

LAW ON FINANCING POLITICAL PARTIES

CONSOLIDATED TEXT ¹

Law on Financing Political Parties ("Official Gazette of the Republic of Macedonia" no. 76/2004; 86/2008, 161/2008, 96/2009 and 148/2011). Decision of the Constitutional Court of the Republic of Macedonia U.no. 36/2006 dated 08 March 2006 published in the "Official Gazette of the Republic of Macedonia" no.36/2006.

I. GENERAL PROVISIONS

Article 1

This Law shall regulate the manner and procedure for providing funds, disposal of the funds for the ongoing operation and activities of the political party, as well as the manner of controlling the financing and financial and material operations of the political parties.

Article 2

The terms used in this Law shall have the following meaning:

- financing a political party shall refer to activities of the political party related to providing funds for its activity and operation and non-financial donations, such as equipment donations, donations in form of professional services and other types of non-monetary donations,
- financial activities of the political party shall refer to all financial transactions made from the account and property of the party and
- sources of financing the political party shall refer to all funds and incomes that the political party provides for its operation, under the conditions stipulated by law.

Article 3

The political parties shall be non-profit organizations.

The political parties may acquire funds for its operation and activity under the conditions and in the manner defined by this Law.

Article 4

The financing of the political parties shall be public and transparent.

The financing of the political parties shall be performed transparently, the citizens and the competent body for control of the financial and material operations having a complete insight thereof.

The sources of financing the political parties, as well as their expenditures, shall be public and transparent and shall be subject to control of the state bodies competent for financial and material operation.

Article 5

Any citizen or member of the political party shall be entitled to equal access to the insight into the financing of the political party.

Any citizen or member of the political party shall be entitled to prevent or report a procedure that constitutes an abuse or infringement of this Law.

II. PROPERTY AND SOURCES OF FINANCING POLITICAL PARTIES

Article 6

The political parties shall have the right of ownership on business premises, equipment, stationery, means of

transportation and other movable property necessary for fulfilling the aims and carrying out the activities set out by the statute of the party and by law.

Article 7

The political parties shall be financed by public and private sources of financing.

1. Public sources of financing political parties

Article 8

The public sources for financing the political parties shall be the funds envisaged in the Budget of the Republic of Macedonia.

Article 9

The total funds for annual financing of the political parties shall amount to 0,06% of the total source incomes of the Budget of the Republic of Macedonia.

The funds referred to in paragraph 1 of this Article shall be planned in their determined amount in the Budget of the Ministry of Justice for every fiscal year.

The political parties may use the funds referred to in paragraph 1 of this Article solely for achieving their aims defined by law, statute and other acts of the party.

Article 10

The funds for financing the political parties, in the amount of 30% provided by the Budget of the Republic of Macedonia shall be allocated equally to all political parties that have won at least 1% of the votes of the turnout at the last elections for representatives in the Assembly of the Republic of Macedonia, at national level, or at the last held local elections in the self-government unit.

The funds for financing the political parties, in the amount of 70% provided by the Budget of the Republic of Macedonia shall be allocated to political parties whose candidates are elected as representatives in the Assembly of the Republic of Macedonia, proportionally to the number of elected representatives, and to political parties whose candidates are elected counselors at the last held local elections, proportionally to the number of counselors elected.

The funds referred to in paragraphs 1 and 2 of this Article shall be allocated to the political parties with a decision from the Minister of Justice.

The State Election Commission shall submit to the Ministry of Justice a list of the political parties that have won at least 1% of the votes of the turnout at the last held elections for representatives in the Assembly of the Republic of Macedonia, on national level, or at the last held local elections in every municipality and in the City of Skopje, on municipal level, i.e. on level of the City of Skopje.

The State Election Commission shall submit to the Ministry of Justice a list ordered by number of elected representatives in the Assembly of the Republic of Macedonia per political party, on national level, and ordered by the number of elected counselors at the last local elections on national level.

Article 11

If the representative of the Assembly is elected as candidate of two or more political parties, the funds shall be divided into equal parts between them, unless the political parties have otherwise contractually agreed.

Article 12

If the mayor, i.e. the counselor is elected as candidate of two or more political parties, the funds shall be divided into equal parts between them, unless the parties have otherwise agreed by a pre-election agreement.

2. Private sources of financing political parties

Article 13

Private sources of financing the political parties shall be:

- membership fee,
- donations, gifts, contributions, grants, sponsorships (hereinafter: donations),
- legates,
- sale of promotional and advertising material and
- own incomes in accordance with this Law.

Article 14

Membership fee, in terms of this Law, shall be considered the regular amount of funds that the member of the political party pays annually in accordance with the acts of the party.

The amount of the membership fee, for one year period, for each member individually, must not be higher than the average net salary paid in the Republic in the previous year, published by the State Statistical Office.

Article 15

The political parties may receive donations in the form of money, tangible assets or services.

The political parties may receive non-monetary donations if they, in accordance with their statute, may be used for their activities.

The provision of free of charge services for a political party, as well as provision of services for political parties paid by a third party, in terms of this Law, shall be considered as donation. The service provider shall be obliged to notify the political party of the value of the provided service.

In terms of this Law, the sale of goods and provision of services to political parties for prices lower than the market prices shall be considered donation. The seller of goods, i.e. the service provider shall be obliged to notify the political party of the market value of the sold goods, i.e. provided service. The difference between the market value and the paid price shall be considered as donation.

The conditions and limitations referred to in this Law shall apply to all types of donations (monetary assets, equipment and services).

If the donation is received by the entities listed in Article 20 of this Law, the political parties shall be obliged, within ten days from the day of receiving the donation, to notify the donator of rejecting the donation and to return it within 30 days.

Article 16

The total amount of the individual donation must not exceed the amount of 150 average net salaries of legal entities and 75 average salaries of natural persons in the Republic, paid in the previous month and published by the State Statistical Office. This amount must not be cumulated more than once in a year.

If the amount of the donation exceeds the amount determined in paragraph 1 of this Article, the political party cannot use it and shall be obliged to immediately, and at latest within 15 days from the day of receiving the donation, return the difference between the allowed and donated value to the donor.

If the origin of the donation cannot be confirmed, the political party shall be obliged to immediately, and within 15 days from the receiving of the donation at latest, to transfer the donated amount to the Budget of the Republic of Macedonia.

Article 17

The political parties shall keep a register of donations.

The register referred to in paragraph 1 of this Article shall contain the following data:

- the name, i.e. name of each donator individually,
- the type and value of the donation and
- the date of receiving the donation.

The register of donations shall be kept in the form prescribed by the rulebook adopted by the Minister of Finance. The rulebook shall determine the form, content and manner of keeping the register of donations. The rulebook shall be adopted within six months from the day this Law enters into force.

The political parties shall be obliged to announce the register of donations publicly on their web site, or to make it available to the public in another corresponding manner.

Article 18

The political parties may acquire the funds envisaged in Article 6 of this Law only by a legate.

If the political party is given assets not defined in Article 6 of this Law, they shall be sold at court auction and the monetary value realized by the auction shall be transferred to the gyro-account of the political party.

The limitations of the amount of the donations referred to in Article 16 of this Law shall also apply to the amount of the legate.

Article 19

The political parties can not perform an economic activity.

The political parties can not acquire other types of income, except the following:

- interest on bank deposit,

- rent, i.e. leasing premises of the party,
- incomes from sale of printed, audio and visual and digital publications and advertising materials and other publications where the name or some of the marks of the political parties are affixed, as well as incomes from copyrights and
- incomes from tickets sale for attending manifestations organized for party purposes, where the name or some of the marks of the political party must be affixed to the tickets.

The political parties shall use the incomes referred to in paragraph 2 of this Article solely for performing activities in accordance with law and the acts of the party.

The political parties must not use the incomes referred to in paragraph 2 of this Article for making profit.

Article 20

The political parties can not be financed by:

- governments, international institutions, bodies and organizations of foreign states and other foreign persons,
- state and local bodies with funds other than the ones envisaged in the Budget of the Republic of Macedonia, except the funds envisaged in this Law and the laws on elections,
- public institutions, public enterprises, public funds or other legal entities that manage state capital,
- public enterprises, public institutions and public funds established by the municipalities,
- enterprises that have at least 20% participation of state-owned capital, public institutions and institutions including those that have initiated the process of privatization,
- private enterprises that provide public services for state bodies or public institutions, enterprises and funds by an agreement at the moment of giving the contribution for the political party,
- citizens' associations (non-governmental organizations), religious communities or religious groups,
- funds of enterprises with mixed capital where a dominant owner is a foreign investor and
- anonymous or unidentified sources.

If the political parties do not act in accordance with Article 15 paragraph 6 of this Law regarding the funds received by the entities referred to in paragraph 1 of this Article, then these funds shall be transferred from the gyro account of the political parties to the Budget of the Republic of Macedonia and shall be used for financing humanitarian activities.

The political parties, which acquire and illegally use funds from the sources referred to in paragraph 1 of this Article, as well as the funds that they do not record in the register of donations, shall lose the right to financing from the Budget of the Republic of Macedonia for the following year.

Article 21

The political parties must not have funds in foreign banks or other financial institutions outside the Republic of Macedonia.

Article 22

Any kind of pressure to legal entities and natural persons for the purpose of raising financial funds for the political party shall be forbidden.

Promising privileges and personal benefit or benefit to a legal entity of any kind to the donator of the political party shall be forbidden.

Any person that finds out about issues referred to in paragraphs 1 and 2 of this Article shall be obliged to notify the State Commission for Prevention of Corruption which shall carry on the procedure by submitting a motion to the competent bodies, provided it assesses that there is a criminal or misdemeanor liability.

III. CONTROL OF THE FINANCING OF POLITICAL PARTIES

Article 23

The political parties shall be obliged to keep accounting of the financial and material operations of the party.

The incomes and expenses of the political party shall be public.

The political parties shall keep the accounting in accordance with the provisions of the Law on Accounting of Non-profit Organizations.

Article 24

The manner of performing internal control over the financing of the political party shall be regulated by the statute or other act of the political parties.

The political party shall be obliged, by the statute or other act, to lay down the right to acquaint each member of the party with the incomes and expenditures of the party.

The political party shall be obliged, by the statute or other act, to determine a body competent for the financial operation of the party.

The person and the manner of appointing, i.e. determining the body competent for the financial operation of the party shall be defined by the statute of the political party.

Article 25

The political party shall prepare a report on the received donations.

The report on the received donations shall contain the data from the register of donations.

The political party shall submit the report referred to in paragraph 2 of this Article at the latest by 31 March for the previous year, together with the annual financial statement referred to in Article 27 of this Law, to the State Audit Office.

The political party shall submit the report referred to in paragraph 2 of this Article at the latest by 31 March for the previous year, to the Public Revenue Office.

The State Audit Office and the Public Revenue Office shall be obliged to publish the obtained reports on their web sites.

Article 26

The supervision over the financial and material operations of the political parties shall be carried out by the State Audit Office, under law.

The political parties may have only one gyro-account and their local branches may have sub-accounts as well, but in such cases, they shall be obliged to submit consolidated financial statements.

The political parties, in accordance with the legal regulations, shall submit the annual balance sheet for the financial operation to: the Public Revenue Office, the Central Register and the State Audit Office, and shall be obliged to announce them on their web sites.

Article 27

The political parties, until 31 March at the latest, shall prepare the annual financial statement for the previous year in accordance with law. The statement shall contain the financial operation of the account of the political party, as well as the sub-accounts of the local branches.

The annual financial statement shall as well contain data for:

- the total income including the data for the total amount of donations, gifts, contributions, dotations, money, material assets, equipment, services, personal incomes, membership fee, legates and other and
- the total expenditures.

The annual financial statement shall be submitted to the State Audit Office within the time period determined in paragraph 1 of this Article.

If the State Audit Office establishes irregularities in the annual financial statement of the political party which are contrary to the provisions of this Law, it shall file a motion for initiation of a misdemeanor procedure or shall file a report to the competent public prosecutor in a period of 30 days as of the establishment of the irregularities.

The template, form, content and manner of keeping the financial statement shall be prescribed by the Minister of Finance.

Article 27-a

The political party shall be obliged to publicly announce the annual financial statement on their website.

Article 27-b

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IV. MISDEMEANOR PROVISIONS

Article 28

Fine in the amount of Euro 1.000 to 2.000 in Denar counter-value shall be imposed to a natural person for a misdemeanor, while fine in the amount of Euro 5.000 to 10.000 in Denar counter-value shall be imposed for misdemeanor to the legal entity, should they act against the provisions referred to in Article 16 paragraph 1 of this Law.

Fine in five to ten times the amount of the difference between the allowed and donated value shall be imposed to

the political party for misdemeanor, should it act against Article 16 paragraph 2 of this Law.

Fine in ten to twenty times the amount of the donated value shall be imposed for misdemeanor to the political party, should it act against Article 16 paragraph 3 of this Law.

Article 29

Fine in the amount of Euro 5.000 to 10.000 in Denar counter-value shall be imposed for misdemeanor to the political party that acts against Articles 25, 26 paragraph 3, 27 and 27-a of this Law.

Article 30

Prior to filing the motion for initiation of a misdemeanor procedure a settlement procedure shall be initiated with the competent court, in accordance with the Law on Misdemeanors.

Article 31

Competent body for acting upon the misdemeanors determined by this Law, shall be the basic court according to the head office of the political party.

Article 32

In case if the political parties more often than twice a year commit a misdemeanor, as stipulated by this Law, the same shall not be awarded budget funds in accordance with this Law in duration of one year.

V. TRANSITIONAL AND FINAL PROVISIONS

Article 33

The political parties shall be obliged to make an inventory of the property they dispose of within six months from the day this Law enters into force and to submit it to the State Audit Office, the Public Revenue Office and the Central Register.

Article 34

The political parties shall be obliged to harmonize their acts with the provisions of this Law within six months from the day of the adoption of the by-laws of this Law.

Article 35

The provisions of the Law on Political Parties ("Official Gazette of the Republic of Macedonia" number 41/94 and 23/2001) that refer to the financing of the political parties shall cease to be valid as of the day this Law enters into force.

Article 36

The Ministry of Justice shall be competent for performing supervision over the application of the provisions of this Law.

The financing of election campaigns shall be set out in special laws that regulate the elections.

Article 37

This Law shall enter into force on the eighth day of its publication in the "Official Gazette of the Republic of Macedonia" and it shall be applied as of 1 January 2005.

PROVISIONS OF OTHER LAW:

Law Amending the Law on Financing Political Parties ("Official Gazette of the Republic of Macedonia" no. 161/2008):

Article 3

This Law shall enter into force from the day of its publishing in the "Official Gazette of the Republic of Macedonia", and shall be applied as of 1st January 2009.

Law Amending the Law on Financing Political Parties ("Official Gazette of the Republic of Macedonia" no.96/2009):

Article 12

The by-laws determined by this Law shall be adopted within 60 days from the day this Law enters into force.

