

Official Gazette of the RS, No. 88/2010

Based on Article 112 Paragraph 1 Point 2 of the Constitution of the Republic of Serbia, I hereby declare

DECREE

on the promulgation of the Law on Endowments and Foundations

The Law on Endowments and Foundations, adopted by the National Assembly of the Republic of Serbia on the Third Meeting of the Second Regular Assembly Session in 2010, on 23 November 2010.

Number 177
In Belgrade, 23 November 2010

President of the Republic
Boris Tadić, dully signed

THE LAW

on Endowments and Foundations

I. BASIC PROVISIONS

Subject of Regulation

Article 1

This Law shall regulate the establishment and legal status, assets, internal organisation, entry in and removal from the Register, activity, statutory changes, monitoring the work of endowments and foundations, dissolution and other issues pertaining to endowments and foundations, as well as the legal status and activity of branch offices of foreign endowments and foundations.

Endowment and Foundation

Article 2

For the purpose of this Law an endowment shall be a legal person without members to whom a founder has designated certain property („capital assets“) with a view to accomplish general or private interests allowed by the Constitution or law.

For the purpose of this Law a foundation shall be a legal entity without members and capital assets and established to pursue objectives of public interest allowed by the Constitution or law.

Objectives of Endowment and Foundation

Article 3

For the purpose of this Law accomplishment of the objectives of general public interest shall be activities aimed at promoting and safeguarding human, citizen and minority rights, promoting democratic values, European integrations and international understanding, sustainable development, regional development, gender equality, improvement of social and health protection, promoting and improving culture and public information, promoting and popularizing science, education, art and amateur sport, improving position of persons with disabilities, looking after children and young people, supporting the elderly, environmental protection, fight against corruption, consumer protection, animal protection, humanitarian and other activities by which endowments and foundations are accomplishing objectives of general public interest.

Endowments and foundations shall accomplish objectives of general public interest referred to in Paragraph 1 of this Article even when their activity targets certain group of persons belonging to specific professional, national, cultural, religious, language and gender groups or persons living in a specific area.

For the purpose of this Law activities deemed for private benefit shall include those which further and support private interests of the founder, his family or third party (family endowments founded with a view of family members' education and for some other legal purposes).

Endowment and foundation as Non-profit Non-governmental Organizations

Article 4

For the purpose of this Law, endowments and foundations shall be non-profit non-governmental organizations.

Voluntary and Independent Establishment of Endowments and Foundations

Article 5

Endowments and foundations shall be established voluntarily and shall be independent in defining their objectives.

Illicit Objectives of Endowments and Foundations

Article 6

Objectives and activity of endowments and foundations may not contravene the legal framework and in particular may not be targeted at violent breach of constitutional order and territorial integrity of the Republic of Serbia, breach of guaranteed human and minority rights or incitement of inequality, hatred and intolerance based on race,

national, religious, and other group affiliations or orientation or based on gender, sex, physical, psychological or other features and abilities.

Objectives of endowments and foundations may not be targeted at achieving specific interests of political parties.

Specific interests of political parties referred to in Paragraph 2 of this Article are shall be immediate participation in election campaign or fundraising for election campaign of a specific political party, coalition or a candidate as well as financing political party.

Objectives and activity of an endowment established by a will must not be directed to accomplishing private interests that contravene the legal provisions regulating invalidity of an endowment.

Tax exemption

Article 7

The means (donations, gifts, financial subventions and inheritance and similar) of endowment, which is established with a view to achieve general public interest, and foundation shall be exempt from taxes.

Transparency

Article 8

An endowment established with a view of achieving general public interest and a foundation shall make the annual report and the financial report available to public, via Internet, print or other appropriate manner.

Endowment and foundation are obliged to deliver annual financial report to the Agency for Business Registers (hereinafter: Agency), in accordance with the law governing accounting and revision.

Life-time of Endowments and Foundations

Article 9

Endowments and foundations shall be established for a limited or unlimited period of time.

Endowments and foundations shall be established for an unlimited time period if the Articles of Association do not specify the life-time, event or achievement of a certain objective.

In case that the Articles of Association do not specify the life-time of endowments or foundations, it shall be deemed to last for unlimited period of time.

II ESTABLISHMENT OF ENDOWMENTS AND FOUNDATIONS

Founder and Articles of Association

Article 10

Endowments and foundations may be established by one or more domestic or foreign natural or legal persons having business capacity.

Endowments and foundations shall be established by the Articles of Association or contract (hereinafter: Articles of Association), composed in written form.

The founder shall adopt the Articles of Association.

The founder's signatures on the Articles of Association shall be certified in a manner prescribed by law.

Endowments may also be established by a will and if the testator did not specify the name of the executor of the will, competent court for probate proceedings shall determine the executor.

Executor of the will referred to in Paragraph 5 of this Article authorized for the entry into Register for endowments and foundations shall be subject to regulations governing inheritance.

Other natural and legal persons shall join an already established endowment and foundation in accordance with the statute of an endowment and foundation, unless the articles of association provide otherwise.

Content of Articles of Association

Article 11

The Articles of Association of endowments and foundations shall contain: the name or firm and the address or seat of business of the founder, th

Exceptionally from provision of paragraph 2 of this article an endowment whose founding capital value is lower than the value of the founding capital from paragraph 2 of this article shall be allowed to be registered in the endowments and foundations registry after the opinion of the Ministry of Culture had been issued (in further text: Ministry), or for endowments founded on the territory of Autonomous Province of Vojvodina - from the authority competent for cultural activities confirmed that capital assets of an endowment are sufficient for achieving objectives for establishment.

Provision in Paragraph 2 of this Article shall not apply to endowments whose property has been nationalized.

Tasks from Paragraph 3 of this Article a competent body of Autonomous Province of Vojvodina shall carry out as delegated tasks.

Article 13

Rights that the testator of the will had at the time of his death, and which he disposed of in favour of endowments established with a view to accomplish objectives of public interest, shall not be part of endowment and shall not be calculated in value of will based on which the requested value is calculated, unless otherwise specified by the testator of the will.

Revocation of Articles of Association

Article 14

A founder may revoke the Articles of Association of endowments and foundations before endowments and foundations have been entered into the Register of endowments and foundations.

Contest of Articles of Association

Article 15

Any of the founders of endowment and foundation shall challenge the validity of Articles of Association, for reason that is considered by the law which governs law on obligations to be reason enough to render invalid.

Non-inherited Founder Rights

Article 16

The founders' rights to participate in the management of a public interest endowment and a foundation as well as other rights they might have with respect to the endowment and the foundation may not be inherited by their heirs.

III NAME, SEAT AND THE LOGO OF ENDOWMENTS AND FOUNDATIONS

Name of Endowments and Foundations

Article 17

The name of an endowment and a foundation shall be the one stipulated in the Articles of Association or the Statute and it must contain words „endowment“ and „foundation“.

The name of an endowment and a foundation may contain the name of a certain natural or legal person, state, domestic or foreign organization, international organization and territorial unit under conditions set by the law.

Use of name referred to in Paragraph 2 of this Article shall be subject to the assent from a natural or legal person or competent authority whose name they want to use.

After death of a natural person referred to in Paragraph 2 of this Article, the assent of his heirs in the first degree shall be required for use of his name.

If there are no heirs of the deceased person set fourth in Paragraph 2 the Ministry shall decide, considering objectives and significance of the endowment in question whether it will give the assent to endowment and foundation to the name of a historical personality in its Article of Association. After obtaining an opinion from the competent Ministry, the Agency will register the name of endowment or foundation.

If the Statute of endowment or foundation provides so, the name of endowment or foundation, may be entered into the Register of endowments or foundations and in translation to one or more foreign languages provided that the entry be registered after entry of the endowment or foundation name was registered in Serbian language in Cyrillic scripture or in the language and script of minority if the Statute stipulated the requirement of entry in language and script of minority.

The name of endowments and foundations may contain certain foreign words in their authentic form in case they are part of the name of an international organization that endowment or foundation belongs to, if they are usual for Serbian, if there is no suitable translation for them in Serbian or if these are the words from an ancient language.

The name of endowment and foundation cannot contain elements referred to in Article 6 Paragraph 1 of this Law.

Abbreviated Name

Article 18

Endowments and foundations may also have abbreviated name determined by the Statute of the endowment and foundation.

The abbreviated name is entered into the Registry of Endowments and Foundations.

Making Distinction between Names and Abbreviated Names

Article 19

Name and abbreviated name of an endowment and a foundation cannot be identical with the name and abbreviated name of another endowment and foundation that were previously entered or applied to be entered into the Register of endowments and foundations.

Mandatory Use of Name

Article 20

In performing their activities, endowments and foundations shall use their name and abbreviated name in legal procedures in the form entered into the Register of endowments and foundations.

Seat of Endowments and Foundations

Article 21

Seat of an endowment or a foundation is a place from which activities and the Articles of Association of endowment and foundation are managed and it is determined by Articles of Association and the Statute.

The seat of endowment or foundation must be within the territory of the Republic of Serbia.

The address and the seat of endowments or foundations shall be entered into the Register of Endowments and Foundations.

Symbols of Visual Identity

Article 22

Endowment or foundation may have its brand, logo and other symbols in accordance to the Statute.

Change of Name, Seat and Symbols

Article 23

Authorised body of endowments and foundations may change name, seat or brand of endowments and foundations in accordance with law, the Articles of Association and the Statute.

The seat of an endowment or a foundation specified in the Articles of Association can be changed by the Statute.

IV REGISTER OF ENDOWMENTS AND FOUNDATIONS

Authority Competent for Entry into and Keeping Register

Article 24

Entry into the Register of Endowments and Foundations (hereinafter: Register) is performed by the Agency as delegated task.

Contents and the manner or management of Registry from paragraph 1 of this article is decided by the Minister competent for cultural affairs (hereinafter: Minister).

Amount fee for entering of endowments and foundations into the Registry and other services provided by the Agency in the process of Registry management is set by the Managing Board of the Agency with the approval of the Government.

Agency shall keep the Register through registrar of endowments and foundations (hereinafter: Registrar)

Conditions and the procedure for appointment and removal of the Registrar and his authorisations and obligations are subject to provisions of the law governing establishment and work of the Agency for Business Registers, unless otherwise stipulated by this Law.

Register Entry

Article 25

Endowments and foundations shall be entered into the Register based on application for registration.

Application for registration shall contain: data on the applicant, data entered into the Register, date of submission of the application and the signature of the applicant.

Application for entry into the Register shall be submitted by the authorized representative of endowment and foundation.

The following documents shall accompany application for registration:

- 1) Evidence on identity of the founder and the person authorized to represent the organization (photocopy of ID or passport, excerpts from the registry in which the founder is registered as legal person);
- 2) Articles of Association of endowment or foundation, with certified signature of founders, or valid court decision on inheritance if the endowment is being founded by the will.
- 3) Resolution on the appointment of an executor of the will if the endowment was founded by the will.
- 4) Decision on appointment of a Management Body of endowments and foundations.
- 5) Statute of endowment and foundation;
- 6) Evidence that the financial means required for founding of an endowment have been provided or official expert witness' assessment of the capital assets value in form of goods and rights.
- 7) Other papers required by the law;
- 8) Evidence on payment of fee.

Rejection of Application for Registration

Article 26

Registrar shall reject application:

- 1) If application, Articles of Association or Statute do not contain mandatory data stipulated by the law;
- 2) If application is submitted by an unauthorised person or if any of the required documents is not submitted along with the application;

If registration application has some of the faults referred to the Paragraph 1 of this Article, it will not be rejected if applicant in a timely manner specified by the Registrar and not shorter than 15 days correct all identified faults.

Conclusion referred to in Paragraph 1 of this Article is final and administrative action may be instituted against it.

Refusal of Application for Registration

Article 27

Registrar shall refuse application for registration of an endowment and foundation:

- 1) If the name is not clearly distinct from the name of other endowments and foundations previously entered or duly applied for registration into the Register of endowments and foundations.
- 2) If the name of endowment and foundation contravene Article 17, Paragraph 1-3 of this Law.
- 3) If determines that conditions set by law have not been met.

Decision on rejection of the application from Paragraph 1 of this Article is definite and administrative action may be instituted against it.

Article 28

Endowments and foundations shall be entered into the Register within 30 days following duly application for registration

Decision on rejection of an application referred to in Paragraph 1 of this Article is definite and administrative action can be instituted against it.

Acquiring Legal Person Capacity

Article 29

Endowments and foundations shall acquire a legal person capacity on the day of entry in the Register.

Endowments and foundations may not engage in activities before entered into the Register.

Content of the Register

Article 30

The Register shall contain: the name, seat, address and founding objectives of endowments or foundation with a note whether endowment in question accomplishes public or private interests; date of establishment of endowments or foundation; economic activity that endowment or foundation pursue as secondary activity; personal name, place of residence or stay and the unique identification number of the founder, or in case when founder is legal person - their business name, seat, registration number, tax identification number; name and surname, the unique identification number or passport number of the Managing Board members; personal number, place of residence or stay and the unique identification number of the authorized representative of endowment; the life time for which an organization is established and foundation; amendments to the Statute; data on statutory changes; data on capital assets of endowment; data on deprivation of the license for pursuing activity of endowment or foundation; data on bankruptcy and elimination of endowment or foundation; number and date of the decision adoption on entry into the Register.

Register shall also contain the following information if available:

- 1) Abbreviated name;
- 2) Name in foreign language;
- 3) Data important for legal transactions of the endowment and foundation.

When data relating to foreign natural or legal person are entered into the Register, instead of unique identification number, Register shall contain their passport number and the state of issuance, and for foreign legal person - number under which that legal person is recorded in the Register in home country and name of that Register.

Change of Data Entered into the Register

Article 31

Endowment and foundation shall notify the Registration Registrar of any changes that may have occurred with regard to the data entered into the Register within 15 days following the occurrence of those changes.

Entry of data into the Register shall accordingly be subject to provisions of this Law.

Public Access to Register

Article 32

Data entered into the Register shall be publicly available in accordance to law.

Data entered into the Register shall be publicly available via Internet page of the Agency.

V INTERNAL ORGANISATION OF ENDOWMENTS AND FOUNDATIONS

Statute of Endowments and Foundations

Article 33

The Statute is the highest general act of endowments and foundations.

Other general acts of endowment and foundation must be in conformity with the Statute.

Provisions of other general acts that contravene the Statute shall be deemed invalid.

Managing Board shall enact the Statute of an endowment or a foundation, unless otherwise provided by the Statute.

Content of the Statute

Article 34

Statute shall define the following: name, seat, objectives and activities of endowment and foundation, management bodies and their authorities; manner of election of the Managing Board members after expiration of the mandates of the previous Managing Board members; manner of dismissal of the management board members; manner of appointment and dismissal of the director and other bodies of the endowment and foundation; mandate duration and rules on decision-making process; representation of endowments and foundations; capital assets and other assets of endowments and foundations if they exist; rules on use of the assets of endowments and foundations and the users; procedure for amending the Statute and other general acts, transparency, save for private interest endowments, manner of making decisions on acquisition, affiliation, division, change of legal form or dissolution of endowments and foundations, rules on allocation of the remaining assets in case of inaction of endowments and foundations, name and name in a foreign language, if endowment and foundation have one; stamp of the endowment and foundation and its content, the logo of the endowment and foundation if it has one.

The Statute shall regulate other issues of importance for activities and objectives of endowment and foundation.

Bodies of Endowments and Foundations

Article 35

Bodies of endowments and foundations shall be the Managing Board and the Manager.

The Statute may envisage other bodies of endowment and foundation.

Endowment and foundation may use different names for their bodies.

Managing Board Membership

Article 36

The Managing Board, with at least three members, shall manage endowments and foundations.

The founder may be a member of the Managing Board or other bodies of endowment and foundation set by the Statute.

The founder or the executor of the will shall appoint the President and members of the Managing Board of endowment and foundation, unless otherwise stipulated by the Articles of Association and the Statute.

Member of the Managing Board of a public benefit endowment and a foundation may not be a minor, a person with no business capacity, an employee of the organization, a person that is a member of another management or supervisory body of the organization, a person which has official capacity to inspect the work of the organization, or a person whose interests may contravene the interests of the organization.

Member of the Managing Board of a private interest endowment shall not be a minor, a person with no business capacity, a person that is the member of another management or supervisory body of the endowment and foundation, or a person monitoring the work of the endowment and foundation.

Competencies of the Managing Board

Article 37

Management board: shall appoint and dismiss from duty the Director of the endowment and foundation; enact the Statute; if the Articles of Association do not specify otherwise; approve the financial plan and annual financial report; decide on manner of use of assets of endowment and foundation; adopts rules of procedure for the Board; decide on other issues in accordance with law, Articles of Association and the Statute.

Management board shall decide on the change of objectives, statutory change of endowment and foundation – if so provided in Articles of Association; as well as on dissolution of the organization and allocation of remaining assets - unless the Articles of Association provide that these issues are decided upon by the founder.

Mandate and Work Manner of the Managing Board

Article 38

Mandate of the Managing Board members shall last for four years with the possibility of re-election, unless otherwise stipulated by the Statute.

The President of the Managing Board shall assemble the board, set the agenda, and chair the board meetings, unless otherwise stipulated by the by-law.

In the absence of the President, Deputy President or a member of the Managing Board appointed by the Managing Board shall assemble Managing Board meetings excursive the authority of the President.

The Managing Board shall pass valid decisions by simple majority votes of total number of Managing Board members, unless otherwise provided by the Statute.

Prohibition of Conflict of Interests

Article 39

A member of the Managing Board of a public benefit endowment and a foundation may not decide on property issues in which he, his spouse or extramarital partner, a straight line blood relative or side line relative up to the third degree, his relative in law up to the second degree even if the marriage is terminated, appear as interested parties, nor on issues related to a legal person over whom he has controls or economic interest.

If a spouse or straight line blood relative or side line relative up to the third degree is a member of the Managing Board of an endowment deemed for general public interest and a foundation deemed for providing independent life for persons with disabilities as users of day-care services, support housing and personal services.

Termination of Membership in the Managing Board

Article 40

Membership in the Managing Board shall be terminated with the expiration of a member's mandate, his dismissal, resignation, loss of business capacity, death and other instances specified by the Statute.

Director

Article 41

Director of endowments and foundations shall: represent the organization, be responsible for the legality of organization's work, conduct its day-to-day operations in accordance with the decisions of the Managing Board, propose a draft financial plan and a draft annual financial report to the Board, and manage other issues in accordance to the law and the Statute.

Director of endowment and foundation shall be appointed and dismissed by the Managing Board, unless otherwise specified by the Articles of Association.

Only a person with business capacity that has a place of stay or place of residence in the Republic of Serbia may be appointed as the Director of endowment or foundation.

Obligations of the Managing Board Members and the Manager

Article 42

In performing their duties members of the Managing Board and the Manager shall act with a diligence of a good host.

When rendering and executing decisions relating to the use of the founding capital and economic activities of the organization, members of the Managing Board and the Director shall act with the diligence of a good businessman.

Damage Liability

Article 43

Members of the Managing Board and the Director of the endowment and foundation shall bear joint liability with their complete assets for damage incurred to the endowment and foundation as a result of gross negligence or intent to cause damage, unless during the

decision process their diverging opinion was recorded in the minutes of the board meetings or unless they were not included in the decision making process.

VI ASSETS OF ENDOWMENTS AND FOUNDATIONS

Assets and the Manner of Assets Acquisition

Article 44

The assets of an endowment shall consist of the capital assets and other assets.

Endowment and foundation shall acquire assets through donations, gifts, grants, financial subsidies, wills, investment interests, rents, copyrights, dividends as well as any other legitimate sources.

Pursuit of Economic Activity

Article 45

A public benefit endowment and a foundation may generate income from engaging in direct economic activities, provided that:

- 1) Activity is related to the objectives of endowments and foundations;
- 2) Activity is envisioned by the Statute;
- 3) It is a secondary activity of endowments and foundations;
- 4) Activity is entered into the Register.

Legal transactions that the endowment and foundation has engaged in, which contravene the Paragraph 1 of this Article are valid, unless the third party was aware or must have been aware of non-compliance of the activity with the requirements set forth in Paragraph 1 of this Article.

Subsidies

Article 46

Financial aid for supporting programmes or for the scarce funds for financing programmes implemented by the endowments and foundations established with a view of accomplishing general public interest are provided from the budget of the Republic of Serbia, autonomous province and local government units under the conditions and manner proscribed by the law regulating work of association and securing funds to associations for realisation of programmes of public interest.

Use of Property of an Endowment and a Foundation

Article 47

The assets of endowment and foundation may only be used to support objectives of an endowment and foundation set forth in its Articles of Association and the Statute.

The assets of endowment and foundation may not be allocated between founders, members of the management bodies, employees and persons affiliated with them.

An affiliated person is a person who is founder's, member's of the management board or employee's spouse or extramarital partner or a straight line blood relative or side line relative up to the third degree, his relative in law up to the second degree even if the marriage is terminated.

Paragraph 2 of this Article shall not apply to appropriate awards and necessary travel and other costs incurred in the course of realization of the organization's goals, commitments arising from contracts with third parties, and salaries of employees.

The capital assets of endowments may not be reduced below the minimum value of capital assets.

Founder may in the Articles of Association determine the minimum value below which the capital assets of endowment may not be reduced, which may not be lower than the minimum value set by this Law.

Liability for Obligations of Endowments and Foundations

Article 48

Endowments and foundations shall be held liable with all of their assets for the obligations arising from their legal transactions.

Overstepping of Legal Subjectivity

Article 49

By a derogation from provisions of Article 48 of this Law, the Founder, the Manager and member of the Managing Board shall also be held liable for obligations arising from legal transactions of endowment and foundation, if they disposed the assets of an endowment and foundation as their own or if he misused them for illegal and fraudulent purposes.

Persons referred to in Paragraph 1 of this Article shall bear joint and unlimited liability for the endowment and foundation obligations.

Business Books and Financial Reports

Article 50

Endowment and foundation shall keep business books, draw and submit financial reports in accordance to regulations on accounting and revision matters.

VII DISSOLUTION OF AN ENDOWMENT AND A FOUNDATION

Conditions and Manner of Removal from the Registry

Article 51

Endowment and foundation shall lose the legal person capacity following removal from the Registry.

Endowment and foundation shall be removed from the Registry:

- 1) If the competent body of the endowment and foundation, or a founder if so provided by the Articles of Association and Statute, has adopted the decision on dissolution of the endowment and foundation;
- 2) Following completion of the bankruptcy proceedings over organization and foundation;
- 3) If the work licence of endowment and foundation was terminated;
- 4) If the status of endowment and foundation has changed causing termination of activity of endowment and foundation, in accordance to this Law;
- 5) If the decision on entry into the Registry determined invalid by a valid legal act;
- 6) In other cases stipulated by the Articles of Association and the Statute.

In cases referred to in Paragraph 2, points 1), 3), 5) and 6) of this Article, the removal from the Register is completed after the elimination and bankruptcy proceedings, unless otherwise provided by law.

A note on the completion of elimination and bankruptcy proceedings shall be entered into the Register.

Decision on rejection, of an application referred to in Paragraph 1 of this Article, enacted by the Registrar shall be definite and administrative action may be instituted against it.

Decision referred to in Paragraph 5 of this Article shall be delivered to the Ministry without delay.

Deprivation from the Licence for Pursue of Activity

Article 52

The Ministry or the provincial authority of Vojvodina as competent for cultural issues shall adopt a decision on the prohibition of activities of an endowment or a foundation whose objectives or actions contravene provisions of Article 6 of this Law or if endowment or foundation become a member of a foreign or an international organization whose objectives and activities contravene provisions of Article 6 of this Law.

Decision referred to in Paragraph 1 of this Article shall be definite and administrative action can be instituted against it.

Tasks from Paragraph 1 of this Article a competent body of Autonomous Province of Vojvodina shall carry out as delegated tasks.

Final decision from Paragraph 1 of this Article is delivered to the Registrar without delay, so that the removal from the Registry can be completed.

Elimination and Bankruptcy

Article 53

Issues related to elimination and bankruptcy of endowments and foundations are regulated by respective regulations on elimination and bankruptcy.

Issues related to elimination and bankruptcy of endowments and foundations not regulated by the regulations on elimination and bankruptcy of endowment and foundation will accordingly be regulated by the regulations on elimination and bankruptcy of companies.

If the minimum value of capital assets decreases in such a way as to stop satisfying the conditions set forth in Article 12 Paragraph 2 of this Law, and the elimination procedure does not get initiated, the endowment will change its legal status to status of foundation.

Statutory Changes

Article 54

Endowment established with a view to accomplish general public interest may be split into two or more endowments established with a view to accomplish general public interest.

An endowment established with a view of accomplishing general public interest shall merge with or be acquired by another endowment or a foundation established with a view to achieve general public interest.

Foundations may be split into two or more foundations.

Foundations may merge with or be acquired by another foundation or endowment established with a view to achieve general public interest.

Endowment established with a view to accomplish private interest may merge with foundation or endowment established with a view to accomplish general public interest. By registering this affiliation, the affiliated endowment stops its work, while affiliating endowment or foundation continues working.

Endowment established with a view to accomplish private interest may merge with endowment established with a view to accomplish private interest. By this affiliation, the affiliated endowments cease to exist while the newly emerged endowment can act only for private interest.

Provisions of the law regulating status of companies shall apply accordingly to statutory changes of endowments and foundations.

Allocation of Remaining Assets

Article 55

The remaining assets of endowments and foundations shall be allocated in accordance to the Articles of Association or the Statute of endowment and foundation.

The remaining assets of an endowment established with a view to accomplish general public interest and foundation shall only be distributed to another endowment, foundation or an association which has the same or similar objectives.

The Managing Board shall decide on allocation of the remaining assets, unless otherwise provided in the Articles of Association or the Statute.

If the Managing Board or another body or person appointed to decide on allocation of the remaining assets, fails to render a decision to that effect, the local government units, on whose territory the seat of the endowment and foundation is located, shall render a decision to that effect.

VIII ENTRY OF REPRESENTATIVE OFFICES OF FOREIGN ENDOWMENTS AND FOUNDATIONS INTO THE REGISTER OF FOREIGN ENDOWMENTS AND FOUNDATIONS

Definition of Foreign Endowments and Foundations

Article 56

A foreign endowment and foundation shall be the legal entity with no membership with seat in a third country organized in accordance with law of that country with a view to accomplish objectives deemed for public interest or interests allowed by the Constitution and law.

Provision of this Law regulating entering into the registry, change of data entered into the Registry, activities, activity and revocation of work licence shall apply accordingly on representative offices of foreign endowments and foundations, unless otherwise provided by international agreements or law.

Registration of Foreign Endowments and Foundations

Article 57

A representative office of a foreign endowment and foundation may engage in activities in the Republic of Serbia following entry into the Register of Foreign Endowments and Foundations.

Registration of foreign endowments and foundations in the Register of foreign endowments and foundations is conducted by the Agency, as delegated task.

The Agency shall regulate the manner of entry into the Registry and keeping the Registry referred to in Paragraph 1 of this Article through the Registrar.

Content and the manner of keeping the Register referred to in Paragraph 1 of this Article shall be regulated by the Minister.

Amount fee for entry of representative offices of foreign endowments and foundations into the Registry and other services provided by the Agency in the process of managing the Register referred to in Paragraph 1 of this Article is set by the Managing Board of the Agency with the approval of the Government.

The following shall be submitted along with the application: a certified translation of a decision on an registration of endowment and foundation in the domiciled country, or a certificate (statement) certified by a competent court or public notary confirming that endowment and foundation are recognized as a legal person in the domiciled country even without being entered in the proper Register; a certified translation of a decision of the competent body of endowment and foundation on the establishment of a representative office in the Republic of Serbia and representative office in Serbia, a certified translation of excerpts from the Articles of Association or the Statute stipulating the objectives of the foreign endowment and organization; and a photocopy of ID or passport of the representative office in the Republic of Serbia.

Provisions referred to in Article 25 Paragraph 2 of this Law shall apply accordingly to content of application for registration.

Prior to registration, the representative office of a foreign endowment and a foundation shall acquire work permit referred to in Article 25 Paragraph 5 of this Law.

Content of the Register of Foreign Endowments and Foundations

Article 58

Register of Foreign Endowments and Foundations shall contain: name, objectives and seat and address of foreign endowment and foundation, the seat of the representative office of the endowment and foundation in the Republic of Serbia and its regional offices, if it has set up regional offices; name of the person authorized to represent the endowment and foundation in the Republic of Serbia, number and date of the decision on entry of the representative office into the Register of representative offices of foreign endowments and foundations, the number and the date of the decision on removal of the representative office from the Registry of foreign endowments and foundations.

The Registrar shall in eight days after entry of representative office of a foreign endowment and foundation into the Register notify the Ministry or a competent authority of the province of Vojvodina.

Application of Provisions on Employees with Representative Office of Foreign Endowment and Foundation

Article 59

Foreign citizens employed with a representative office of a foreign endowment and foundation shall be subject to provisions regulating labour status of foreign citizens.

Citizens of Serbia employed with a representative office of a foreign endowment and foundation shall be subject to provisions regulating the labour status of domestic citizens.

Removal from the Register of Foreign Endowments and Foundations

Article 60

The representative office of foreign endowment and foundation shall be removed from the Register if:

- 1) the foreign endowment or foundation it is a part of has ceased to exist;

- 2) the foreign endowment and foundation it is a part of has rendered a decision on dissolution of the representative office;
- 3) if the representative office of endowment and foundation is revoked of working licence;

A decision on removal of the representative office from the Register shall be adopted by the Registrar.

Decision on rejection of the application referred to Paragraph 1 of this Article is definite and administrative action can be instituted against it.

IX MONITORING

Monitoring Competence

Article 61

The Ministry of Culture shall monitor implementation of this Law.

X PENALTY PROVISIONS

Corporate Offence

Article 62

A fine ranging from 300,000 to 500,000 dinars shall be levied on the endowment and foundation that engages in economic activities unrelated to its objectives or economic activities not stipulated in the Statute (Article 45 Paragraph 1 Point 1) and 2).

For economic offences set out in Paragraph 1 of this Article a fine ranging from 30,000 – 50,000 dinars shall also be levied on the responsible person of endowment and foundation.

Infringements

Article 63

A fine ranging from 150,000 to 400,000 dinars shall be levied on endowments and foundations if:

- 1) They engage in activities before it is entered into the Registry (Article 29, Article 29, and Paragraph 2);
- 2) They engage in economic activities as main activities (Article 45 Paragraph 1 Point 3)
- 3) Uses assets for purposes other than achieving its stipulated objectives (Article 47 Paragraph 1)

For offences set out in Paragraph 1 of this Article a fine ranging from 10,000 – 20,000 dinars shall also be levied on the responsible person of endowment and foundation.

Article 64

A fine ranging from 50,000 to 200,000 dinars shall be levied on endowment and foundation if they:

- 1) Do not make their report on the work available to public (Article 8 Paragraph 1);
- 2) They use their name or abbreviated name in a form other than the one entered in the Registry (Article 17. and 18):
- 3) They fail to notify the Agency about the changes of data entered into the Registry within 30 days (Article 31 Paragraph 1).

For offences set out in Paragraph 1 of this Article a fine ranging from 7,000 – 15,000 dinars shall also be levied on the responsible person of endowment and foundation.

Article 65

A fine ranging from 50,000 – 150,000 dinars shall be levied on the representative of the branch office of a foreign endowment and a foundation which fails to submit the application for entering into the registry within 6 months following this Law entering into force. (Article 72, Paragraph 1).

XI TRANSITIONAL AND CLOSING PROVISIONS

Article 66

By-law provisions for enforcement of this Law shall be adopted within 90 days from enactment of this Law.

Article 67

Procedures for entering into the Register that had been initiated before the day this Law entered into force shall be concluded according to the provisions of the previous law.

Endowments and foundations from Paragraph 1 of this Article must apply in the Agency for registration into the Register within 30 days from enactment of the decision on entry into the Register, if the process of registration has ended legally after expiration of the deadline set in Article 68, Paragraph 1 of this Law.

Article 68

Foreign endowments and foundations that had been operating in the Republic of Serbia before this Law came into force shall align their Statute and other general acts with this Law and shall submit an application and other necessary documents for entering into the Register within 12 months from the day of this Law entering into force.

Application for entry into the Register of compliance referred to in Paragraph 1 of this Article and documentation stipulated by the ministerial decree shall be accompanied by certificate on previously completed registration in accordance with the law on

Endowments, Foundations and Funds (Official Gazette of FRS, No. 59/89) issued by the Ministry.

Funds from Paragraph 1 of this Article shall continue their work as foundations under their Registry name following the day of this Law coming into force.

Endowments and foundations which fail to adhere to the provisions of this Article will terminate their work after the expiration of deadline specified in Paragraph 1 of this Article.

Application for entry into the Registry of compliance referred to in Paragraph 1 of this Article shall not be subject to registration fee.

Article 69

Foreign endowments and foundations that had started their activities on the territory of the Republic of Serbia before this Law entered into force shall be obliged to align activity with this Law, acquire work permit and submit an application for entry into the Registry of foreign endowments and foundations accompanied with all the required documentation, within 12 months from the day of this Law entering into force.

A foreign endowment and a foundation that fails to observe the provisions referred to in Paragraph 1 of this Article shall not be allowed to continue its work on the territory of the Republic of Serbia after expiration of deadline specified in Paragraph 1 of this Article.

Article 70

It is forbidden to alienate and utilise assets seized in the period from 1945 until enactment of the Law regulating return of seized assets and compensations for seized assets.

Article 71

On the day of this Law entering into force, the Law on Endowments, Funds and Foundations (Official Gazette FRS, No. 59/89) shall cease to govern save in the part related to regulating the legal status of funds founded or co-founded by the Republic of Serbia, autonomous province or a local government unit.

Article 72

This Law shall enter into force on the eight day following its publication in the Official Gazette of the Republic of Serbia, while its application shall start three months following its coming into force.