THE ACT ON THE FINANCING OF POLITICAL PARTIES,
INDEPENDENT LISTS AND CANDIDATES

ZAKON
O FINANCIRANJU POLITIČKIH STRANAKA, NEZAVISNIH LISTA I KANDIDATA

I GENERAL PROVISIONS

Article 1

This Act regulates the manner and conditions of acquiring funds for the work of political parties and the supervision and transparency of acquiring and spending such funds.

II FUNDS FOR THE WORK OF POLITICAL PARTIES

Article 2

Political parties are non-profit associations.

Political parties may, for the purpose of fulfilling their political goals, acquire funds from membership fees, voluntary contributions (donations), publishing activities, sales of publicity
Political parties may be financed from the State Budget and the budgets of local and regional self-government units in the manner and under the conditions provided for in this Act.

Funds referred to in paragraphs 2 and 3 of this Article may be used by a political party only for the purpose of fulfilling the goals defined in the programme and statute of the political party.

Funds referred to in paragraphs 2 and 3 of this Article shall not be used for personal purposes.
Membership fee and voluntary contributions

Article 3

Within the meaning of this Act, a membership fee is a regular financial amount paid by a member of a political party in the manner and under the conditions stipulated by the statute or another legal act of a political party.

Within the meaning of this Act, voluntary contributions (donations) are temporary or regular inpayments provided by natural or legal persons to a political party on a voluntary basis and exceeding the membership fee, as well as the provision of services or products to a political party without compensation.

Natural and legal persons shall make out an invoice for voluntary contributions (donations) provided to a political party in the form of products or services, containing the market value of the product or service provided and an indication that it is made out to a political party and is not subject to payment.

Political parties shall keep records of the membership fees and voluntary contributions (donations) received and shall issue receipts thereof.

Services referred to in paragraph 3 of this Article do not include voluntary work rendered by party volunteers.

Article 4

Natural and legal persons may provide voluntary contributions (donations) to political parties on a single or multiple basis throughout the calendar year.

Voluntary contributions (donations) in cash are paid into the central account of a political party.

The total amount of voluntary contributions (donations) by a natural person to a political party may not exceed HRK 90,000.00 (ninety thousand) in a calendar year.

The total amount of voluntary contributions (donations) by a legal person to a political party may not exceed HRK 1,000,000.00 (one million) in a calendar year.

Anonymous voluntary contributions (donations)

Article 5

It is prohibited to receive voluntary contributions (donations) from unidentified (anonymous) sources.

Article 6

Political parties shall inform the State Audit Office and the Ministry of Finance Tax Administration about any amount of voluntary contributions (donations) exceeding the
amounts specified in Article 4 of this Act, as well as about any possible inpayments of voluntary contributions by unidentified (anonymous) sources. Such voluntary contributions and inpayments shall be paid to the benefit of the State Budget within 8 days from the day of payment receipt.

Financing from the State Budget

Article 7

Funds for the regular annual financing of political parties are provided in the State Budget of the Republic of Croatia in the amount of 0.056 % of State Budget current expenditure funds for the previous year.

Article 8

Political parties having at least one Member in the Croatian Parliament shall be entitled to being financed from the State Budget.

Article 9

The funds referred to in Article 7 of this Act shall be distributed in the following manner: an equal amount of funds per each Member of the Croatian Parliament shall be determined, and a single political party shall be entitled to funds in proportion to the number of its Members of Parliament when the Croatian Parliament is constituted.

If a Member of Parliament or several Members of Parliament abandon the party or change their party affiliation, the funds distributed in line with paragraph 1 of this Article shall be retained by the political party to which the Member of Parliament belonged when the Croatian Parliament was constituted.

Should two or more political parties merge, the funds distributed in line with paragraph 1 of this Article shall be retained by the political party which is the legal successor of the political parties which ceased to exist with their merging.

Article 10

For each elected Member of Parliament representing an underrepresented gender, political parties shall be entitled to a compensation totalling 10 % of the amount envisaged for each Member of Parliament and specified in Article 9, paragraph 1 of this Act.

Article 11

The Decision on the distribution of funds as per Article 9, paragraph 1 of this Act shall be issued by the Committee on the Constitution, Standing Orders and Political System of the Croatian Parliament. Distributed funds shall be transferred to the central account of a political party in equal amounts on a three-month basis.

Financing from the budgets of local and regional self-government units

Article 12
Provisions of Articles 8-11 of this Act shall apply accordingly to the regular annual financing of political parties from the budgets of local and regional self-government units.

**Article 13**

Funds provided for the regular financing of political parties in the budgets of local and regional self-government units shall be transferred to the giro-account of the political party branch at the level of the appropriate local and regional self-government units in equal amounts on a three-month basis.

**Indirect financial support**

**Article 14**

Political parties from Article 8 of this Act are entitled to tax benefits for activities strictly linked to the political activity of a political party, in line with the provisions of a special act.

**III PROHIBITION OF FINANCING AND PREFERENTIAL TREATMENT**

**Article 15**

Financing of political parties by:

– foreign states, foreign political parties, foreign legal persons,

– state bodies, public companies, legal entities vested with public authority and companies in which the state or a local and regional self-government unit holds majority ownership, and other legal persons in which the Republic of Croatia or a local and regional self-government unit holds majority ownership in shares or ownership stakes, and public and other institutions owned by the Republic of Croatia and local and regional self-government units,

– workers' and employers' associations,

– associations, foundations and endowments which are represented by state officials or local and regional self-government officials,

– religious communities, humanitarian and other non-profit associations and organisations,

– natural and legal persons against whom a procedure for the collection of due and outstanding obligations in relation to the Republic of Croatia or a local and regional self-government unit has been initiated,

shall be prohibited.

The provision of voluntary contributions (donations) in cash or in the form of products via third persons (mediators) is prohibited.

Political parties shall immediately inform the State Audit Office and the Ministry of Finance Tax Administration about possible contributions (donations) paid into the account of the
political party from illegal sources referred to in paragraphs 1 and 2 of this Article. The paid-in funds shall be transferred to the benefit of the State Budget.

By way of derogation from paragraph 1, item 1 of this Article, the prohibited financing of political parties (by foreign states, foreign political parties and foreign legal persons whose basic activity is education in the development and promotion of democratic principles) shall not include the financing of such education programmes.

Office premises, official vehicles and office equipment of state bodies and local and regional self-government units shall not be used for electoral campaign purposes, except by persons regulated by special regulations on protected persons.

**Article 16**

Political parties shall not exert political or any other pressure against natural and legal person when collecting contributions (donations) to finance their work.

Political parties shall not promise any political or other counterservices, benefits or personal benefits to natural and legal persons when collecting voluntary contributions (donations) to finance their work.

**IV SUPERVISION AND FINANCIAL OPERATIONS OF POLITICAL PARTIES**

**Article 17**

Financial operations of political parties shall be supervised by the State Audit Office and the Ministry of Finance Tax Administration.

**Article 18**

Political parties shall keep business books and submit financial reports in the manner stipulated in accounting regulations for non-profit organisations.

**Article 19**

Political parties shall publicly report on the origin and manner of spending the funds collected throughout the previous calendar years.

Political parties shall deliver the annual financial statement and a financial report containing a detailed outline of the sources of funding, information on the natural and legal persons who have made voluntary contributions (donations) and information on the purpose of funds and the activity for which they were spent to the State Audit Office and the Ministry of Finance Tax Administration in the manner and within the timeframe envisaged for the financing of non-profit organisations.

The annual financial statement and the financial report referred to in paragraph 2 of this Article are public documents and are publicly displayed on the web-site of a political party.

**Article 20**
The State Audit Office and the Ministry of Finance Tax Administration shall supervise the financial operations of political parties for the previous year in the first half of each calendar year.

The State Audit Office shall deliver a report on supervising the financial operations of political parties entitled to financing from the State Budget under the provisions of this Act to the Croatian Parliament.

V CRIMINAL PROVISIONS

Article 21

A fine ranging from HRK 50,000.00 to HRK 500,000.00 shall be imposed for the following misdemeanours:
– a political party, independent list holders and candidates use the funds in contravention to the provision of Article 2, paragraphs 4 and 5 of this Act,

– a political party fails to keep records of membership fees and voluntary contributions received and fails to issue receipts thereof, and independent list holders and candidates fail to keep records of voluntary contributions received and fail to issue receipts thereof, in line with the provision of Article 3, paragraph 4 of this Act,

– a political party fails to keep business books and to publicly display the origin and manner of using the funds, and independent list holders and candidates fail to publicly display the origin and manner of using the funds, in line with the provisions of Articles 18 and 19 of this Act,

– a political party, independent list holders and candidates exert political or any other pressure against natural and legal persons, or promise political or any other counterservices, benefits or personal gains to natural and legal persons when collecting voluntary contributions (donations), in line with the provision of Article 1 of this Act,

– independent list holders and candidates fail to open a separate account for the financing of electoral campaign costs, in line with the provision of Article 26 of this Act,

– independent Members of Parliament and independent members of representative bodies of local and regional self-government units fail to open a separate account for the regular financing of their work, in line with the provision of Article 26 paragraph 5 of this Act.

A fine ranging from HRK 10,000.00 (ten thousand) to HRK 20,000.00 (twenty thousand) shall be imposed against persons authorised to act on behalf of and represent a political party and persons responsible for the financial operations of a political party.

Article 22

A fine totalling the triple amount of remitted or received funds shall be imposed for the following misdemeanours:

– a political party, independent list holders and candidates fail to report voluntary contributions (donations) exceeding the amount defined in Article 4 of this Act, as well as any
possible voluntary contributions paid in by unidentified (anonymous) sources, and to pay them into the State Budget, in line with Article 6 of this Act,

– a political party, independent list holders and candidates fail to report the contributions paid in from illegal sources and to transfer the paid-in funds to the State Budget, in line with Article 15, paragraph 3 of this Act.

A fine ranging from HRK 10,000.00 (ten thousand) to HRK 20,000.00 (twenty thousand) shall be imposed against persons authorised to act on behalf of and represent a political party and persons responsible for the financial operations of a political party.

Article 23

A fine of up to HRK 100,000.00 (one hundred thousand) shall be imposed for the following misdemeanour:
– a natural and legal persons pays in a voluntary contribution (donation) to a political party and thus violates the existing prohibition clause, in line with Article 15, paragraph 1 item 6 of this Act.

Article 24

Money collected or spent by political parties, independent lists and independent candidates in the manner contrary to the provisions of this Act shall be seized and paid into the State Budget.

Article 25

A request to initiate a misdemeanour procedure before the competent court shall be submitted by the State Audit Office or the Ministry of Finance Tax Administration.

VI INDEPENDENT LISTS AND CANDIDATES

Article 26

The provisions of this Act regulating voluntary contributions, prohibition of financing and preferential treatment, and supervision and financial operations shall apply accordingly to independent lists and candidates.

Independent list holders and candidates shall keep a separate account for financing electoral campaign costs.

Voluntary contributions (donations) for financing electoral campaign costs of independent lists and candidates shall be paid into a special account referred to in paragraph 2 of this Article.

Independent Members of Parliament and independent members of representative bodies of local and regional self-government units, who were elected from independent lists, are entitled to regular financing in line with the provisions of this Act which regulate financing from the State Budget and the budgets of local and regional self-government units.
Independent Members of Parliament and independent members of representative bodies of local and regional self-government unit shall keep a separate account for the regular financing of their work.

Independent Members of Parliament and independent members of representative bodies of local and regional self-government unit may set up an office to carry out administrative and expert tasks.

Independent Members of Parliament and independent members of representative bodies of local and regional self-government unit have the rights and obligations of employers in relation to the staff of the office referred to in paragraph 6 of this Article.

Funds for the regular financing of independent Members of Parliament and independent members of representative bodies of local and regional self-government unit shall be distributed in line with the provisions of this Act and shall be paid into a special account referred to in paragraph 5 of this Article.

VII TRANSITIONAL AND FINAL PROVISIONS

Article 27

The Minister of Finance shall lay down the manner of keeping records and issuing receipts and the record-keeping and receipt forms referred to in Article 3, paragraph 4 of this Act in an ordinance.

The ordinance referred to in paragraph 1 of this Article shall be passed by the Minister of Finance within 60 days from the day of the entry into force of this Act.

Article 28

The provisions of Title III FUNDS FOR THE WORK OF POLITICAL PARTIES of the Political Parties Act (Official Gazette 76/93, 111/96, 164/98 and 36/01) shall cease to have effect by virtue of entry into force of this Act.

Article 29

This Act shall enter into force on the eighth day after the day of its publication in the Official Gazette, with the exception of provisions of Article 9 paragraph 2, which shall enter into force on the day on which the new Croatian Parliament shall be constituted after the first next parliamentary elections.

No.: 006-01/06-02/01

Zagreb, 15 December 2006

THE CROATIAN PARLIAMENT
The President of the Croatian Parliament
Vladimir Šeks, m. p.