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EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW
(VENICE COMMISSION)

SERBIA

LAW

ON FINANCING POLITICAL ACTIVITIES

LAW
on financing political activities

I. INTRODUCTORY PROVISIONS

Subject of the Law

Article 1

This Law shall regulate sources and manner of financing, records and control of financing of political activities of political parties, coalitions and citizens' group (hereinafter "political entities").

Meaning of Terms

Article 2

Individual terms used in this Law shall mean:

- "political activity" is regular work and election campaign of a political entity as submitter of proclaimed electoral list and nominator of candidates for president of the Republic, members of parliament, deputies and councillors;
- "political party" is an organization of citizens registered in the Register of Political Parties with the competent authority, in accordance with law;
- "coalition" is a form of association of political entities for joint participation in elections, which regulate their mutual relations in compliance with the regulations in the field of electoral legislation;
- "citizens' group" is a form of association of voters for joint participation in elections, who regulate their mutual relations, including the appointment of a responsible person in compliance with the regulations in the field of electoral legislation;
- "election campaign" is the body of activities of political entities that begin on the day of calling the elections and end on the day of the rendering general report on the election results, for the purpose of public presentation of election participants and their election platforms and inviting voters to vote for them, and/or not to vote for other participants in the elections, and which include: work with electorate and membership; organizing and holding meetings; promotion, production and distribution of advertising material, brochures, leaflets and publications; political advertising; public opinion polls, media, marketing, PR and consulting services; conducting trainings for party activities, as well as other similar activities; other activities whose costs are unequivocally related to the election campaign;
- "regular work" is the political activity of a political entity other than election campaign;
- "election bond" is the guarantee of a political entity participating in elections to return the amount of funds received from public sources for financing of political campaigns if it fails to win 1% of valid votes, and/or in case of political entity representing national minority interests if it fails to win 0.2% of valid votes;
- "value of contribution" is the aggregate value of all contributions (membership dues, donations) that one natural or legal person gives to a political entity at annual level;

- "average monthly salary" is the average monthly salary in the Republic of Serbia, without tax and dues, pursuant to data of the authority with competence for statistical affairs for the preceding year.

II. SOURCES AND MANNER OF FINANCING

Sources of financing of political entities

Article 3

Political entities are financed from public and private sources.

Political entities may borrow exclusively from banks and other financial organization in the Republic of Serbia, supervised by the National Bank of Serbia (hereinafter: credits and loans).

The maximum ceiling for credits and loans that a political entity may take from banks and other financial organizations, on an annual basis, shall be up to 25% of funds provided from public sources for the financing of the regular work or for covering election campaign expenditure of political entities, depending on whether a political entity borrow funds to finance its regular work or to cover election campaign expenditure, with a repayment period of up to three years.

Political entities use funds from sources specified in paragraph 1 and 2 of this article for financing of regular work and election campaign expenditure.

Public Sources

Article 4

Public sources for financing of political activity comprise pecuniary funds, and services and goods granted by the Republic of Serbia, autonomous province and local self-government, their organs as well as organizations founded by them.

Pecuniary funds from public sources

Article 5

Pecuniary funds from public sources are funds from the budget of the Republic of Serbia, autonomous province budget and local self-government budget, allocated for financing of political activity.

Services and goods from public sources

Article 6

Services and goods from public sources are services and goods defined under separate regulations, given to political entities by organs of the Republic of Serbia, autonomous province and local self-government units, as well as by other organizations founded by them.

It is obligatory to grant services and goods referred in paragraph 1 of this article to all political entities under equal terms.

Organs of the Republic of Serbia, autonomous province and local self-government units, as well as other organizations founded by them shall more specifically regulate granting of services and goods referred in paragraph 1 of this article.

Private sources

Article 7

Private sources of financing political activities comprise membership dues, donations, inheritance, legacy and income from property.

Membership dues

Article 8

Membership dues are the pecuniary amount paid regularly by a member of a political party in the manner and under conditions set forth by the statute or other general act of the political party, where the maximum amount of membership dues shall not exceed 3,000 RSD on annual level.

A member of a political party is required to effect payment of membership dues only from his/her current account.

As an exception to paragraph 2 of this article membership dues not exceeding 1,000 RSD on annual level may be paid in cash or by postal / bank order. When membership dues are paid in cash, responsible person of a political party is required to issue a receipt for received dues. The receipt is signed by the member of the political party paying the membership dues and the responsible person of the political party.

The responsible person of a political party is required to pay membership dues received in cash into the account of the political party within seven days from the day of issuing of receipt.

Donation

Article 9

A donation is a pecuniary amount, other than membership dues, that a natural or legal person voluntarily give to a political entity, a gift, as well as services provided without compensation or under conditions deviating from market conditions.

A donation is also credit, loan and other services provided by a bank or other financial organizations in the Republic of Serbia given under conditions deviating from market conditions, as well as write-off of debt.

A donor engaged in commercial activity is required when giving a donation and not later than the following day to forward to the political entity a personal statement or attestation from the relevant authority that it has settled all obligations relative to public revenues, as well as a statement that it is not engaged in or has been engaged over the past two years in contracted activities of general interest. A legal person, as donor, is required to also submit data on its ownership structure. A donor is required to forward a statement that it has not exceeded the donation ceiling specified in article 10 paragraphs 1 and 2 hereof not later than three days from the date of giving of donation.

Legal and natural persons are required to effect payment of the pecuniary amount specified in paragraph 1 of this Article exclusively from their current accounts

A political entity is required to accept payment of pecuniary amount specified in paragraph 1 of this article only from the donor's current account.

A political entity is required to record the donation referred in paragraph 1 of this article.

Exerting any form of pressure, threat, discrimination or any other form of direct or indirect placement in disadvantageous position of a natural or legal person giving a donation to a political entity is prohibited.

Government authorities are required to prevent and punish any violence, violation of rights or threat to a natural or legal person for giving of a donation to a political entity.

Maximum value of donation

Article 10

Maximum value of donation at annual level that a natural person may give to political entities for regular work shall not exceed ten average monthly salaries.

Maximum value of donation at annual level that a legal person may give to political entities for regular work shall not exceed 30 average monthly salaries.

Donations exceeding at annual level one average monthly salary are published.

A political entity is required to publish each donation referred in paragraph 3 of this article on its website within eight days from the date the value of donation has exceeded the amount of one monthly average salary.

Acquisition and income from property of political party

Article 11

Assets of a political party comprise real property and movables.

Assets referred in paragraph 1 of this article serve only for political activity and other allowed activities of a political party, in accordance with law.

A political party acquires property through purchase, inheritance and legacy.

A political party that acquires real property with funds collected from public sources, may use such property exclusively for the implementation of its political activities.

Real property referred to in paragraph 4 of this Article may not be alienated by a political entity without compensation or at a price lower than the market price, according to the assessment of the competent tax authority.

Income from property is the income realized by a political party from sale of real property and movables, lease of real property in its ownership and interest on deposits with banks and other financial organizations in the Republic of Serbia.

Prohibition on financing

Article 12

It is prohibited to finance a political entity by foreign states; foreign natural or legal persons, except international political associations; anonymous donors, public institutions, public enterprises, companies and entrepreneurs engaged in services of general interest, institutions and companies with state capital share, other organizations discharging administrative authority and individuals who are prohibited by law to be members of political parties; trade unions, associations and other non-profit organizations, churches and religious communities; gaming

industry; importers, exporters and manufacturers of excise goods, legal entities and entrepreneurs with due, and unsettled, public revenue obligations, unless set forth otherwise by this Law.

Donations from international political associations may not be in money.

Financing of political entity by a natural or legal person engaged in activities of general interest pursuant to contract with organs of the Republic of Serbia, autonomous province and local self-government units and public services founded by them is prohibited throughout the validity of such contract and for a period of two years subsequent to termination of contractual relations.

Acquisition of shares or stock in a legal person by a political entity is prohibited.

Financing of a political entity by an endowment or foundation is prohibited.

Prohibited collection of funds

Article 13

Exerting any form of pressure on legal or natural persons in collecting donations for a political entity is prohibited.

Giving promises or inferring any privilege or personal benefit to donor of a political entity is prohibited.

Giving a donation to a political entity through a third party is prohibited.

Concealing identity of donor or amount of donation is prohibited.

Ban on acquisition of income from commercial activity

Article 14

A political entity may not realize income from promotional, and/or commercial activity.

Obligation to remit unlawfully acquired funds

Article 15

A political entity is required to return pecuniary funds acquired contrary to article 12 hereof to the entity from which it has received such funds within 15 days from the date of receiving them. If the payee of funds has ceased to exist, a political entity is required to transfer the paid amount to the Republic of Serbia budget within 15 days from the day of receiving of funds.

A political party is required to pay membership dues received contrary to article 8 paragraph 1 and 3 hereof in favor of the Republic of Serbia budget within 15 days of receiving membership dues.

A political entity is required to return to the donor a donation without forwarded documents of the donor stipulated in article 9 paragraph 3, pecuniary funds received contrary to article 9, paragraph 5 hereof, as well as a donation exceeding the amount set forth in article 10 hereof within 15 days from the date of receiving the donation.

If funds referred to in paragraph 3 of this article cannot be returned to the account of the payee, the funds are paid into the budget of the Republic of Serbia.

III. FINANCING OF REGULAR WORK OF POLITICAL ENTITIES

Funds from public sources

Article 16

Funds from public sources appropriated for financing of regular work of political entities whose candidates have been elected members of parliament, deputies and/or /councillors are set at the level of 0.105% of tax revenues of the budget of the Republic of Serbia, tax revenues of the budget of the autonomous province and/or tax revenues of the budget of the local self-government unit..

Allocation of funds from public sources

Article 17

Funds specified in article 16 hereof are allocated to political entities winning seats in representative bodies in proportion to the number of votes calculated according to the method defined in paragraph 2 of this article.

The number of votes of a political entity taken as basis for allocation of funds is calculated by multiplying the number of votes up to 3% of valid cast votes of all voters with a quotient of 1.5, and the number of votes over 3% of valid cast votes of all voters with a coefficient of 1.

Funds specified in article 16 hereof granted to a political entity participating in elections as a coalition are divided pursuant to coalition agreement.

The ministry with competence for financial affairs and/or the relevant autonomous province authority, and/or the local self-government authority, transfers the proportionate portion of funds referred to in paragraph 1 of this article to political entities every month, before the 10th of the month for the preceding month.

Account for financing regular work

Article 18

A political party may have several accounts but only with the same tax identification number, as well as a foreign currency account, through which it transacts all funds earmarked for financing regular work.

Coalition and/or citizens' group define accounts used for transaction of all funds earmarked for financing regular work by the agreement establishing such political entities.

Use of funds for financing regular work

Article 19

Funds for financing regular work of political entities are used for functioning and propagation of the idea of a political entity and presume work with the electorate and membership, costs of transportation and holding meetings, promotional costs, costs of advertising material and

publications, public opinion polls, training, international cooperation, salaries and emoluments for staff, costs of utilities services and expenses related to other similar activities.

Funds for financing regular work of political entities are also used for financing election campaign expenditure, in accordance with this Law.

A political entity is required to use funds received from public sources in the amount not less than 5% of aggregate funds received for regular work at annual level for professional upgrading and training, acquiring practical skills, international cooperation and work with the membership.

IV. FINANCING ELECTION CAMPAIGN EXPENDITURE

Funds from public sources

Article 20

Funds from public sources for covering election campaign expenditure are allocated in the year of regular elections in the amount of 0.07% of tax revenues of the budget of the Republic of Serbia, tax revenues of the budget of the autonomous province and/or of tax revenues of the budget of the local self-government unit, for the budget year.

In case of early elections the relevant authorities are required to provide funds specified in paragraph 1 of this article.

In case of temporary financing, the competent authorities shall be required to provide funds from public sources for covering election campaign expenditure in the amount of 0.07% of tax revenues of the budget of the Republic of Serbia, tax revenues of the budget of the autonomous province and/or tax revenues of the budget of the local self-government unit, from the previous fiscal year for which the budget was adopted.

Allocation of funds from public sources

Article 21

Funds specified in article 20 hereof in the amount of 40% are allocated in equal amounts to submitters of proclaimed election lists who at time of submission declared to use the funds from public sources to cover election campaign expenditure. These funds shall be paid within five days from the date of rendering decision proclaiming collective electoral list to the political entity that has given election bond within the deadline set forth under article 25 paragraph 3 hereof.

The remaining portion of funds specified in article 20 hereof (60%) is allocated to submitters of winning election lists *pro rata* to the number of won seats, within five days from the date of rendering general report on election results, regardless of whether the funds from public sources were used to cover election campaign expenditure.

In case of elections held according to majority system, the funds specified in article 20 hereof in the amount of 40% are allocated in equal amounts to nominators of candidates who declared at time of filing of candidacy to use funds from public sources to cover election campaign expenditure. These funds shall be paid to nominators of candidates within five days from the date of rendering decision proclaiming list of candidates, provided that they have given election bond within the deadline set forth under article 25 paragraph 3 hereof.

In case of holding elections referred in paragraph 3 of this article the remaining portion of funds specified in article 20 hereof (60%) is allocated to the nominator of the winning candidate within five days from the date of rendering general report on election results, regardless of whether the funds from public sources were used to cover election campaign expenditure.

In case of runoffs for elections specified in paragraph 3 of this article, the remaining portion of funds specified in article 20 hereof (70%) are allocated to nominators of candidates participating in the second round proportionately to the number of votes they won in the second round, within five days from the date of rendering report on the aggregate results of the second election round, regardless of whether the funds from public sources were used to cover election campaign expenditure.

If the submitters of election lists and/or nominators of candidates declaring to use funds from public sources for covering election campaign expenditure fail to give election bond within the deadline set forth under article 25 paragraph 3 hereof, the portion of funds allocated to such submitters of election lists and/or nominators of candidates is carried over to the remaining funds specified in paragraphs 2 and 4 of this article and is allocated to them in accordance with article 25, paragraph 4 hereof.

Funds for election campaign from public sources are allocated by the ministry with competence for financial affairs and/or the relevant authority of autonomous province or local self-government.

Financing election campaign from private sources, credits and loans

Article 22

A political entity may raise funds from private sources for election campaign expenditure.

Natural and legal persons may give donations in a single calendar year in which elections are held, in addition to donations for regular work, also for election campaign expenditure up to maximum stipulated amount at annual level specified in article 10, paragraphs 1 and 2 hereof, regardless of the number of election campaigns in a calendar year.

For financing election campaign expenditure a political entity may also use funds from credits and loans.

Election campaign expenditure

Article 23

Election campaign expenditure are costs related to all activities regarded election activities in terms of the fifth indent of article 2 hereof.

Political entities are prohibited from using, for the conduct of activities within the election campaign, funds from the budget of the Republic of Serbia, the budget of the autonomous province and the budget of the local self-government unit, which candidates in elections and on electoral lists have at their disposal as public officials, civil servants, officers in autonomous province and local self-government, or as directly elected persons, for the purposes of performing their official duties.

Political entities are prohibited from financing humanitarian activities for the conduct of activities within the election campaign.

Political entities are prohibited from using other public resources during the election campaign, except for public services and goods allocated in accordance with article 6, paragraph 2 hereof, including official premises, vehicles, websites and office furniture, equipment and supplies of state, provincial and local authorities, public institutions and public enterprises, excluding public officials who use public resources for the protection of personal safety, if such use of public resources is stipulated by regulations in this area or by a decision of the services that take care of the safety of officials.

A political entity may use the premises and services of bodies and organizations referred to in article 6, paragraph 1 hereof for the election campaign, if those premises and services are available under equal conditions to all political entities, based on publicly available decisions of those bodies and organizations, and provided that those bodies and organizations can ensure the use of premises and services during the election campaign to every political entity that has timely expressed interest in their use.

Funds raised from public and private sources, credits and loans for financing election campaign expenditure may be used only for activities specified in paragraph 1 of this article.

Rules and regulations governing action of media during election campaigns shall apply to each time slot purchase in the media.

Political entities which distribute advertising material/brochures/leaflets/publications are required to imprint on such material precise data on the name of the entity that provides services of advertising material/brochures/leaflets/publications production.

The advertisement and any other type of advertising material used in the election campaign must contain the identification of the political entity participating in the election campaign.

Separate account for election campaign financing

Article 24

For the purpose of raising funds for election campaign financing a political entity shall open a separate account that may not be used for other purposes.

A political entity not having the account specified in paragraph 1 of this article is required to open such account after calling of elections and before proclamation of election list.

All funds intended for financing of election campaign are paid into the account specified in paragraph 1 of this article and all payments of election campaign expenditure are made from that account.

A political entity may use funds raised for regular work for election campaign financing with the proviso that such funds are paid into the account specified in paragraph 1 of this article.

Opening of the account referred to in paragraphs 1 and 2 of this article for a coalition and/or group of citizens is regulated by the agreement on establishing such political entities.

Election bond

Article 25

A political entity declaring intention to use funds from public sources to cover election campaign expenditure is required to give election bond in the amount of funds specified in article 21 paragraphs 1 and 3 hereof, allocated to such political entity.

Election bond referred to in paragraph 1 of this article comprises of depositing cash, bank guarantee, government bonds or placing a mortgage covering the amount of bond on real property of the persons giving the bond.

The election bond specified in paragraph 2 of this article is given to the ministry with competence for finance affairs and /or relevant authority of autonomous province or local self-government, within three days from the date of proclaiming all election lists and/or establishment of final list of candidates.

A political entity that has declared intention to use funds from public sources to cover election campaign expenditure but fails to give election bond within three days from the date of proclaiming all election lists and/or establishment of final list of candidates, shall be entitled to funds from public sources to cover election campaign expenditure, in the same amount as allocated to the political entity that has given election bond, if it wins at least 1% of valid votes, or at least 0.2% of valid votes if such political entity is representing interests of a national minority, within five days from the day of rendering general report on election results.

Return of funds

Article 26

The election bond is returned to the political entity if winning at elections a minimum of 1% of valid ballots and/or minimum 0.2% of valid ballots if the political entity is representing interests of a national minority, within 30 days from the date of rendering general report on election results.

A political entity failing to win the number of votes specified in paragraph 1 of this article is required to return received funds for which he gave an election bond within 30 days from the date of rendering general report on election results.

If a political entity fails to return received funds for which it gave an election bond within the deadline set forth under paragraph 2 of this article, the Republic of Serbia, autonomous province or local self-government shall collect such funds from the election bond.

V. KEEPING RECORDS AND REPORTING

Duty to keep books and records

Article 27

A political entity with representatives in representative bodies and registered political parties are required to keep bookkeeping records of all revenues and expenditures.

Bookkeeping is done by origin, amount and structure of revenues and expenditures, in accordance with regulations governing accounting and audit.

Bookkeeping records of revenues and expenditures of political entities referred to in paragraph 1 of this article are subject to annual control of relevant authorities.

A political entity with representatives in representative bodies and registered political parties are required to keep separate records of donations, gifts and services extended without compensation, and/or under conditions deviating from market conditions and records of property.

The content and manner of keeping records specified in paragraphs 4 of this article shall be specified by the director of the Anti-Corruption Agency (hereinafter “the Agency”).

Annual report on the financing of the political entity

Article 28

A political entity with representatives in representative bodies and registered political parties are required to submit to the Agency an annual report on the financing of the political entity, which shall include information on donations and assets, together with the previously obtained opinion of an auditor certified in accordance with accounting and audit regulations not later than 30 April of the current year for the preceding year.

Registered political parties and citizens' groups which in the year for which they submit the annual report on the financing have inflows or outflows on their accounts in the amount not exceeding one average monthly salary are exempted from the obligation to submit opinion referred to in paragraph 1 of this Article.

The annual report on the financing of the political entity shall include information on origin, amount and structure of all raised and spent funds from public and private sources, credits and loans.

Political entities referred to in paragraph 1 of this article are required to publish annual reports on the financing of the political entity on their websites within eight days of their submission to the Agency.

Annual reports on the financing of the political entity shall be published on the website of the Agency within seven days from receiving such report duly submitted in the prescribed form.

The director of the Agency shall specify the content and the manner of submission of the annual report on the financing of the political entity.

Report on election campaign expenditure

Article 29

A political entity participating in the election campaign is required to submit to the Agency a preliminary report on election campaign expenditure five days before the day set for the voting, as well as a final report on election campaign expenditure, which shall be submitted within 30 days from the date of publication of aggregate report on election results.

The reports referred to in paragraph 1 of this Article include information on origin, amount and structure of raised and spent funds from public and private sources, credits and loans.

The preliminary report on the election campaign expenditure is compiled for the period from the date of calling of elections until 15 days before the day set for the voting.

The final report on the election campaign expenditure is compiled for the period from the date of calling of elections until the date of publishing aggregate report on election results.

The preliminary reports on the election campaign expenditure shall be published on the website of the Agency within three days from the date of receipt of the report duly given in the prescribed form, and the final report on the election campaign expenditure shall be published on the website of the Agency within seven days from the date of receipt of the report duly given in the prescribed form.

The content and manner of submission of the reports referred to in paragraph 1 of this article shall be specified by the director of the Agency.

Director of the Agency is required to adopt the act referred to in paragraph 6 of this article within the time limit which ensures the act to come into force no later than five days after the day of calling the elections.

The act specified in paragraph 6 of this article may not be amended during the election campaign.

Return of funds from public sources

Article 30

A political entity is required to return all funds from public sources not used in the election campaign into the budget of the Republic of Serbia, autonomous province and/or local self-government by the date set forth by the law for the submission of report.

A political entity is required to transfer all funds from private sources not used in the election campaign to the account used for regular work, by the date set forth by the law for the submission of report.

Responsible person of the Political Entity

Article 31

Political party's statute and/or appropriate decision of a political entity must define the manner of conducting internal control of financial affairs and the right of members and/or voters supporting the election list to be informed of revenues and expenditures of a political entity.

A political party's statute or an appropriate decision of a political party, must provide for appointment of the person responsible for financial affairs, reporting, compliance with the obligations, prohibitions and restrictions prescribed by this Law, keeping of books and contacts with the Agency (hereinafter "responsible person").

If a political party has not notified the Agency of the appointment or change of person specified in paragraph 2 of this article, within three days of his/her appointment, or change, the legal representative entered in the register of political parties maintained by the Ministry in charge of public administration shall be the person responsible for financial affairs, reporting, compliance with the obligations, prohibitions and restrictions prescribed by this Law, keeping of books and contacts with the Agency.

A contract establishing a coalition shall determine the political party and the person responsible for financial affairs, reporting, compliance with the obligations, prohibitions and restrictions prescribed by this Law, keeping of books and contacts with the Agency.

A contract establishing a citizens' group must determine the person responsible for representing citizens' group, i.e. the responsible person specified in paragraph 2 of this article, and the rules on liability of a natural persons in terms of the law on misdemeanours shall apply to such person.

Coalitions and citizens' groups are required to notify the Agency of the appointment or change of responsible person within three days of his/her appointment or change.

The responsible person signs all financial reports and is responsible for keeping of records regarding financing of the political entity.

At the request from the Agency the responsible person is required to forward bookkeeping data specified in article 27 of this Law for inspection also during the fiscal year.

A political entity shall keep reports specified in articles 28 and 29 of this Law for a minimum of six years from the date of their submission to the Agency.

Powers of the Agency and financing control

Article 32

Within the purview defined under this Law, the Agency has the right of direct and free access to bookkeeping records and documentation and financial reports of a political entity and to engage relevant experts and institutions. The Agency is also entitled to direct and free access to bookkeeping records and documents of an endowment or foundation founded by a political party.

A political entity is required, upon the request of and within the time frame set by the Agency, which may not exceed 15 days, to submit all documents and information required by the Agency to carry out tasks from its purview set forth under this Law.

In the course of election campaign, a political entity is required upon the request of and within the time frame set by the Agency, which may not exceed three days, to submit information required by the Agency to carry out tasks from its purview set forth under this Law.

Organs of the Republic of Serbia, autonomous province and local government, banks, as well as natural and legal persons which finance political entities, and/or perform on their behalf particular services, are required to forward to the Agency at its request and within the deadline which may not be longer than fifteen days from the date of receiving such request, and which in the course of the election campaign may not be longer than three days, all data required by the Agency to discharge duties from its purview set forth under this Law.

The obligation to provide information specified in paragraph 4 of this article supersedes any other restriction or limitation that may appear in any other regulation.

Article 33

The control of political entities' reports referred to in articles 28 and 29 hereof shall be performed by the Agency according to the plan of controls adopted by the Agency."

The plan of controls of annual reports on the financing of the political entities shall be published on the Agency's website by 15 March of the current year, and the plan of controls of reports on election campaign expenditure shall be published on the Agency's website five days after the date of calling the elections.

The plan of controls may be amended and an amended plan of controls shall be published on the Agency's website within three days from the date of amendments.

The Agency prepares a report on the results of the control of the annual report on the financing of the political entity, which shall be published on the Agency's website by 1 February of the following year.

The Agency prepares a report on the results of the control of the final reports on election campaign expenditure, which also includes the control of preliminary report of the political

entity, which shall be published on the Agency's website no later than 120 days from the deadline for submitting the final report on election campaign expenditure

Provision of funds required for performing control

Article 34

Funds for performing control of election campaign expenditure for the election of president of the Republic, election of members of parliament, deputies and councillors are provided to the Agency from the Republic of Serbia budget.

For the purposes referred to in para 1 of this article, the funds are allocated in the budget of the Republic of Serbia in the amount not less than 1% for elections for the president of the Republic and members of parliament, 0.5% for elections for deputies and councillors for city assemblies, and/or 0.25% for elections for councillors for municipal assemblies, out of the aggregate amount of funds allocated in the Republic of Serbia budget for election campaign for the election of members of parliament.

In case there are more than one election in the same calendar year, the percentage specified in paragraph 2 shall apply to every election.

Audit by the State Audit Institution

Article 35

The audit program of the State Audit Institution shall each year include an appropriate number of political entities that have representatives in the National Assembly.

In determining the political entities to be covered by the audit program, the State Audit Institution takes into account the amount of funds received by the political entity from public sources and the frequency of previous audits.

The Agency may, after the control of the financial reports of a political entity, forward a request to the State Audit Institution to audit these reports, in accordance with the law governing competencies of the State Audit Institution

Article 36

The annual tax control plan, adopted in accordance with the law governing the tax procedure and tax administration, shall include the control of donors of funds, and/or goods and services to political entities.

Donors of funds, and/or goods and services referred to in paragraph 1 of this article shall be selected on the basis of the report of the Agency

VI. ACTIONS AND DECISION TAKING IN CASE OF VIOLATION OF LAW

Procedure

Article 37

Proceedings to establish violation of this Law and to pronounce measures in accordance with this Law are launched and conducted by the Agency *ex officio* on the basis of a complaint lodged by a natural or legal person.

Proceedings to establish violation of this Law in the election campaign may be initiated *ex officio*, on the basis of a complaint lodged by a person/entity referred to in paragraph 1 of this article, as well on the basis of a complaint lodged by a political party, coalition of political parties or citizens' group that is a submitter of a proclaimed electoral list and/or a nominator of election candidate.

The Agency shall notify about the initiation of proceedings specified in paragraph 1 of this article the political entity against which the proceedings were initiated, and shall notify about the initiation of proceedings specified in paragraph 2 of this article the political entity against which the proceedings were initiated within 24 hours of receiving the complaint.

The Agency may summon the responsible person and/or the person on whose complaint the proceedings were initiated to obtain information, as well as request submission of data necessary to decide on whether this Law has been violated.

Upon a complaint related to the violation of this Law in the election campaign, the Agency shall, within five days from the day of receipt of confirmation that the political entity has been notified of the complaint referred to in paragraph 2 of this article and, if data referred to in article 32 paragraph 3 and 4 of this Law were requested, after the deadline for their submission has expired, issue a decision establishing whether there has been a violation of this Law in the election campaign.

The Agency shall publish the decision referred to in paragraph 5 of this article on its website within 24 hours of its adoption.

Analogous application of other regulations

Article 38

Provisions of the law governing general administrative procedure shall accordingly apply to proceedings referred in article 37 hereof if not regulated by this Law.

Measure

Article 39

The Agency issues a warning measure to a political entity in case it identifies during control deficiencies that may be remedied.

If the political entity fails to act upon the warning measure before the deadline specified in the Agency's decision expires, the Agency shall initiate misdemeanor proceedings.

VII. PENAL PROVISIONS

Criminal offence

Article 40

Whoever gives, and/or provides for and on behalf of the political entity, funds for financing of the political entity contrary to the provisions of this Law with intent to conceal the source of financing or amount of collected funds of the political entity, shall be punished with imprisonment from three months to three years.

If the offence referred to in para 1 involved giving or receiving funds in the amount greater than one million and five hundred thousand dinars, the offender shall be punished with imprisonment from six months to five years.

Whoever commits violence or threatens to commit violence, places in disadvantageous position or denies a right or statutory interest to a natural or legal person because such person gave donation to a political entity, shall be punished by imprisonment of three months to three years.

Funds referred in paragraphs 1 and 2 of this article shall be confiscated.

Misdemeanors of a political entity

Article 41

A political party shall be fined from 100,000 to 1,000,000 RSD for a misdemeanour if it:

- 1) fails to publish donations in accordance with article 10 paragraphs 3 and 4 hereof;
- 2) opens multiple accounts contrary to article 18 hereof;
- 3) fails to publish on its website the annual report on the financing of the political entity within the time frame set forth in article 28, paragraph 4 hereof;
- 4) fails to appoint a responsible person, report a change of a responsible person or notify the agency thereof, in accordance with article 31 hereof;

The responsible person of a political party or other political entity shall also be fined from 20,000 to 100,000 RSD for offences specified in paragraph 1 of this article.

Article 42

A political party shall be fined from 200,000 to 2,000,000 RSD for a misdemeanour if it:

- 1) Acts contrary to the provisions of article 3, paragraph 2 and 3 hereof;
- 2) receives funds contrary to article 8 paragraph 3 hereof;
- 3) acts contrary to article 11 hereof;
- 4) acquires non-monetary assets contrary to article 12, paragraph 1 and 3 hereof;
- 5) acts contrary to prohibition specified in article 12 paragraph 4 hereof;

- 6) acts contrary to prohibition specified in article 13 hereof;
- 7) acquires income contrary to article 14 hereof;
- 8) fails to return funds in accordance with article 15 hereof;
- 9) uses funds contrary to articles 19 and 23, and article 24 paragraphs 3 and 4 hereof;
- 10) acts contrary to the provisions of article 23 paragraph 8 and 9 hereof;
- 11) fails to open a separate account for financing of election campaigns pursuant to article 24 hereof;
- 12) fails to keep records pursuant to article 27 hereof;
- 13) fails to comply with article 28 paragraph 1 hereof;
- 14) fails to submit preliminary report on election campaign expenditure pursuant to article 29 hereof;
- 15) fails to submit final report on election campaign expenditure pursuant to article 29 hereof;
- 16) acts contrary to article 30 hereof;
- 17) fails to provide access to the Agency pursuant to article 32 paragraph 1 hereof;
- 18) fails to submit to the Agency documents, information and data pursuant to article 32 paragraph 2 and 3 hereof;
- 19) fails to act in accordance to the pronounced warning measure (article 37 paragraph 2).

The responsible person of a political party or other political entity shall also be fined from 50,000 to 150,000 RSD for offences specified in paragraph 1 of this article.

Funds obtained through commission of misdemeanours specified in paragraph 1 items 2) through 9), and 16) of this article shall be confiscated.

Other misdemeanors

Article 43

A legal person shall be fined with 200,000 to 2,000,000 RSD if it:

- 1) gives a donation to a political entity contrary to Art. 9 and 10, and Article 12, paragraph 1, 3 and 5, and Article 22, paragraph 2 hereof;
- 2) fails to ensure access to the Agency in accordance with article 32 paragraph 1 hereof;
- 2) fails to submit data to the Agency pursuant to article 32 paragraph 4 hereof.

The responsible person of a legal person shall also be fined with 50,000 to 150,000 RSD for misdemeanor specified in paragraph 1 of this article.

An entrepreneur shall be fined with 100,000 to 500,000 RSD for misdemeanor specified in paragraph 1 of this article.

A natural person shall be fined with 50,000 to 150,000 RSD for misdemeanor specified in paragraph 1 of this article.

Funds obtained through commission of misdemeanor specified in paragraph 1 item 1) of this article shall be confiscated.

Statute of limitations on launching misdemeanor proceedings

Article 44

Proceedings for misdemeanors specified in Art. 41, 42 and 43 hereof cannot be instituted after expiry of five years from the date of commission of misdemeanor.

Loss of right to funds from public sources

Article 45

In case of conviction for a criminal offence specified in article 40 hereof or if a political party or responsible person of a political entity is fined for misdemeanor specified in Art. 41 and 42 hereof, the political entity shall lose the right to funds from public sources allocated for financing of the political entity in the amount set forth pursuant to paragraphs 2 through 4 of this article.

The amount of funds referred in paragraph 1 of this article may not be less than the amount of funds acquired through commission of a criminal offence or misdemeanor, up to a maximum of 100% of the amount of funds from public sources allocated for financing of regular work of the political entity for the coming calendar year.

If the amount of funds acquired through commission of a criminal offence and/or misdemeanor is less than 10% of the funds from public sources earmarked for financing of regular work of the political entity for the coming calendar year, the amount of funds specified in paragraph 1 of this article may not be less than 10% of the funds from public sources allocated for financing of regular work of the political entity for the coming calendar year.

The amount of funds referred in paragraph 1 of this article is determined pro rata to pronounced punishment for criminal offence or misdemeanor, pursuant to rules set forth in paragraphs 2 and 3 of this article.

The decision on loss of rights to public funds allocated for financing of regular work of a political entity for the following calendar year wherein the amount thereof is also defined, is issued by the Agency and may be appealed through administrative dispute.

The Agency shall publish decisions referred to in paragraph 5 of this Article on its website.

Article 46

Political parties are required to conclude, within one year from the date of entry into force of this Law, an agreement on the alienation of ownership over shares or stocks acquired before the entry into force of the Law on Financing Political Activities, submit a request to the competent registry for registration of change in ownership over shares or stocks, and within 15 days notify the Agency of all actions taken.

Article 47

Political parties that fail to conclude an agreement on the alienation of ownership over shares or stocks, or fail to submit a request to the competent registry for registration of change in ownership over shares or stocks within the time limit set forth in article 46 of this Law, shall lose the right to funds from public sources for the financing of their regular work.

By concluding the agreement referred to in article 46 of this Law and submitting a request to the competent registry for registration of change in ownership over shares or stocks, political parties shall regain the right to funds from public sources for the financing of their regular work.

The decision on the loss of the right to receive funds from public sources referred to in paragraph 1 of this article issued by the Agency shall be final and an administrative dispute may be initiated against it.

Suspension of transfer of funds from public sources

Article 48

At the request of the Agency and following launching of criminal proceedings for the offence referred in article 40 hereof or misdemeanor proceedings for a misdemeanor referred in article 41 and 42 hereof, the ministry with competence for financial affairs and/or the competent authority of autonomous province and/or local self-government, issues a decision for temporary suspension of transfer of funds from public sources to the political entity until issuing of final decision in criminal, and/or misdemeanor proceedings.

The decision of the competent administrative authority of autonomous province, and/or local self-government referred in paragraph 1 of this article may be appealed with the relevant authority of the autonomous province and/or local self-government.

Administrative dispute may be instituted against the decision of the ministry referred in paragraph 1 of this article and/or the decision of the competent authority of autonomous province and/or local self-government.

The administrative court is required to decide within 30 days from the date of filing of complaint in administrative dispute referred in paragraph 3 of this article.

VIII. TRANSITIONAL AND FINAL PROVISIONS

Article 49

Controls of the work of political parties commenced prior to coming into force of this Law shall be concluded pursuant to provisions of the Law on Financing of Political Activities ("Official Gazette of RS", nos. 43/11, 123/14 and 88/19).

Article 50

With the coming into force of this Law, the Law on Financing of Political Activities ("Official Gazette of RS", nos. 43/11, 123/14 and 88/19) shall cease to apply.

Article 51

This Law shall come into force on the day following the day of its publication in the "Official Gazette of the Republic of Serbia".