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**The Law
of the Republic of Uzbekistan
ON CHARITY**
Adopted by the Legislative Chamber on February 28, 2007
Confirmed by the Senate on March 29, 2007

Chapter 1. General Provisions

Article 1. The Purpose of this Law

The purpose of the present Law is to regulate relations in the field of charitable activities.

Article 2. Legislation regarding charity

The legislation pertaining to charitable activities shall include this Law and other legal acts.

In the event when an international covenant ratified by the Republic of Uzbekistan stipulates provisions which are at variance with the legislation of the Republic of Uzbekistan on charitable activities, the regulations contained in the international agreement shall apply.

Article 3. Definitions

The following notions and definitions shall be applicable for the purpose of the present Law:

volunteers – physical persons that implement philanthropic activities in the form of carrying out work and providing services free of charge in the interest of a beneficiary or a charitable organization;

philanthropists – legal entities and physical persons implementing charitable activities;

charitable (philanthropic) activities – voluntary and free of charge assistance (activity) implemented by legal entities and physical persons in the form of free of charge, discounted or preferential transfer of assets and financial resources, carrying out work and providing services and other assistance in the pursuit of philanthropic goals;

beneficiaries – recipients of charitable assistance including both, legal entities and physical persons;

subjects of charitable activities – philanthropists, volunteers, charitable organizations and beneficiaries of charitable activities;

a charitable organization – a non-government, non-commercial organization established for the purpose of implementing philanthropic activities in the interest of public at large as well as specific categories of legal entities and physical persons;

charitable donations – various assets and financial resources allocated for charitable purposes.

Article 4. Charitable purposes

Charitable activities shall be carried out for the following purposes:

providing social assistance and protection to citizens, undertaking efforts aimed at improving material well-being of the socially vulnerable and low-income

categories of population, social rehabilitation of the unemployed, handicapped and other persons, who, due to their physical or intellectual problems, or other circumstances, are not capable of exercising their rights and protecting their lawful interests;

promoting peace, friendship and concord among different peoples;

promoting and augmenting the prestige and societal role of a family;

protecting motherhood, childhood and fatherhood;

promoting activities in the field of education, science, culture, arts, dissemination of knowledge, spiritual and cultural development of people;

promoting activities in the field of preventing diseases, protecting health, promoting healthy living and providing psychological and spiritual support to the people;

promoting activities in the field of physical culture and sports;

preparing population for overcoming consequences of natural disasters, ecological, industrial and other catastrophes and preventing accidents;

providing assistance to victims of terrorist acts, natural calamities and other disasters;

protecting the environment;

protecting the cultural heritage.

Within the framework of the legislation, charitable activities may be carried out for other purposes as well.

Provision of financial and other material assistance and support to commercial entities, political parties and movements shall not be regarded as charitable activities.

Carrying out charitable activities for the purpose of supporting an election campaign or attempting to influence issues to be voted on at a referendum shall be banned.

Carrying out any charitable work aimed at supporting illegal activities shall be banned.

Article 5. The right to exercise charitable activities

Legal entities and physical persons shall have the right to exercise charitable activities voluntarily and in an unhindered manner.

Legal entities and physical persons shall have the right to carry out charitable activities individually and as part of an association, which may or may not acquire legal personality of a charitable organization.

Benefactors shall have the right to choose the cause they would like to donate to and establish procedures for utilization of the said contributions.

Chapter 2. Charitable organizations

Article 6. Organizational and legal form of charitable organizations

Charitable organizations may be created in the form of a public association, foundation or in any other form stipulated by legislative acts.

The name of a charitable organization shall contain the word *charitable*. There may not be a name of charitable organization registered in the event when it is similar to the name of an already existing charitable entity to the extent that may lead to confusion. A legal entity, which is inconsistent with requirements of the present Law, may not use the word *charitable* in its name.

For the purpose of coordinating activities and protecting their interests, charitable organizations may form associations (unions) and other non-government, non-commercial entities.

Article 7. Founders of charitable organizations

Depending on the organizational and legal form, legal entities and/or physical persons may become founders of a charitable organization.

Public authorities and bodies of executive power, as well as bodies of self-governance and public unitary agencies may not become founders of a charitable organization.

Article 8. State registration of charitable organizations.

The state registration of charitable organizations shall be carried out by institutions of justice following the procedure stipulated by the legislation.

A denial of the state registration of a charitable organization by the body of registration, or violation of the deadline established for registration, may be appealed against in the court of law.

Article 9. Assets of charitable organizations

The assets of a charitable organization may include buildings, parcels of land, vehicles, installations, equipment, financial resources and securities, informational resources and other intellectual property.

A charitable organization shall have the right to enter into any transactions related to the assets in its possession, provided the said transactions comply with the legislation, the Charter and the declared goals of the organization.

A charitable organization's overheads shall not exceed 20% of its annual financial expenses (including all costs of running the organization's activities). The said restriction shall not be applied to reimbursement of individuals engaged in implementing charitable programs.

A charitable organization may reimburse volunteers for their activities (including per diem, traveling and other expenses).

Financial resources allocated to a charitable organization by the State budget of the Republic of Uzbekistan and public endowments shall only be used for the charitable purposes specified for this particular earmarked allocation.

Philanthropic donations transferred to a charitable organization shall only be used for charitable purposes and may not be utilized to support the organization.

Assets of a charitable organization may not be sold or transferred to founders or members of this organization on the terms that would be more preferential than those offered to other individuals.

A charitable organization is liable for its obligations with all of its assets that may be subject to lien in compliance with the law.

Article 10. Sources of forming assets of a charitable organization

The sources of forming assets of a charitable organization may include the following:

contributions of the founders; for membership-based charitable organizations – membership fees;

charitable donations from legal entities and private individuals in the form of financial resources and/or other assets;

income from stocks and other securities;
revenues from economic activities allowed by the law including income obtained from commercial entities established by the charitable organization;
resources, obtained from fundraising campaigns aimed at attracting donors and volunteers; entertaining, cultural, sports and other popular events carried out for the purpose of collecting charitable contributions;
revenues from carrying out lotteries and auctions in compliance with the procedure established by the law;
allocations from the State Budget of Republic of Uzbekistan and public endowments;
other types of income that are not banned by the law.

Article 11. A Program of charitable activities

A program of charitable activities shall be viewed as a body of various undertakings aimed at pursuing the constituent goals of the organization and confirmed by its board of directors.

The program shall include an estimate of expected revenues and planned expenses (including reimbursements payable to individuals engaged in implementing the charitable program); it shall also establish stages and deadlines for implementing the program.

No less than 80% of the revenue obtained during the fiscal year from entrepreneurial activities allowed by the law, including income from commercial entities established by the charitable organization.

While implementing a program of charitable activities, the obtained resources shall be utilized within the time frames established by the said program.

Article 12. Reorganization and liquidation of a charitable organization

Reorganization and liquidation of a charitable organization shall be carried out according to the procedure stipulated by the law.

In the event of liquidation of a charitable organization, upon settling accounts with the organization's creditors, the remaining assets shall be utilized for charitable purposes in compliance with the procedure provisioned for by the organization's Charter or, if the said procedure is not stipulated in the Charter and, if the law does not stipulate otherwise, the liquidation commission shall take a decision in regard to the aforementioned use of assets.

**Chapter 3. State participation in implementing charitable activities.
International charitable activities.**

Article 13. State guaranties to subjects of charitable activities

Rights and lawful interests of the subjects of charitable activities shall be guaranteed by the state.

A subject of charitable activities shall not be restricted in the choice of the type of charitable activity and the form of its implementation.

Article 14. State support of charitable activities

The state support of philanthropy may be exercised in the following manner:
state financing of charitable programs developed by philanthropic organizations, which shall be awarded on competitive basis;

transferring ownership rights over public property to a charitable organization on a free of charge or preferential basis in accordance with the procedure established by the legislation;

granting discounts on the lease of public buildings, premises and other state-owned property;

assisting in building up material and technological resources of charitable organizations;

providing incentives for philanthropists, volunteers and charitable organizations.

The State may provide support to charitable activities in other forms in conformity with the existing legislation:

Article 15. Benefits, granted to subjects of charitable activities

Subjects of charitable activities shall be granted benefits in conformity with the legislation.

Article 16. Control over activities of a charitable organization

Within the framework of their competence, the state bodies of justice shall exercise oversight over the charitable organizations' compliance with provisions of their constituent documents.

The public oversight over the sources of financing and revenues of a public organization, as well as over payment of taxes, duties and other mandatory disbursements shall be exercised by the state internal revenue service in conformity with the legislation.

A report regarding activities of a charitable organization shall be submitted to the state bodies of justice and the internal revenue service following the procedure stipulated in the legislation.

Benefactors of charitable organizations, who donate various assets, including financial resources, shall have the right to request reporting in regard to the utilization of the contributed earmarked assets.

A charitable organization shall make its annual reports open and easily accessible.

Information pertaining to the amount and structure of revenues and expenses of a charitable organization, its assets, employees and their reimbursement, and the engagement of volunteers shall not be regarded a trade secret.

State bodies of justice may send their representatives to participate in the events carried out a charitable organization; they may also request that the organization's members or other individuals should provide explanations in regard to the issues related to compliance with the organization's constituent documents.

Article 17. Carrying out international charitable activities

Philanthropists, volunteers and charitable organizations shall have the right to exercise international charitable activities in accordance with the existing legislation and international covenants ratified by the Republic of Uzbekistan.

International charitable activities may be exercised by way of participating in international philanthropic projects, joining efforts and cooperating with international charitable organizations and foreign partners in the field of charitable activities, and in any other form that is accepted in international practice and consistent with the

principles and standards of the international law, the Constitution of the Republic of Uzbekistan and its legislation.

A charitable organization shall have the right to obtain charitable donations from foreign nationals, stateless persons, foreign and international organizations in conformity with the legislation of the Republic of Uzbekistan.

Article 18. Charitable activities of foreign nationals and stateless persons, foreign and international organizations on the territory of the Republic of Uzbekistan.

In conformity with the present Law, foreign nationals, stateless persons, international and foreign organizations may carry out philanthropic activities on the territory of the Republic of Uzbekistan.

Monitoring and control over the use of earmarked charitable contributions of foreign nationals, stateless persons, foreign and international organizations shall be carried out in compliance with the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan.

Chapter 4. Concluding provisions

Article 19. Conflict of interests

Within the framework of the present Law, a conflict of interests shall be defined as a transaction and/or deed performed between a charitable organization and an interested party (including the organization's employees, officers, members of the board, their close relatives or creditors, legal entities and physical persons, who, as a result of their existing relationships with the said organization, may influence the management of the organization's assets and, acting directly or through their representatives, may pursue personal benefits, which should be deemed as actions inconsistent with or running counter to the interests and purposes of philanthropic activities.

A charitable organization may only enter into a transaction with an interested party, or take other actions that may benefit an interested party, on condition that the highest governing body of the charitable organization has approved of the transaction in question. Any dispute arising from a conflict of interests shall be resolved by the governing body of a charitable organization, or, in the event when the said body has failed to resolve the issue, by a court of law.

Article 20. Argument resolution

Any argument pertaining to implementing charitable activities shall be resolved pursuant to the legislation.

Article 21. Liability for violating the legislation on charitable activities.

A party violating the legislation on charitable activities shall be held liable in accordance with the established procedure.

Article 22. Bringing legal acts into conformity with the present Law.

The Cabinet of Ministers of the Republic of Uzbekistan shall do the following: bring the Government decrees into conformity with the present Law; provide for the review and cancellation by the government agencies of their norm-setting and legal acts inconsistent with the present Law.

Article 23. The inurement of the present Law.

The present Law shall come into effect as of the date of its official publication.

**President of the Republic of Uzbekistan
I. Karimov**

City of Tashkent

May 2, 2007

#ZRU-96

Published officially on May 3, 2007 in the *Narodnoye Slovo (People's Word)*
Newspaper