



**REPUBLIC OF SERBIA
MINISTRY OF FINANCE**

LAW ON FINANCING OF POLITICAL PARTIES

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I. INTRODUCTORY PROVISION

Article 1

This Law governs financing, records and method of financial control of registered political parties (hereinafter “political parties”), nominators of registered election lists and nominators of candidates for president of the Republic of Serbia, municipality presidents and town mayors.

II. SOURCES AND USE OF FUNDS

1. Use of Funds

Article 2

Funds obtained in accordance with this Law may be used for financing of costs related to:

- 1) regular work of the political party;
- 2) election campaign for election of president of the Republic, deputies, mayor, municipal president and councillors.

2. Types of Funds

Article 3

Funds for financing of activities specified in Article 2 hereof may be obtained from public and private sources, in accordance with this Law.

Public sources in terms of this Law are funds from the Republic Budget, territorial autonomy unit budget and local self-government unit budget, appropriated for financing of regular functioning of a political party and election campaign costs.

Private sources in terms of this Law are: membership dues, contributions from legal entities and natural persons, income from promotional activities of a political party, income from property of a political party and legacies.

3. Financing of Regular Work of a Political Party

Article 4

Public source funds appropriated for regular work of a political party whose candidates have been elected deputies and/or councillors are set at the level of 0.15% of the Republic

of Serbia budget (reduced for the transfers to other levels of government and social security and medical insurance funds), at 0.1% of the territorial autonomy unit's budget (reduced for the transfers from other levels of government) and/or 0.1% of the local self-government unit's budget (reduced for the transfers from other levels of government).

Funds specified in paragraph 1 of this Article in the amount of 30% shall be allocated in equal amounts to political parties with deputies or councillors, whilst the remaining funds (70%) shall be allocated in proportion to the number of deputies and/or councillors.

The Ministry responsible for finance and/or the relevant administrative body of a territorial autonomy unit, and/or local self-government unit body, shall transfer every month the proportionate part of the funds specified in paragraph 1 of this Article to political parties, before the 10th day of the month for the preceding month.

Article 5

Membership dues specified in Article 3, paragraph 3 here of imply the amount regularly paid by party members, in accordance with the provisions set out in the Statute of a political party. Payment exceeding this amount is deemed a contribution.

Legal entities and natural persons may give contributions to a political party. In terms of this Law, a contribution implies all gifts presented to a political party, free services or providing services to a political party under conditions deviating from market conditions. The authorised officer of a political party is required to issue a receipt for the received contribution. The shareholders' assembly and managing bodies of the legal entity shall be informed of the contribution to a political party.

A legal entity or natural person providing services or selling a product to a political party shall make out an invoice to the political party, regardless of who shall be liable for payment for the services or product, and/or regardless of whether the services were provided or product given free of charge.

The total amount of contribution specified in paragraph 2 of this Article, if the contribution is given by a natural person, may not exceed in a single calendar year ten average monthly salaries in the Republic of Serbia in the year preceding the year when the contribution is given, according to official data of a statistics authority, and/or one hundred average salaries if the contribution is given by a legal entity.

Income from political party's promotional activities is the income from sale of publications, symbols and other tokens of the political party.

A political party may acquire property in the territory of the Republic of Serbia. Annual income of a political party from property owned by such party may not exceed 20% of the amount of the overall income of a political party. A political party shall, within thirty days after submitting of the annual statement of accounts in accordance with Article 16 hereof, give as charity, to one or more organisations engaged in charity work, any amount of income exceeding the above mentioned 20%.

The amount of funds from private sources, except funds from membership dues, collected by a political party in a single calendar year for its regular work, may not exceed 100% of the funds received by a political party from the Republic of Serbia Budget. The amount of funds from private sources, except funds from membership dues, that a political party not entitled to funding from the Republic of Serbia Budget may collect, shall not exceed in a single calendar year 5% of all funds specified in Article 4, paragraph 1 hereof.

Article 6

It is prohibited to accept material and financial assistance from: foreign states, foreign legal entities and natural persons; anonymous givers; public institutions and public enterprises, institutions and companies with government capital share regardless of size of share; private companies performing public services pursuant to contract with government bodies and public offices, for the duration of such contract; enterprises and other organisations exercising public authority; trade unions; humanitarian organisations; religious communities; organisers of games of chance; importers, exporters, merchandisers and manufacturers of excise goods and legal entities with due but unsettled payments to public revenue.

A political party shall transfer the money or pecuniary value of other property acquired in manner contrary to this Law and other regulations, in favour of the Republic of Serbia Budget account within ten days of receipt thereof.

Article 7

It is prohibited to exert pressure of any kind on legal entities and natural persons during collection of donations for a political party.

It is prohibited to promise or hold out the prospect of any privilege or personal gain to a donor of a political party.

4. Financing of Election Campaign Costs

Article 8

For the purpose of this Law election campaign costs shall relate to activities during an election campaign, and/or: posters, advertisements, radio and television and other media shows, commercials, publications and similar related activities during the period from calling of elections until election day.

Article 9

Budget appropriations to cover election campaign costs specified in Article 8 of this Law are provided in the year of regular elections in the amount of 0.1% of the Republic of

Serbia budget (reduced for the transfers to other levels of government and social security and medical insurance funds), 0.05% of the territorial autonomy unit's budget (reduced for the transfers from other levels of government) and/or 0.05% of the local self-government unit's budget (reduced for the transfers from other levels of government) for the year for which the budget is passed.

In event of early elections the competent bodies are required to provide funds stipulated under paragraph 1 of this Article for election campaign costs.

Article 10

Funds specified under Article 9 of this Law in the amount of 20% thereof shall be allocated in equal portions to nominators of registered election lists and/or nominators of candidates within ten days of election list registration and/or confirmation of list of candidates, whilst the residual amount of the funds (80%) shall be allocated to nominators of electoral lists that have won seats in proportion to number of seats won, and/or nominator of a candidate who has won a seat, within ten days of proclaiming of election results.

The ministry responsible for finance and/or the competent body of regional government and local self-government unit shall allocate funds in the manner specified in paragraph 1 of this Article pursuant to information received from the Republic Election Commission and/or the election commission of a territorial autonomy and local self-government unit.

If the funds paid pursuant to provision of Article 1 of this Article exceed the amount of funds spent for the election campaign up to election day, the difference shall be returned to the budget of the Republic of Serbia, and/or territorial autonomy unit and local self-government unit, within ten days from the day of payment.

Article 11

The nominator of a registered electoral list and/or the nominator of a candidate may raise funds also from private sources to finance costs of electoral campaign, in accordance with this Law.

The amount of funds collected from private sources by a nominator of a registered electoral list and/or the nominator of a candidate to finance election campaign costs may not exceed 20% of the funds set out under Article 9 hereof.

A donation by a single natural person towards election campaign costs may not exceed 0.5% of the amount set out in paragraph 2 of this Article, and the donation by a single legal entity may not exceed 2% of that amount.

Provisions of Article 5, paragraphs 2 and 3 hereof, shall accordingly apply to collection of funds from private sources for financing of election campaign costs.

Article 12

For the purpose of raising election campaign funds, the nominator of a registered electoral list and/or the nominator of a candidate shall open a special bank account that may not be used for other purposes.

All funds intended for the costs of electoral campaign shall be paid into the account specified in paragraph 1 of this Article and all payments of election campaign costs shall be made from this account.

The funds received in cash shall be deposited in the account specified in paragraph 1 of this Article within three days of the receipt.

Should the funds obtained from private sources exceed the amount specified in Article 11, paragraph 2 hereof, the surplus of funds shall be transferred into the permanent account of the political party.

Article 13

The nominator of a registered electoral list and/or the nominator of a candidate shall appoint two persons who will be responsible for lawful raising and assigned spending of funds and for reporting.

The signatures of the persons specified in paragraph 1 of this Article shall be deposited with the bank where the account specified in Article 12, paragraph 1 hereof, is opened.

Article 14

The nominator of a registered electoral list and/or the nominator of a candidate shall, within ten days of the election day, submit to the Republic Electoral Commission (hereinafter “the Commission”) a detailed report on the origin, amount and structure of the funds raised and spent on electoral campaign.

The form of the report referred to in paragraph 1 of this Article shall be specified by the minister responsible for finance.

The Commission shall check the data contained in the report referred to in paragraph 1 of this Article within 90 days of receipt of the report. The Commission may engage certified auditors to perform specific tasks of this audit.

The report is published in the “Official Gazette of the Republic of Serbia” at the expense of the political party or nominator.

5. Political Party Accounts, Mandatory Accounting Records and Financial Control

Article 15

A political party shall have an account, and its organizational entities may have sub-accounts to which funds are remitted in accordance with this Law.

The Statute of a political party or a special decree passed on basis of the Statute shall set out relations between organizational entities of a political party in respect of remittance of funds.

Article 16

A political party shall keep accounting records of all income and expenditure.

The accounting records shall be kept according to the origin, amount and structure of income and expenditure in compliance with the accounting regulations.

The credit and debit bookkeeping records of a political party are subject to annual audit in accordance with the accounting regulations, and may be subject to control by competent bodies.

A political party is required to keep special records of contributions received and of its property. The minister responsible for finance shall specify the content of these records. A political party is required to submit to the committee of the National Assembly of the Republic of Serbia competent for finance (hereinafter "Finance Committee") the annual statement, and certificate of a certified auditor, as well as a report of all contributions exceeding 6,000 dinars and a report on property. The minister responsible for finance shall specify the content of these reports.

The annual statement and reports referred to in paragraph 5 of this Article are published at the cost of a political party in the "Official Gazette of the Republic of Serbia."

Article 17

The Statute of a political party shall regulate the internal audit of financial operations and the right of party members to be informed of income and expenditures of the party.

The Statute must set out the officer responsible for financial operations, reporting and bookkeeping of the political party, and authorised for contacts with the Finance Committee.

The reporting entity shall inform the Finance Committee of appointment of a responsible officer specified in paragraph 2 of this Article within three days of his/her appointment, and in the event of any change in status of such person, within three days of such change.

The responsible officer shall sign all reports and is responsible for all records relating to reports and, following a request from the Finance Committee, the responsible officer may submit the reports for inspection. Political parties shall keep their reports for a minimum of six years after submission.

The Commission shall make all reports available to the public and shall take appropriate steps to ensure access of all citizens to information contained in the reports. Every citizen of the Republic of Serbia is entitled to inspect the reports filed with the Finance Committee and to receive a copy of such reports or parts thereof, at his/her expense.

Article 18

In the event of determining irregularities related to collection, use or recording of funds in terms of this Law, the president of the Finance Committee shall file charges with competent authorities.

If a political party is effectively penalized for an offense stipulated under this Law, it shall forfeit the right to public funds for the following calendar year.

The Finance Committee passes the decision specified in paragraph 2 of this Article. The decision shall be published in the “Official Gazette of the Republic of Serbia”.

III PENAL PROVISIONS

Article 19

A political party shall be fined from 200,000 to 1,000,000 dinars if:

- 1) raises funds contrary to the provisions of Articles 5, 6, 7 and 11 hereof;
- 2) fails to open an account in accordance with provisions of Article 12 hereof, does not remit funds to the account or effects payment contrary to provisions of Article 12, paragraph 2 hereof;
- 3) keeps accounting records contrary to the provisions of Article 16 hereof; 4) fails to submit the reports in accordance with provisions of Articles 14, 16 and 17 hereof.

For violations specified in paragraph 1 of this Article the responsible officers shall be fined from 10,000 to 50,000 dinars.

Article 20

A political party spending fund in an electoral campaign exceeding the amount set out in this Law shall be fined double the amount of the sum in question.

For violations specified in paragraph 1 of this Article the responsible officers specified in Articles 13 and 17 hereof shall be fined from 10,000 to 50,000 dinars.

IV TRANSITIONAL AND FINAL PROVISIONS

Article 21

Political parties shall harmonise their Statutes with the provisions of this Law within six months of entering into force of this Law.

Article 22

Political parties are required to submit to the Finance Committee within six months of entering into force of this Law a report on their property, expressed by type, size and origin.

The report shall be published in the "Official Gazette of the Republic of Serbia" at the expense of the political party.

Article 23

The minister responsible for finance shall specify the contents of the reports referred to in Article 14, paragraph 2 and in Article 16, paragraph 5 hereof, as well as the contents of the records referred to in Article 16, paragraph hereof, within 90 days of entering into force of this Law.

Article 24

On the day this Law enters into force, the Law on Financing Political Parties ("Official Gazette of the Republic of Serbia" No. 32/97), Article 13a of the Law on Presidential Elections ("Official Gazette of the Republic of Serbia" No. 1/90, 79/92 and 73/2002), Article 51, paragraph 2 of the Law on Local Elections ("Official Gazette of the Republic of Serbia" No. 33/2002, 37/ 2002 and 42/2002) and Article 103 of the Law on Election of Members of Parliament ("Official Gazette of the Republic of Serbia" No. 35/2000 and 69/2002) shall cease to be valid.

On the day this Law enters into force, the Law on Financing Political Parties ("Official Gazette of FRY" No. 73/2000) shall cease to be valid, except for the provisions of Articles 13 and 14 of that Law.

Article 25

This Law shall become effective on the eighth day following its publishing in the “Official Gazette of the Republic of Serbia”, and shall apply as of 1 January 2004.