LAW ON FINANCING OF POLITICAL ORGANISATIONS

I. INTRODUCTORY PROVISION

Article 1

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

II. SOURCES AND USE OF FUNDS

1. Use of Funds

Article 2

A political organisation may use funds obtained in accordance with this Law for financing of costs related to:
1) regular work of the political organisation;
2) election campaign for election of deputies and/or councillors and presidential elections.

2. Types of Funds

Article 3

A political organisation may obtain funds from public and private sources in accordance with this Law.

Public sources for the purpose of this Law shall comprise funds from the Republic Budget, territorial autonomy unit budget and local self-government unit budget, appropriated for financing of proper functioning of a political organisation and election campaign costs.

Private sources, as specified in this Law, comprise: membership dues, grants, income from promotional activities of the political organisation, income from property of a political organisation and legacies.

3. Financing of Regular Work of a Political Organisation

Article 4

Public source funds appropriated for regular work of a political organisation 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 in the National Assembly, and 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 competent body of regional government and local self-government unit shall transfer every month the proportionate part of the funds specified in paragraph 1 of this Article to political organisations, before the 10th day of the month for the preceding month.

**Article 5**

Membership dues referred to in Article 3, paragraph 3 of this Law imply the amount regularly paid by party members, in accordance with the provisions set out in the Statute of a political organisation. Payment surpassing the set amount is considered a grant.

Legal entities and natural persons may give a grant to a political organisation. As specified in this Law, a grant implies all gifts presented to the organisation, as well as services that are free of charge or provided in a manner contrary to the market. A responsible officer in a political organisation is required to issue a receipt on the received grant. Assembly of shareholders and managing bodies of a legal entity shall be informed about the grant given to a political organisation.

Legal entities and natural persons providing a service or selling a product to a political organisation shall make out an invoice, regardless of who is to cover the expenses, i.e. regardless of whether the service is provided free of charge.

The entire amount referred to in paragraph 2 of this Article, in one calendar year, if given by a natural person may not exceed ten average salaries in the Republic of Serbia in the year preceding the year of issuing the grant, according to official data of a statistics authority, and a hundred average salaries if given by a legal entity.

Income from promotional activities implies the income collected from the sale of publications, symbols and other tokens of the political organisation.

A political organisation may acquire property on the territory of the Republic of Serbia. Annual income from the property owned by the organisation may not exceed 20% of the total annual income of a political organisation. A political organisation is to give to charity all income surpassing the mentioned 20%, within 30 days of submitting the annual statement referred to in Article 16 of this Law.
The amount received from private sources, except for the membership dues, collected by a political organisation for its regular work, in one calendar year, may not exceed 100% of funds received from the Republic of Serbia budget. The amount received from private sources, except for the membership dues, collected by a political organisation not entitled to the Republic of Serbia budget funds, in one calendar year, may not exceed 5% of funds referred to in Article 4, paragraph 1 of this Law.

**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 enterprises performing public services according to agreements with state institutions and public offices, for the duration of such an agreement; enterprises and other organisations performing public duties; syndicates; humanitarian organisations; religious communities; organisers of games of chance; importers, exporters, merchandisers and manufacturers of excise goods; legal entities and entrepreneurs with unpaid public revenue duties.

Financial resources and/or financial value of other property obtained in a manner contrary to this Law and other regulations, the political organisation shall transfer to the Republic of Serbia budget within ten days of receipt of the funds.

**Article 7**

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

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

4. **Election Campaign Costs**

**Article 8**

For the purpose of this Law election campaign costs shall relate to activities during an election campaign: posters, advertisements, radio and television and other media shows, commercials, publications and similar 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 nominators of candidates within ten days of election list confirmation, 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, 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 out as specified under paragraph 1 of this Article surpass the amount spent for the election campaign until the election day, the remaining amount shall be returned to the Republic of Serbia budget and/or the competent body of regional government and local self-government unit, within ten days of the payment day.

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 obtained from private sources may not exceed 20% of the funds to which the nominator of a registered electoral list and/or the nominator of a candidate is entitled pursuant to Article 9 hereof.

A donation by a natural person for the costs of electoral campaign may not exceed 0.5% of the amount determined in paragraph 2 of this Article, and the donation by a legal entity may not exceed 2% of this amount.

Article 5, paragraphs 2 and 3 of this Law, regulate the collection of funds from private sources for the financing of political campaigns.

Article 12
For the purpose of raising funds for electoral campaign, 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 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 relevant political organisation.

**Article 13**

The nominator of a registered electoral list 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 body in charge of payment transactions.

**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 “Commission”) a detailed report on the origin, amount and structure of the funds raised and spent on electoral campaign.

The ministry responsible for finance shall specify the contents of the report referred to in paragraph 1 of this Article.

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

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

**5. Mandatory Accounting Records and Financial Control**

**Article 15**

A political organisation is to have an open account, and its organisational entities may have sub-accounts to which funds are to be transferred in accordance with this Law.
The Statute of a political organisation or a special decree made according to the Statute shall arrange the relations among the organisational entities, as regards the transfer of the funds.

**Article 16**

A political organisation 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 accounting records of political organisations are subject to annual audit in accordance with the accounting regulations and may be subject to control by competent bodies.

A political organisation is required to keep special records of income and property. The ministry responsible for finance shall specify the contents of these records.

A political organisation is required to submit to the Commission the annual statement and certificate of a certified auditor, the report on all income surpassing the amount of 6,000 dinars, as well as the report on the property. The ministry responsible for finance shall specify the contents of these reports.

The annual statement referred to in paragraph 5 of this Article shall be published in the “Official Gazette of the Republic of Serbia” at the expense of the political organisation concerned.

**Article 17**

A political organisation shall by its Statute regulate the internal audit of financial operations and the right of the party members to be informed about the income and expenditure of the organisation.

The Statute shall set out the officer responsible for financial operations, submission of reports, keeping of records of the political organisation, and authorized to keep contact with the Commission.

The Commission is to be informed about the nomination of the responsible officer referred to in paragraph 2 of this Article, within three days of his/her nomination, and in the case of any changes in the status of the officer, within three days of the change.

The responsible officer signs all the reports and is in charge of keeping all records regarding the reports, and upon request of the Commission the responsible officer submits reports. Political organisations are to keep the reports at least six years after the submission.
The Commission ensures that all reports are open to the public and takes appropriate measures in order to enable free access to information included in the reports. All citizens of the Republic of Serbia are entitled to view the reports submitted to the Commission and make copies of the reports or their segments, at their own expense.

**Article 18**

In the case of determining impropriety in the process of collecting, using or keeping records of funds, as specified by this Law, the Commission president is required to submit a report to competent authorities.

If a political organisation is appropriately penalized for a felony specified in this Law, it shall lose the right to funds out of public sources for the following calendar year.

The decision specified in paragraph 2 of this article is made by the Commission. The decision shall be published in the “Official Gazette of the Republic of Serbia.”

### III. PENAL PROVISIONS

**Article 19**

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

1) raises funds contrary to the provisions of Articles 5, 6, 7 and 11 hereof;
2) does not open an account in accordance with provisions set out in Article 12 of this Law, or performs financial transactions contrary to Article 12, paragraph 2 of this Law;
3) keeps accounting records contrary to the provisions of Article 16 hereof;
4) fails to submit the report specified in Article 14, 16 and 17 hereof.

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

**Article 20**

A political organisation spending funds in an electoral campaign exceeding the amount set out in this Law shall be fined in the amount twice the one spent.

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

### IV. TRANSITIONAL AND FINAL PROVISIONS

**Article 21**
Political organisations shall harmonise their Statutes with the provisions of this Law within six months of entering into force of this Law.

**Article 22**

Political organisations are required to submit to the Commission a report on their property, according to its type, amount and origin, within six months of entering into force of this Law.

The report shall be published in the “Official Gazette of the Republic of Serbia” at the expense of the political organisation concerned.

**Article 23**

The ministry responsible for finance shall specify the contents of the reports referred to in Article 14, paragraph 2 and Article 16, paragraph 5 of this Law, as well as the contents of the records referred to in Article 16, paragraph 4 of this Law, 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 FRY” No. 73/2000) shall cease to be valid, except for the provisions of Articles 13 and 14 of this Law.

**Article 25**

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