

**REPUBLIC OF LITHUANIA**

**LAW**

**ON ASSOCIATIONS**

22 January 2004 No IX-1969

Vilnius

(As last amended on 14 December 2010 – No XI-1222)

**CHAPTER ONE**

**GENERAL PROVISIONS**

**Article 1. Purpose of the Law**

1. This Law shall regulate the formation, management, activities, specific features of restructuring, termination (reorganisation and liquidation) of legal persons whose legal form is an association.

2. The provisions of this Law shall apply to the associations whose activities are regulated by other laws inasmuch as the said provisions are in compliance with the provisions of other laws.

**Article 2. Conception of an association**

1. An association shall be a public legal person of limited civil liability who has its name and whose purpose is to coordinate activities of the association members, to represent interests of the association members and to defend them or to meet other public interests.

2. An association may include one of the following words in its name: “association”, “public organization”, „susivienijimas“, “confederation”, “union”, “society” or other.

3. An association must have a registered office in the Republic of Lithuania.

4. An association must have at least one account in a credit institution.

**Article 3. Foundations of activity of an association**

1. An association shall operate in compliance with the Constitution of the Republic of Lithuania (hereinafter referred to as “the Constitution”), the Civil Code of the Republic

of Lithuania (hereinafter referred to as “the Civil Code”), this Law and other laws, resolutions of the Government, other legal acts, and ground its activity on its statutes.

2. It shall be prohibited to form and operate the associations whose purpose or methods of operation – to forcibly overthrow or change the constitutional order of the Republic of Lithuania or to violate the territorial integrity of the Republic of Lithuania, to propagate war and violence, authoritarian or totalitarian rule, to incite racial, religious and social dissent, to violate human rights and freedoms and also to perform actions that are contrary to the laws of the Republic of Lithuania and universally-recognised norms of international law, to act in the interest of other states, if these interests contradict the interests of the State of Lithuania.

## **CHAPTER TWO**

### **FORMATION AND REGISTRATION OF AN ASSOCIATION**

#### **Article 4. Formation of an association**

1. Competent natural persons who have reached 18 years of age and (or) legal persons, having concluded a memorandum of association, may form an association. The minimum number of founders of an association shall be three.

2. All founders shall sign a memorandum of association.

3. All founders of an association shall become members of this association from registration of the association in the Register of Legal Entities.

4. Prior to registration of an association in the Register of Legal Entities, the founders of an association shall draft statutes and convene a founding meeting in which statutes shall be adopted and at least one management body shall be set up.

5. A person indicated in the memorandum of association or authorised by the founding meeting shall act in the name of an association that is being formed.

#### **Article 5. Memorandum of association**

1. The memorandum of association must show:

1) the founders (names, surnames, personal numbers and addresses of natural persons; names, registered offices, codes of legal persons; names and surnames or names, personal numbers (codes) of the founders’ representatives);

2) the name of the association which is beings formed;

3) the date of conclusion of the memorandum of association;

- 4) the registered office of the association.
2. The memorandum of association may also show:
  - 1) property and non-property obligations of the founders, procedure and time limits of execution thereof;
  - 2) the procedure for compensating formation-related expenses;
  - 3) the procedure of settlement of disputes between the founders;
  - 4) the persons who have the right to represent an association that is being formed, their rights and powers;
  - 5) the procedure for convening a founding meeting and taking decisions thereof;
  - 6) other provisions which are in compliance with this Law and other laws.

#### **Article 6. Registration of an association and data of the Register of Legal Entities**

1. An association must be registered in the Register of Legal Entities in accordance with the procedure laid down by legal acts.

2. It shall be possible to register an association if the memorandum of association has been concluded, the founding meeting has been convened, the statutes of the association have been adopted and at least one management body has been set up, and other obligations laid down in the memorandum of association have been carried out.

3. In order to register an association in the Register of Legal Entities a memorandum of association, statutes of the association and other documents specified in Article 2.64 of the Civil Code shall be submitted to this Register.

4. An association shall be considered registered from the moment of its registration in the Register of Legal Entities.

5. Besides the information referred to in Article 2.66 of the Civil Code, a period of association's activity, if it is of limited duration, shall be indicated in the Register of Legal Entities.

### **CHAPTER THREE MANAGEMENT OF AN ASSOCIATION**

#### **Article 7. Bodies of an association**

1. An association shall acquire the civil rights, undertaking the civil obligations and shall implement them through its management bodies.

2. An association must have a general meeting of members or any other body (conference, convention, congress, assembly or other), which enjoys all or part of the rights of the general meeting of members.

3. The provisions of this Law applicable to a general meeting of members shall apply to the body of an association (conference, convention, congress, assembly or other), which enjoys all rights of a general meeting of members.

4. In the event any other body of an association is being set up (conference, convention, congress, assembly or other) which enjoys only a part of the rights of a general meeting of members, then a general meeting of members shall be obligatory. The provisions of this Law applicable to a general meeting of members, with the exception of subparagraph 1 and 6 of paragraph 6 of Article of this Law ~~istatym~~ the decisions provided for in which may be taken by a general meeting of members, shall apply to the body of an association which enjoys a part of the rights of a general meeting of members.

5. The management body (sole or (and) collegiate) must function in an association.

6. Several bodies may be set up in an association.

7. The structure of the association bodies, their competence, the procedure for convening and taking decisions shall be laid down in the statutes of an association.

8. Members of the collegiate bodies, set in the statutes of an association, which are not the management bodies, shall not be remunerated for activities.

9. Minutes must be taken of general meetings of members and sittings of collegiate bodies.

### **Article 8. General meeting of members**

1. A general meeting of members shall:

1) amend the statutes of an association;

2) appoint (elect) and recall members of the management bodies, unless otherwise provided for in the statutes of an association;

3) appoint (elect) and recall members of other collegiate bodies, if such bodies are provided for in the statutes of an association, unless otherwise established in the statutes of an association;

4) fix the amount of initial contributions of members of the association and the amount of membership fees, the procedure for paying them, if the statutes of the association do not lay down the procedure of payment;

5) approve annual accounts of the association;

6) take a decision regarding restructuring or termination (reorganisation or liquidation) of the association;

7) take a decision regarding the establishment of other legal persons or becoming a member of other legal persons, unless otherwise provided for in the statutes of the association.

2. A general meeting of an association shall resolve other issues assigned to the competence of the general meeting of the association by this Law and the statutes of the association, if under this Law such activity is not assigned to the competence of other bodies of the association and if it does not constitute the functions of the management bodies according to its essence.

3. A general meeting shall not have the right to assign to other bodies of the association to resolve the issues falling within the competence of the general meeting of members, with the exception of the cases laid down in subparagraphs 2, 3 and 7 of paragraph 1 of this Article.

4. All members of an association shall be entitled to a decisive vote in a general meeting of members. One member shall be entitled to one vote in a general meeting of members. If the statutes of an association provide for any other body (conference, convention, congress, assembly or other) which enjoys all or part of the rights of a general meeting of members, when such a body takes decisions, each person who represents members of an association shall be entitled to as many votes as there are members of the association he represents. A member shall personally participate in the body which has all or part of the rights of a general meeting of members (a natural person or a single-person management body; in the cases defined by laws and instruments of incorporation – members and participants of other bodies – natural persons acting within the scope of the rights and duties granted to them by laws and instruments of incorporation (statutes of the association, regulations)), excluding the exceptions laid down by laws, or the abovementioned member shall authorise another person or concludes with him an agreement to transfer the right to vote. A member of the association - a legal person may be represented at a general meeting of members only by the employees, participants or management body members of that legal person.

5. Members of the management bodies and other collegiate bodies of an association, provided they are not the members of the association, may participate in the general meeting of members without the right to vote.

6. A general meeting of members shall be convened in accordance with the procedure laid down by the statutes of an association.

7. A general meeting of members may take decisions when more than 1/2 of the members of an association attend it, unless otherwise provided for in the statutes of the association. A decision of the general meeting of members, with the exception of the decisions specified in subparagraphs 1 and 6 of paragraph 1 of this Article and the cases when members of collegiate bodies are being elected, shall be deemed adopted, when more “yes” votes than “no” votes are cast for it by the members who participated in the voting (the persons who abstained shall not be counted, that is they are regarded as persons who have not participated during the voting), unless the statutes of the association provide for a greater majority. In order to take the decision of a general meeting of members, specified in subparagraphs 1 and 6 of paragraph 1 of this Article, the votes of not less than 2/3 of the members of the association participating in the meeting shall be required. In those cases when members of collegiate bodies are appointed (elected), decisions shall be taken in accordance with the procedure laid down by the statutes of the association.

8. If the quorum has not been met in the general meeting of members, a repeated general meeting of members must be called in accordance with the procedure laid down by the statutes of the association, which shall be entitled to take decisions on the issues that were on the agenda of the meeting which failed to be held, regardless of the number of the members of the association who attended the meeting.

9. A general meeting of members of an association may be called by the decision of the court, if it has not been called in accordance with the procedure laid down by the statutes of the association and a member of the association or the management body has appealed to the court in this regard.

### **Article 9. Management bodies**

1. The management bodies shall act in the name of an association in the presence of relations with other persons, and the said bodies shall also conclude transactions in the name of the association.

2. Besides the functions provided for in Article 2.82 of the Civil Code, the management body shall employ and dismiss employees, conclude employment contracts with them, prepare and present to a general meeting of members a report on activities of the association, announce or organise dissemination of public information, organise

voluntary works in accordance with the procedure laid down by the Government, resolve other issues within the competence of the management bodies as prescribed in this Law and the statutes of the association. The management body shall also take decisions on setting-up of branches and representative offices, and termination of activities thereof, approve their regulations, unless otherwise provided for in the statutes of the association.

3. If several management bodies are set up in an association, the statutes of the association must define the competence of each body.

4. A member of the management bodies of an association may be reimbursed for his activities in these bodies.

5. Natural persons – members of the association and natural persons proposed by the members of the association – legal persons may be members of a collegiate management body. The statutes of the association may lay down additional requirements for a member of the collegiate management body.

6. A collegiate management body may take decisions when more than 1/2 of members attend its meeting.

#### **Article 10. Report on activities of an association**

1. A management body specified in the statutes of an association must, within the time limit set in the statutes, draw up and present to a general meeting of members a report on activities of the association for every completed financial year. This report shall be accessible to the public. At the request of each natural or legal person an association must create conditions for everyone to get access to this report in the registered office of the association or in other ways.

2. The report on activities of an association must indicate:

1) information about the activities of the association when implementing the purposes of activities defined in its statutes;

2) the number of the members of the association at the end of a financial year;

3) annual accounts of the association;

4) the number of employed members of the association at the end of a financial year.

3. A report on activities of the association may contain other information that is defined by a general meeting of members.

## **CHAPTER FOUR**

### **ACTIVITIES OF AN ASSOCIATION**

#### **Article 11. Rights and duties of an association**

1. An association may have and acquire only such civil rights and duties that do not contradict the purposes of its activities as laid down in the Civil Code, this Law and the statutes of the association.

2. An association shall enjoy the right to carry out economic-commercial activity, which is not prohibited by the law, does not contradict its statutes and the purposes of activities and is necessary to achieve its purposes.

#### **Article 12. Statutes of an association**

1. Statutes of an association shall be an instrument of incorporation to which the association adheres when functioning.

2. The following information must be provided in the statutes of an association:

- 1) the name of the association;
- 2) the legal form of the association – association;
- 3) the procedure for changing the registered office of the association;
- 4) purposes of activities of the association that must be defined clearly and properly, by indicating fields and types of activities;
- 5) the rights and duties of the members of the association;
- 6) the procedure for paying initial contributions and membership fees, unless the statutes indicate that the said procedure will be confirmed by a separate document;
- 7) procedure and conditions of admission of new members, withdrawal from membership in the association, termination of membership in the association;
- 8) the competence of a general meeting of member, the procedure of calling of such meeting, the procedure for taking decisions, unless another body is set up (conference, convention, congress, assembly or other) which enjoys all rights of a general meeting of members;
- 9) a body (conference, convention, congress, assembly or other) which enjoys all or part of the rights of a general meeting of members, its competence, cases and procedure for calling it, the procedure for taking decisions, the procedure of participation of members and representing them in this body, should such body be set up;

10) the management bodies, their competence, the procedure for appointing (electing), recalling members and chairman (president) of a collegiate management body, should such a body be set up, the procedure for setting up this body, the period of time for which a collegiate management body is set up;

11) other collegiate bodies, should such bodies be set up, their competence, the procedure for appointing (electing), recalling their members and chairman (president), the procedure for setting up these bodies, the period of time for which collegiate bodies are set up;

12) the procedure for submitting documents and other information about activities of the association to the members, if the statutes do not specify that such procedure will be confirmed by a separate document;

13) the procedure for announcing notifications and announcements, according to which public information is disseminated;

14) the procedure for setting up and termination of activities of branches and representative offices;

15) the procedure for amending the statutes of the association;

16) the period of activities if it is of limited duration;

17) the procedure for using funds and income as well as controlling activities of the association.

3. The statutes of an association may also define other provisions of activities of the association, provided they are in compliance with the Constitution, the Civil Code, this Law and other laws.

4. The statutes of an association that is being formed must be signed by a person who is indicated in the memorandum of association or authorised by a founding meeting. This person must sign the statutes not later than within three days from the date of the founding meeting.

5. The amended statutes of the formed association shall be signed by the management body or a person authorised by a general meeting of members.

6. The amendments of the statutes shall come into force from the moment they are registered in the Register of Legal Entities. Together with the amendments of the statutes the association must submit to the Register of Legal Entities the whole text of the amended statutes of the association (new version).

7. The notary shall not authenticate the signatures of the natural persons who have signed the statutes.

### **Article 13. Members of an association**

1. Competent natural persons who have reached 18 years of age, with the exception of the case provided for in paragraph 2 of this Article, and (or) legal persons may be members of an association. The minimum number of members of an association shall be three. A person may be a member of several associations.

2. Persons under 18 years of age may be members of associations whose activities are related to needs of children and youth.

3. Parents or guardians of persons who are under 14 years of age shall for the said persons present to the management body laid down in the statutes of the association the applications to become members of an association. Persons who are under 18 years of age may acquire the rights and duties in the association in accordance with the procedure laid down by the Civil Code.

4. A member of an association shall enjoy the following rights:

- 1) to attend and vote in a general meeting of members of the association;
- 2) to make use of the services rendered by the association;
- 3) to get access to the documents of the association and to receive all information possessed by the association about its activities;
- 4) to withdraw from the association at any time. In this event the initial contributions of the member and the membership fees or the funds and assets transferred to the ownership of the association in any other manner shall not be returned;
- 5) other rights established in legal acts and statutes of the association.

5. The list of all members of the association must be kept in the registered office of the association, as well as in the registered offices of the branches and representative offices. Each member of the association shall have the right to get access to this list.

6. A member of an association must adhere to the statutes of the association.

### **Article 14. Guarantees of activities of an association**

State and municipal institutions and officials in the cases and procedure which are not laid down by law, political parties and political organisations, other organisations and persons shall be prohibited from interfering in activities of an association and in its internal affairs.

### **Article 15. International relations of an association**

An association may, in the manner prescribed by the statutes, join international organisations whose purpose and activities are in compliance with the Constitution, this Law and other laws.

**Article 16. Restrictions on activities of an association**

1. An association shall be permitted to alienate the assets and funds possessed by the right of ownership or any other right, to guarantee the performance of obligations with it or otherwise encumber the possession, use and disposal rights to it only in the event when by this it is sought to implement the purposes of activities defined in the statutes of the association (including the purposes of charity and sponsorship which are set in the statutes in pursuance of the Law on Charity and Sponsorship).

2. Even for the purposes indicated in paragraph 1 of this Article it shall be prohibited:

1) to transfer the property of the association for use without remuneration to a member of the association, a member of the management and collegiate bodies, a person working in the association on the basis of an employment contract or a person related to them, or a third person, with the exception of the purposes of charity and sponsorship which are set in the statutes in pursuance of the Law on Charity and Sponsorship;

2) to pay to the founder or a member of the association payments from profit participation or to transfer the part of the property of the association under liquidation, which exceeds the initial contribution of the member or the membership fee;

3) to divide the assets and funds of the association, including the profit, in any form, with the exception of charity and sponsorship in pursuance of the Law on Charity and Sponsorship, among the members of that association and (or) its management bodies, persons who work in the association under employment contracts, with the exception of the cases when workpay is being paid, other payments related to legal employment relations and when remuneration is being paid on the basis of copyright agreements, when payment is made for rendered services or sold goods;

4) to grant credits, to pledge the property of the association (with the exception of the cases when the property is pledged in order to perform the obligations of the association), to offer a surety or otherwise ensure the performance of the obligations of other persons. This provision shall not apply when borrowing from credit institutions and when international agreements of the Republic of Lithuania or the laws of the Republic of Lithuania, or other legal acts adopted on the grounds thereof provide otherwise;

5) to borrow money from a member of the association or a person related to him and to pay interest. This provision shall not apply when borrowing is made from a credit institution;

6) to borrow from other persons, paying unreasonably high interest;

7) to buy goods and services for apparently too high a price, with the exception of the cases when in this manner charity is granted to the person who is a recipient of charity according to the Law on Charity and Sponsorship;

8) to sell the assets of the association for apparently too small a price, with the exception of the cases when in this manner charity is granted to the person who is a recipient of charity according to the Law on Charity and Sponsorship;

9) to establish a legal person whose civil liability for the obligations of a legal person is unlimited, or to be a member of such person;

10) to perform public administration functions of the state or municipalities, their institutions or officials and civil servants, unless otherwise provided for by other laws;

11) to perform the functions of trade unions, religious associations, communities and centres as well as legal persons formed according to their canons, statutes or other norms to implement the purposes of the same religion, credit unions and other legal persons whose legal form is different, if these functions according to the provisions of laws may be performed only by the legal persons of a specific legal form;

12) to arm its members, to organize military training for them and to establish military troops, with the exception of the cases provided for by law.

3. A person related to a member, provided for in subparagraphs 1 and 5 of paragraph 2 of this Article shall be:

1) a close relative, spouse (cohabitee), close relative of the spouse (cohabitee) of a member of the association – a natural person;

2) a legal person, which has more than half of the votes in the body of a member of the association – a legal person;

3) a legal person in the body of which more than half of votes are possessed by a member of the association, a person referred to in subparagraph 1 and 2 of this paragraph, or these persons jointly.

4. An association shall use money received as sponsorship as well as received money which is not subject to repay and other assets for the purposes specified by the person who has given the money, provided that the person specified such purposes. An association must keep this received money in a separate account and to make an estimate

of expenditure, if that is provided for in the legal acts or at the request of the person who has given the money. An association may not accept money or any other assets, if a person who gives it specifies to use it for the purposes other than those defined in the statutes of the association.

## **CHAPTER FIVE**

### **SPECIFIC FEATURES OF RESTRUCTURING AND TERMINATION OF ASSOCIATIONS**

#### **Article 17. Specific features of restructuring and termination of associations**

1. Associations shall be restructured or terminated (reorganised or liquidated) in accordance with the procedure laid down by the Civil Code.

2. An association may not be both reorganised and restructured.

3. If less than three members are left in an association, the association must, within thirty days and in accordance with the procedure laid down by the regulations of the Register of Legal Entities, inform the Register of Legal Entities about decrease of the members.

4. The remaining assets and funds of the association, after the meeting all requirements of the creditors in the manner prescribed by law and the requirements of the members of the association regarding the part of the assets of the association, without exceeding the initial contribution of a member or the membership fee, shall, prior to the removal of the association from the Register of Legal Entities, be transferred to another or other public legal persons who are designated by a general meeting of members or the court, upon having taken a decision to liquidate the association.

5. Besides the duties laid down in this Law and the Civil Code, the liquidator of the association must:

1) publicly announce in the daily newspaper indicated in the statutes of the association about the liquidation of the association and submit to the Register of Legal Entities the documents confirming the decision to liquidate the association as well as his data;

2) make a balance of the beginning of the period of liquidation;

3) transfer the remaining assets of the association in accordance with the procedure laid down by this Law;

4) draw up an act of liquidation of the association. An act of liquidation of the association shall describe the process of liquidation and confirm that all liquidation-related actions have been carried out;

5) transfer the documents for retention in accordance with the procedure laid down by the Law on Archives;

6) submit to the manager of the Register of Legal Entities an act of liquidation of the association and other documents necessary to remove the association from the Register.

## **CHAPTER SIX**

### **FINAL PROVISIONS**

#### **Article 18. Entry into force and application of the Law**

1. The statutes of the associations and public organisations formed prior to the entry into force of this Law shall be valid to the extent that they are in compliance with the Civil Code, this Law and other laws.

2. The associations and public organisations registered prior to the entry into force of this Law shall be considered to be legal persons whose legal form is an association, without separate re-registration.

3. Branches of public organisations set up as legal persons prior to the entry into force of this Law shall, from the entry into force of this Law, be considered to be legal persons whose legal form is an association, without separate re-registration. Statutes of these associations shall be valid to the extent that they are in compliance with the Civil Code, this Law and other laws. If on the day of the entry into force of this Law the number of the members of such association is less than 3, the period of time fixed in subparagraph 6 of Article 2.106 of the Civil Code shall be calculated from the day of the entry into force of this Law.

4. Subparagraph 9 of paragraph 2 of Article 16 of this Law shall not apply to the associations or public organisations which set up a legal person whose civil liability for the obligations of a legal person is unlimited or which became a member of the legal person prior to the entry into force of this Law.

5. Associations and public organisations as well as their data and changes in the data with respect to which applications for registration were presented to the register manager in accordance with the procedure laid down by the Law on Associations or the

Law on Public Organisations respectively prior to the entry into force of this Law and whose registration procedure has not been completed, shall be registered by the public entity Centre of Registers in accordance with the procedure effective prior to the entry into force of this Law.

**Article 19. Repeal of Laws**

Upon entry into force of this Law, the following legal acts shall become invalid:

- 1) the Law of the Republic of Lithuania on Public Organisations;
- 2) the Law of the Republic of Lithuania on the Implementation of the Law of the Republic of Lithuania on Public Organisations;
- 3) the Law of the Republic of Lithuania on Associations;
- 4) the Law amending Article 1 and 3 of the Law of the Republic of Lithuania on the Implementation of the Law of the Republic of Lithuania on Public Organisations;
- 5) the Law amending Article 17 of the Law of the Republic of Lithuania on Public Organisations;
- 6) the Law on the Amendment of the Republic of Lithuania Law on Public Organisations;
- 7) the Law amending and supplementing the Law of the republic of Lithuania on Associations.

*I promulgate this Law passed by the Seimas of the Republic of Lithuania.*

PRESIDENT OF THE REPUBLIC

ROLANDAS PAKSAS