n.1577 /1947 (Legislative decree of the provisional Head of State) Law No. 904/1977 Law on co-operatives Law No. 266/1997 Provisions on co-operation Law No. 59/1992 New rules on "Small Co-operative Society" Law No. 381/1991 The Social Co-operatives' Regulation Law No. 460/1997 Provisions concerning non-profit organisations with a social objective Certain other laws of a sectoral or regional nature.	Companies of individual types characterised by the free association of economic and cultural persons who meet to satisfy social common needs. <u>Types of co-operatives:</u> - Companies of co-operatives with unlimited liability (art.2513 Italian Civil Code) - Companies of co-operatives with limited liability (art.2514 Italian Civil Code) - Co-operative societies made up in the form of a consortium (§10, D. Lgs.C.P.S. 14/12/1947 n.1477, art.27, Italian Code Civilian) - Small co-operative societies (decree on law 515 of 4/12/1995) made up of natural persons (exclusively) not less than 5 and not more than 8 persons. They must also have a mutual aim to be regarded as small co-operative societies. By the law 381/1991 this definition was widened to include among the co-operative's objectives the improvement of the situation of third parties.	General rule of "one member - one vote". Non-user (investor) members may have up to 3 votes, with a ceiling of 1/3 of total votes.	The minimum number of the members depends on the sector: - 9 members for most forms of co-operative; - 3 to 6 for the small co-operative society; - 3 for 2nd degree co-operatives; special provisions for workers' and housing co-operatives. Physical or legal persons. Minimum par value of shares is normally 50,000 Lire. Maximum amount varies in relation to the sector of activity (Euro 50,000 for newly formed co-ops).	Limited to the maximum return on bonds issued by the Post Office plus 2.5%. Payments in excess of this render the co-operative ineligible for special tax treatment. "Co-operative Participation Shares" (with no voting rights) may receive priority interest of 2% above ordinary shares (Article 5 of Law 59/92) and priority repayment of capital. Non-user investor members may also receive 2% above ordinary shares	Permitted by Law 59 of 31/12/92. Voting rights are related to their capital contribution with a maximum of 3 votes and a ceiling of 1/3 of total votes for all investor members. Remuneration at a maximum of 2% above ordinary shares. Housing and credit co-operatives are excluded from this provision.	Not permitted. In case of liquidation the members do not have the right to receive a share of the reserves (Article 12 of Law 904/77), which must be allocated to mutual funds for the development of co-operatives.	20% of net profits must be allocated to reserves (Article 8 of Law 59/92) regardless of the size of the reserve. 3% of net income of co-operatives that are members of national federations must be allocated to a mutual fund for the promotion and development of co-operatives. Those not in national federations must pay 3% to a similar fund managed by the labour ministry.	Specific regime for direct and indirect taxes dependent on respect of principles of limited dividends and indivisibility of assets. Total exemption from company tax on profits allocated to reserves. Distributed income is taxed as income of members, not at the level of the co-operative. Social co-operatives have a specific regime linked to their obligations, for example allowing deduction of payroll expenses for "disadvantaged" employees.	There are no strict legal limits on trade with non members for most types of co-operatives. Credit co-operatives must trade "principally" in favour of their members. Agricultural co-operatives are subject to strict limits.	Limited or unlimited liability (normally limited).	
LUXEMBOURG	No specific co-operative Law. Subject to (and defined by) the Law on Commercial Companies /1915, section VI, art. 113 to 137 Decree /1945 (amended 1986) (Decree on agricultural associations)		Usual rule of "one member - one vote", however the articles of association may allow for multiple votes.	Minimum five members. Physical or legal persons. Members are required to subscribe one or more shares fixed by the statutes. Agricultural associations are not required to have any capital. The statutes must fix the par value of the shares. But third parties cannot have a financial contribution.	One half of profits are allocated equally to all members regardless of transactions with the co-operatives; one half is based on contributions.		Permitted (no specific laws).	A reserve must be created through obligatory allocation of 1/20th annual profits until it reaches a 1/10th of share capital.	No specific or beneficial rules.		Limited.	

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NETHERLANDS	General legislation on associations, amended the second part of the Civil Code (Articles 53 to 63 of title III) /1989	Association or co-operative union (cooperative vereniging) governed by individual rules and meeting in order to fulfil common needs.	General rule of "one member - one vote", however articles of association may allow up to 4 votes.	Minimum of 2 members. The law does not establish the type of financing of a co-operative, it is up to the statutes to lay down the value of the shares and the methods for release of the capital. The number of shares held may be related to the % of turnover of the member.	In principle co-operatives may issue (non-tradable) shares, but in practice this is rare.	Not permitted.	Permitted. Normally on a pro rata basis of share or asset holdings. Where no person is entitled to receive this it is allocated to the State.	No obligation to create a reserve.	No specific or beneficial rules. However, profits that are from trade with members is exempt from income tax to avoid double counting. Previous general exemptions were abandoned as co-ops increased trade with non members and became more than associations of members.	Permitted.	Limited or unlimited (according to articles of association). Usually limited.	
PORTUGAL	Constitution 1976 (amended 1982, 1989, 1992 and 1997) Law N° 51/96 Codigo cooperativo (Co-operative Code of 1996), as amended by DL nos. 343/98, 6/11; 131/99, 21/4 and 108/2001.(General Co-operative Law). 1981 to 1998 various laws governing different kinds of co-operatives (craft industry, consumption, production of female workers, retailing, fishing, culture, services, housing, agriculture, teaching, controlling, mutual agricultural credit and solidarity). Law 85/1998, as amended by DL 393/99, 1/10, Law 3-B/2000, 4/4; Law 30-C/2000, 29/12 and Law 30-G/2000, 29/12 (Fiscal Law of co-operatives) Ministerial Decree N° 52-A/1999 (PRODESCOOP- Programme of co-operative development)	Article 2 of the Co-operative Code defines Portuguese co-operatives as autonomous communities with a specific capital and membership that, through co-operation and mutual support between their members, in their member co-operatives or without seeking profit, aim at meeting the economic, social and cultural needs and hopes of their members. Co-operatives are bodies corporate immediately upon being formed (they are registered in the local trade registry), but they are neither companies nor associations. Co-operatives, unions of co-operatives, federations and confederations of co-operatives are considered as legal persons of a specific kind with a variable capital, with a liability that or may not be limited, depending on the choice made by members.	"One member - one vote" rule applies in 1st degree co-operatives. 2nd degree co-operatives may allow weighted votes according to the size of their member co-operatives or according to other democratic formulae. The articles of association may provide for the holding of sectional meetings of the co-operative because of the geographic scope or multiple activities of the co-operative. Each meeting held for a section elects one or more delegates according to the number of members in each section. The one person-one vote principle is complied with in each meeting held in each section.	Minimum 5 members (1st degree) or 2 members (2nd degree). Members may be physical person or legal entities. The capital of a co-operative society cannot be less than 2500 Euro. Members must subscribe to more than three shares of with a value of at least 15 Euro, each share being of 5Euros. The members of retailers' co-operatives are obliged to participate to the extent of at least 10000 escudos and those of agricultural savings banks at least 100 000 escudos.	The total amount of the interest paid on equity securities may not exceed 30% of net annual revenues. In addition to ordinary shares, Portuguese co-operatives may issue investment securities, whether or not through a general call to the public and may also issue bonds. The total amount of investment securities may not exceed the amount of the share capital. Investment securities may give a right, whether or not on a priority basis, to a fixed remuneration proportionate to a reference index, to corporate performance or a mixture of these. The holders of securities or bonds may attend general meetings but without any voting rights. Bonds must be issued in compliance with rules applicable to commercial companies.	Non-user members are not admitted as such. Co-operatives may issue investment securities, giving a right to fixed or variable remuneration. The quantity terms of issuance and interest rate are decided by the General Meeting, subject to restrictions as to the number of shares. The total amount of investment securities may not exceed the amount of the share capital. These holders may meet and elect a representative to attend the co-operative's meetings but without any voting rights. Portuguese co-operatives may also issue bonds. These are not convertible into shares and may not give rise to the subscription of shares.	Not permitted. No mandatory reserve or reserve resulting from transactions carried out with third parties may be divided among members 13/08/2001. (Article 72 of the Co-operative Code). The legal reserve may be used to cover the co-operative's losses at the end of a financial year.	A mandatory reserve must be established with not less than 5% of profits and share subscriptions being allocated to it (or a greater amount specified in the articles of association) until the reserve equals the share capital. At least 1% of profits must be allocated to an education and training reserve.	Co-operatives are governed by a totally specific tax status (Law No. 85/96 of 16 December 1998, as amended). Co-operatives are subject to the tax on the income of collective persons (IRC) at a rate of 20%, or 34% for transactions carried out with third parties. Agricultural, cultural, consumers, housing and social solidarity co-operatives are not subject to that income tax. Co-operatives are exempt from stamp duty on certain books and documents. Also they are exempt from the tax on successions and donations and local taxes upon the purchase of real state intended to house the co-operative's core operations. Certain housing co-operatives are entitled to a reduced VAT for certain transactions.	Restricted. Tolerated in practice.	Limited or unlimited (usually limited).	
SPAIN	General Law on Co-operatives of 19/12/1974 and its regulation of 1978. Law N° 3/1987 of 2/4/1987 (General law on co-operatives). Law N° 27/1999 of 16/7/99 (State Law on Co-operatives). Law N° 13 / 1989 of 26/5/89 (Law on credit co-operatives); Law N° 20/1990, 19/12/90 (Law on tax treatment of co-operatives); Regional laws on co-operatives exist in the regions of Catalonia, Andaluca, Aragon, Extremadura, Galicia, Valencia, Euskadi, Navarra, Madrid and (since 19/7/01) Rojia. 17 autonomous communities have exclusive powers regarding co-operatives.	Companies characterised by a variable capital and by a structure with democratic management which brings together persons having socio-economic interests common needs. A co-operative is a society founded by persons who come together on a voluntary basis to realise enterprising activities, to meet common needs and economic and social aspirations, with democratic structure and functioning, according to the principles adopted by the International Co-operative Alliance. Co-operatives are precluded from activities in certain sectors (e.g.: electricity supply, sales of petrol).	The general rule is "one member - one vote". In a first degree co-operative the statutes may allow multiple votes in relation to the amount of business carried out with the co-operative. No member may hold more than one third of the total capital and the sum of the multiple votes may not exceed half of the same. For agricultural, services, transport and maritime co-ops, there is an additional rule that the maximum number of votes held by one party is 5. In a second degree co-op voting may be proportionate to operations or to the number of active members in the member co-operative with a ceiling of 1/3 total votes (or 45% where there are only three members).	Obligatory share subscription by the members, minimum amount fixed by the statutes. Minimum 5 members according to the General Law for Co-operative of the 1st degree and 2 members for those of the 2nd or 3rd degree. Minimum 3 members. Co-operatives with less than 10 members need only one administrator. It is possible to merge with civil societies or societies of the business sector No one member may hold more than 33% of shares.	Yes. On the condition that there is a surplus, and with a ceiling of 6%.	Yes. Non-user members may be allowed for by the articles of association. These members may not develop or participate in the activity of the co-operative. Their participation may not exceed 45% of the share capital and they may not hold in all more than 30% of the voting rights. Further capital contributions may not be imposed on them by the general meeting.	Not permitted. Mandatory reserves and the reserves for apprenticeship and training fund. Rates may not be distributed. However, voluntary reserves and net assets may be distributed in accordance with the articles of association. On liquidation of a 2nd degree co-operative the reserves are distributed to the reserves of the member co-operatives on a pro-rata basis of the volume of business with the co-op over the previous 5 years.	Minimum 20%, plus 5% to apprenticeship and training fund. Rates established in articles of association.	Co-operatives pay tax on profits from trade with non-members on the same basis as non-co-operative companies, the same is true of activities not directly related to the specific purpose of the co-operative (appreciation of assets, returns on investments etc.). Their core activities with members may be considered "protected" or "specially protected". Protected co-operatives pay 20-26% company tax and are also exempt from the payment of some taxes such as tax over transfers of assets and over certain legal acts such as incorporation, share issues, mergers, etc. "Specially protected" co-operatives pay company tax at rates reduced by 50%. (Law n° 20/1990, of 19/12/90).	Permitted up to a maximum of 50% of their operations with members. Higher levels can be authorised by the Ministry of Labour & Social Affairs.		

SUMMARY TABLE OF MEMBER STATES' LAWS IN RESPECT OF CO-OPERATIVES

Country	Law (No.)/Year / Title	Definition	Voting rights	Membership and Shareholding Requirements	Interest Bearing Priority Shares	Non-user (investor) members	Distribution of reserves on dissolution	Allocation of Profits to Reserves	Fiscal regime	Transactions with Third Parties	Liability	Board Structures
SWEDEN	Law SFS 1987:667- Co-operative Societies Act. "Lagen om ekonomiska föreningar" (Associations legislation applicable to co-operatives which establishes their legal form, the governing bodies and control and auditing of the accounts) SFS 1991:614 (housing sector) SFS 1972:262, SFS 1982:713 and SFS 1992:1610 (financial sector)	A co-operative is characterised by the fact that it fulfils specific conditions with regard to the right to members, to vote and the distribution of dividends. The co-operative must promote the economic interests of its members by means of economic activities in which the members participate. Swedish law does not distinguish between civil and commercial law; A co-operative can be said to be both an economic, social and cultural association.	The principle "one member – one vote" is set forth by law. Exceptions from this principle may be laid down in the articles of association. The articles of association may also provide that the general meeting will be comprised in whole or in part of representatives of the members.	There are no limitations regarding numbers of members. Members are obliged to contribute capital to the co-operative. The amount is determined in the statutes of the co-operative. N° of shares may be linked to the turnover of the member. A co-operative may also stipulate that capital may be raised by means of special bonds (debenture contributions). Such contributions may also be made by non-members, however these may not exceed a sum corresponding to the sum of all other contributions made to the co-operative.	Articles of association may stipulate that capital may be raised by means of special bonds (debenture contributions). Such contributions may also be made by non-members, however these may not exceed a sum corresponding to the sum of all other contributions made to the co-operative. Profit distribution may be determined other than in relation to the extent to which members have participated in the co-operative's activities. Profits may also be distributed to previous members or to non-members that hold debenture shares. Profit distribution may not exceed an amount equal to the co-operative's non-restricted capital reduced by the amount which according to law or the articles of association shall be transferred to the restricted capital. Dividends can be either compensation in the form of settlements, bonuses or based on business's profit or reimbursements from the reported annual results (profit distribution). Dividends may not be distributed to such an extent that it would be contrary to good business practice. It is not possible for the co-operative to decide	Permitted, by issuing of debenture shares.	Permitted. The co-operative's assets may only be distributed among its members in the form of dividends, the reimbursement of member contributions, payment in conjunction with a reduction in the size of member contributions and payments in connection with the winding up of the co-operative.	At least 5% of the year net profit shall be allocated to the reserve fund until it amounts to 20% of the paid capital.	For tax purposes, co-operatives are in general subject to the same provisions and the same rates as public limited companies. There are, however some specific tax rules for co-operatives to avoid double taxation of profits distributed in the form of dividends.			
UNITED KINGDOM	Industrial & Provident Societies Act of 1852 (General Law applicable to Industrial and Provident Societies) consolidated in 1893 and 1965 Laws on Commercial Companies 1948-1985 applicable to those co-operatives registered as "Companies". Companies Act - 1985 Law on Industrial Common Property of 1976 (applying to co-operatives) Specific laws for credit unions (1979) and building societies (1986) and friendly societies (1992) are not covered here.		General applications of "One member - one vote". Preference shares do not confer additional voting rights. A society can however operate a weighted voting system based on throughput with maximum of 20% per member.	Minimum of 3 members, or 2 where both are registered industrial and provident co-operative societies (2nd degree co-operative). No maximum number (if 2 co-ops are registered as companies, they cannot join together to register as an industrial and provident society) Members may be physical persons or legal entities. Members are obliged to subscribe to at least one share. The maximum amount of share capital that any one person can hold for an Industrial and Provident Society is £20,000. At least part of the capital is usually the common property of the co-operative. For co-operatives registered as "companies" (under the Companies Act, not IPSA) minimum of 7 members for simple companies and 2 for second degree companies. According to the "Companies Act" the minimum number of the partners is two.	No interest is paid on ordinary shares. Preference shares can be issued ("A & B shares") in an IPSA co-operative. Co-operative principles require that capital should receive a strictly limited reward and rules will set limits to the return on share capital. Any distribution to members must be in the form of a dividend based on their transactions with the society.	Not permitted in co-operatives under IPSA. Co-operatives registered as companies limited by shares may call on capital contributions from non-user investors, who have no voting rights. Co-operatives registered as commercial companies have no restrictions on non-user investors.	It is increasingly the practice for "disinterested distribution" (allocation of residual reserves and assets to societies with similar activities). However, the conditions of such allocation are determined by the articles of association ("rules") and may allow for distribution to members, for example on a pro rata basis related to share holding.	No rules apply.	For certain IPSA co-operatives (registered as benefit of the community societies) interest may be paid gross on investment income (to avoid double taxation - such amounts would be taxable as the income of members).	Agricultural co-operatives may not have net sales to non-members in excess of 1/3 of the value of total sales. Trade exclusively with members is part of UK law, but is assumed and not enforced.(many customers of consumer co-ops are not members)	Limited liability up to the value of subscribed shares, except on rare occasions where the co-operative is governed by the partnership act (unlimited liability and not a body corporate).	