

I. GENERAL PROVISIONS

Article 1

This Law shall regulate the manner and the procedure for providing funds, the management of the funds for the ongoing operation and the activities of the political party, as well as the manner of controlling the financing and the financial and material operation of the political parties.

Article 2

The terms used in this Law shall have the following meaning:

- financing of a political party shall refer to the activities of the political party related to the provision of funds for its activity and operation and non-financial donations, such as equipment donations, donations in a form of professional services, and other types of non-monetary donations,
- financial activities of a political party shall refer to all financial transactions made from the account and the property of the party, and
- sources of financing of a political party shall refer to all funds and incomes that the political party provides for its operation, under the conditions stipulated by law.

Article 3

The political parties shall be non-profit organizations.

The political parties may acquire funds for its operation and activity under the conditions and in the manner defined by this Law.

Article 4

The financing of the political parties shall be public and transparent.

The financing of the political parties shall be performed transparently, the citizens and the competent body for control of the financial and material operation having a full insight thereof.

The sources of financing of the political parties, as well as their expenditures, shall be public and transparent and shall be subject to control conducted by the state bodies responsible for financial and material operation.

Article 5

Any citizen or member of the political party shall be entitled to equal access to the insight into the financing of the political party.

Any citizen or member of the political party shall be entitled to prevent or report a procedure that constitutes an abuse or infringement of this Law.

II. PROPERTY AND SOURCES OF FINANCING OF THE POLITICAL PARTIES

Article 6

The political parties shall have the right of ownership of business premises land, equipment, stationery, means of transportation, and other movable property necessary for fulfilling the aims and carrying out the activities set out by the statute of the party and by law. **2**

Article 7

The political parties shall be financed by public and private sources of financing.

1. Public sources of financing of political parties

Article 8

The public sources of financing of the political parties shall be the funds foreseen in the Budget of the Republic of Macedonia.

Article 9

The total funds for annual financing of the political parties shall amount 0,15% out of the total source incomes of the Budget of the Republic of Macedonia.

The funds referred to in paragraph 1 of this Article shall be planned in their determined amount in the Budget of the Ministry of Justice for every fiscal year.

The political parties may use the funds referred to in paragraph 1 of this Article solely for achieving their aims defined by law, statute and other acts of the party.

Article 10

The funds for financing the political parties, in the amount of 30% provided from the Budget of the Republic of Macedonia, shall be allocated equally to all political parties that have won at least 1% of the total votes of the turnout at the last elections for representatives in the Assembly of the Republic of Macedonia, at national level, or at the last local elections in the local self-government unit.

The funds for financing the political parties, in the amount of 70% provided from the Budget of the Republic of Macedonia, shall be allocated to political parties whose candidates are elected as representatives in the Assembly of the Republic of Macedonia at the last elections for representatives, proportionally to the number of elected representatives, and to political parties whose candidates are elected as counselors at the last local elections, proportionally to the number of counselors elected.

The funds referred to in paragraphs 1 and 2 of this Article shall be allocated to the political parties based on a decision of the Minister of Justice.

The State Election Commission shall submit to the Ministry of Justice a list of the political parties that have won at least 1% of the total votes of the turnout at the last elections for representatives in the

Assembly of the Republic of Macedonia, at national level, or at the last local elections in every municipality and in the City of Skopje, at municipal level, i.e. at the level of the City of Skopje.

The State Election Commission shall submit to the Ministry of Justice a list per political party of the number of elected representatives in the Assembly of the Republic of Macedonia throughout the Republic and the number of elected counselors at the last local elections throughout the Republic.

Article 10-a

In addition to the funds referred to in Article 9 of this Law, funds in amount of Euro 280.000 in Denar counter value shall be provided in the Budget of the Republic of Macedonia for annual financing of the party research and analytical centers established by law as part of the internal organization of the political party.

The funds referred to in paragraph 1 of this Article shall be planned in the budget of the Ministry of Justice for every fiscal year.

The funds referred to in paragraph 1 of this Article shall be distributed in accordance with the law.

Article 11

If the representative of the Assembly is elected as candidate of two or more political parties, the funds shall be divided into equal parts between them, unless otherwise contractually agreed by the political parties.

Article 12

If the mayor, i.e. the counselor is elected as candidate of two or more political parties, the funds shall be divided into equal parts between them, unless otherwise agreed by a pre-election agreement by the parties.

2. Private sources of financing of political parties

Article 13

Private sources of financing of the political parties shall be:
- membership fee,
- loan,
- donations, gifts, contributions, grants, sponsorships (hereinafter: donations),
- legates,
- sale of promotional and advertising material, and
- own incomes in accordance with this Law.

Article 14

Membership fee, in terms of this Law, shall be considered the regular amount of funds that the member of the political party pays annually in accordance with the acts of the party.

The amount of the membership fee, for a period of one year, for each member individually, must not be higher than the average net salary paid in the Republic in the previous year, published by the State Statistical Office.

Article 15

The political parties may receive donations in the form of money, tangible assets or services.

The political parties may receive non-monetary donations if they, in accordance with their statute, may be used for their activities.

The provision of free of charge services for a political party, as well as the provision of services for political parties paid by a third party, in terms of this Law, shall be considered donation. The service provider shall be obliged to notify the political party of the value of the provided service.

In terms of this Law, the sale of goods and the provision of services to political parties for prices lower than the market prices shall be considered donation. The seller of goods, i.e. the service provider shall be obliged to notify the political party of the market value of the sold goods, i.e. provided service, and shall deliver invoice thereof. The difference between the market value and the invoice price shall be considered donation.

The conditions and limitations referred to in this Law shall apply to all types of donations (monetary assets, equipment and services).

If the donation is received by the entities listed in Article 20 of this Law, the political parties shall be obliged, within ten days as of the day of receipt of the donation, to notify the donor that the donation is not accepted and to return it within 30 days.

Article 16

The total amount of the individual donation must not exceed the amount of 60 average salaries regarding legal entities and 30 average net salaries regarding natural persons in the Republic, paid in the previous month and published by the State Statistical Office. This amount must not be aggregated more than once in a year.

If the amount of the donation exceeds the amount determined in paragraph 1 of this Article, the political party must not use it and shall be obliged to immediately, and at latest within 15 days as of the day of receipt of the donation, return the difference between the allowed and the donated value to the donor.

If the origin of the donation cannot be confirmed, the political party shall be obliged to immediately, and within 15 days as of the day of receipt of the donation at latest, to transfer the donated amount to the Budget of the Republic of Macedonia.

Article 17

The political parties shall keep a register of donations.

The register referred to in paragraph 1 of this Article shall contain the following data:

- the name, i.e. name of each donor individually,
- the type and value of the donation, and
- the date of receipt of the donation.

The register referred to in paragraph 1 of this Article shall also contain data about the paid donations by entities that are directly or indirectly related to the political party or are under its control.

The register of donations shall be kept in the form prescribed by the Minister of Finance by a rulebook. The rulebook shall determine the form, contents and manner of keeping the register of donations. The rulebook shall be adopted within a period of six months as of the day of entry into force of this Law.

The political parties shall be obliged to publish the register of donations on their website every six months for the past six-month period within a period of 15 days as of the day of expiry of the six-month period or to make it available to the public in any other manner.

Article 18

The political parties may acquire the funds envisaged in Article 6 of this Law only by a legate.

If the political party is given assets not defined in Article 6 of this Law, they shall be sold at court auction and the monetary value achieved at the auction shall be transferred to the gyro-account of the political party.

The limitations of the amount of the donations referred to in Article 16 of this Law shall also apply to the amount of the legate.

Article 19

The political parties cannot carry out an economic activity.

The political parties cannot acquire other types of incomes, except the following:

- interest on a bank deposit,
- rent, i.e. lease of movable and immovable property of the party,
- incomes from sale of printed, audio and visual and digital publications and advertising materials and other publications where the name or any of the symbols of the political party are affixed, as well as incomes from copyrights, and
- incomes from tickets sale for attending events organized for party purposes, where the name or any of the symbols of the political party must be affixed to the tickets.

The political parties shall use the incomes referred to in paragraph 2 of this Article solely for carrying out the activities in accordance with the law and the acts of the party.

The political parties must not use the incomes referred to in paragraph 2 of this Article for making profit.

Article 20

The political parties cannot be financed by:

- governments, international institutions, bodies and organizations of foreign states and other foreign entities,
- state and local bodies with funds other than the ones envisaged in the Budget of the Republic of Macedonia, except the funds envisaged in this Law and the laws on elections,
- public institutions, public enterprises, public funds or other legal entities that manage state capital,
- public enterprises, public institutions and public funds established by the municipalities,
- enterprises that have at least 20% participation of state-owned capital, public institutions and institutions including those that have initiated the process of privatization,
- private enterprises that, at the moment of giving the contribution to the political party, render public services to state bodies or public institutions, enterprises and funds based on an agreement,
- citizens' associations (non-governmental organizations), religious communities or religious groups,
- funds of enterprises with mixed capital where a dominant owner is a foreign investor, and
- anonymous or unidentified sources.

If the political parties do not act in accordance with Article 15 paragraph 6 of this Law regarding the funds received by the entities referred to in paragraph 1 of this Article, then these funds shall be transferred from the gyro account of the political parties to the Budget of the Republic of Macedonia and shall be used for financing of humanitarian activities.

The political parties, which acquire and unlawfully use funds from the sources referred to in paragraph 1 of this Article, as well as the funds that they do not record in the register of donations, shall lose the right to financing from the Budget of the Republic of Macedonia for the following year.

Article 21

The political parties must not have funds in foreign banks or other financial institutions outside the Republic of Macedonia.

Article 22

Any kind of pressure to legal entities and natural persons for the purpose of raising funds for the political party shall be forbidden.

Promising privileges and personal benefit or benefit to a legal entity of any kind to the donor of the political party shall be forbidden.

Any person that finds out about issues referred to in paragraphs 1 and 2 of this Article shall be obliged to notify the State Commission for Prevention of Corruption which shall proceed with the procedure by submitting a motion to the competent bodies, provided it assesses that there is a criminal or misdemeanor liability.

III. CONTROL OF THE FINANCING OF POLITICAL PARTIES

Article 23

The political parties shall be obliged to keep accounting of the financial and material operation of the party.

The incomes and expenditures of the political party shall be public.

The political parties shall keep the accounting in accordance with the provisions of the Law on Accounting of Non-profit Organizations.

Article 24

The manner of conducting the internal control over the financing of the political party shall be regulated by the statute or another act of the political parties.

The political party shall be obliged, by the statute or another act, to lay down the right to acquaint each member of the party with the incomes and expenditures of the party.

The political party shall be obliged, by the statute or another act, to determine a body responsible for the financial operation of the party.

The person and the manner of appointing, i.e. determining the body responsible for the financial operation of the party shall be defined by the statute of the political party.

Article 25

The political party shall prepare a report of the received donations.

The report of the received donations shall contain the data from the register of donations.

The political party shall submit the report referred to in paragraph 2 of this Article to the State Audit Office by 31 March for the previous year at the latest together with the annual financial statement referred to in Article 27 of this Law.

The political party shall submit the report referred to in paragraph 2 of this Article to the Public Revenue Office by 31 March for the previous year at the latest.

The State Audit Office and the Public Revenue Office shall be obliged to publish the received reports on their websites.

Article 26

The supervision over the financial and material operation of the political parties shall be conducted by the State Audit Office in accordance with the law and shall be conducted every calendar year for the previous year.

The political parties can have only one giro account.

If the political party finances itself by providing funds from a loan from commercial banks as well, in addition to the main giro account of the party, the political party may have another, special giro account for the funds provided from the loan.

The political party shall have the right to make transfers of funds among its accounts.

The party research and analytical center shall have a separate account.

In the cases of paragraphs 2, 3, 4 and 5 of this Article, the political parties shall be obliged to submit a financial statement for the material and financial operation of the party.

The political parties, in accordance with the legal regulations, shall submit the annual balance sheet for the financial operation to: the Public Revenue Office, the Central Register, and the State Audit Office, and shall be obliged to announce them on their websites.

Article 27

The political parties, by 31 March at the latest, shall prepare the annual financial statement for the previous year in accordance with the law. The statement shall contain the financial operation of the account, that is, the accounts of the political party.

The annual financial statement shall also contain data on:
- the total income including the data on the total amount of donations, gifts, contributions, grants, sponsorships, loan, money, material assets, equipment, services, own incomes, membership fee,

legates and other and
- the total expenditures.

The annual financial statement shall be submitted to the State Audit Office within the period determined in paragraph 1 of this Article.

If the State Audit Office establishes irregularities in the annual financial statement of the political party which are contrary to the provisions of this Law, it shall file a motion for initiation of a misdemeanor procedure or shall file a report to the competent public prosecutor in a period of 30 days as of the establishment of the irregularities.

The form, design, contents and manner of keeping the financial statement shall be prescribed by the Minister of Finance.

An integral part of the form referred to in paragraph 5 of this Article shall be the Instructions for the Manner of Filing in the Annual Financial Statement.

The Ministry of Finance shall at least once a year deliver trainings to the political parties concerning the material and financial operation and the manner of filing in the financial statement.

Article 27-a

The political party shall be obliged to publicly announce the annual financial statement on the website of the political party by 30 April in the current year for the previous year at the latest.

Article 27-b

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IV. MISDEMEANOR PROVISIONS

Article 27-b

Regardless of the misdemeanor liability, the payment of funds for regular annual financing from the Budget of the Republic of Macedonia shall be stopped (suspended) for a political party that fails to submit an annual report to the State Audit Office in the prescribed period in accordance with Article 27 of this Law, and if it acts contrary to Articles 16, 25 and 26 paragraph 3 of this Law.

The payment of the funds for regular annual financing from the Budget of the Republic of Macedonia shall also be stopped (suspended) for a political party that does not publish the data on the donations received during the year in accordance with Article 17 of this Law.

The stop (suspension) of the payment referred to in paragraph 1 of this Article shall last until the obligations referred to in Articles 16, 25, 26 paragraph 3 and 27 of this Law are duly fulfilled, and the stop of the payment referred to in paragraph 2 of this Article shall last until the obligations referred to in Article 17 of this Law are duly fulfilled.

The decision to stop (suspend) the payment of the funds for regular annual financing from the Budget of the Republic of Macedonia shall be adopted by the Minister of Justice on a proposal of the State Audit Office.

An administrative dispute may be initiated against the decision referred to in paragraph 4 of this Article, which is final.

The decision referred to in paragraph 5 of this Article shall be published in the "Official Gazette of the Republic of Macedonia".

Article 27-c

Regardless of the misdemeanor liability, the political party that fails to publish the annual financial report in accordance with Article 27-a of this Law in the prescribed period shall lose the right to regular annual financing from the Budget of the Republic of Macedonia in a period of three months.

A decision on the loss of the right of regular annual financing from the Budget of the Republic of Macedonia for a period of three months, in accordance with paragraph 1 of this Article, shall be adopted by the Minister of Justice on a proposal of the State Audit Office.

An administrative dispute may be initiated against the decision referred to in paragraph 2 of this Article, which is final.

The decision referred to in paragraph 3 of this Article shall be published in the "Official Gazette of the Republic of Macedonia".

Article 28

Fine in the amount of Euro 1.000 to 2.000 in Denar counter value shall be imposed on a natural person for a misdemeanor, while fine in the amount of Euro 5.000 to 10.000 in Denar counter value shall be imposed for a misdemeanor on a legal entity if they act contrary to the provisions referred to in Article 16 paragraph 1 of this Law.

Fine in five to ten times the amount of the difference between the allowed and donated value shall be imposed on a political party for a misdemeanor if it acts contrary to Article 16 paragraph 2 of this Law.

Fine in ten to twenty times the amount of the donated value shall be imposed for a misdemeanor on the political party if it acts contrary to Article 16 paragraph 3 of this Law.

Article 29

Fine in the amount of Euro 1.000 to 2.000 in Denar counter value shall be imposed on a political party if it fails to act in accordance with Article 17 paragraph 5 of this Law.

Fine in the amount of Euro 5.000 to 10.000 in Denar counter value shall be imposed for a misdemeanor on a political party that acts contrary to Articles 25, 26 paragraph 3, 27 and 27-a of this Law.

Article 30

Prior to filing the motion for initiation of a misdemeanor procedure, a settlement procedure shall be conducted with the competent court in accordance with the Law on Misdemeanors.

Article 31

Competent body for acting upon the misdemeanors determined by this Law shall be the basic court according to the head office of the political party.

Article 32

If the political parties commit a misdemeanor more than twice a year, they shall not be awarded the budget funds under this Law in duration of one year.

V. TRANSITIONAL AND FINAL PROVISIONS

Article 33

The political parties shall be obliged to make an inventory of the property they manage within a period of six months as of the day of entry into force of this Law and to submit it to the State Audit Office, the Public Revenue Office and the Central Register.

Article 34

The political parties shall be obliged to harmonize their acts with the provisions of this Law within a period of six months as of the day of adoption of the by-laws under this Law.

Article 35

The provisions of the Law on Political Parties ("Official Gazette of the Republic of Macedonia" nos. 41/94 and 23/2001) that refer to the financing of political parties shall cease to be valid as of the day of entry into force of this Law.

Article 36

The Ministry of Justice shall be responsible for supervising the application of the provisions of this Law.

The financing of election campaigns shall be regulated by special laws that regulate the elections.

Article 37

This Law shall enter into force on the eighth day as of the day of its publication in the "Official Gazette of the Republic of Macedonia" and it shall apply as of 1 January 2005.