



Republika e Kosovës
Republika Kosovo-Republic of Kosovo
Kuvendi - Skupština - Assembly

Law No. 03/L-174

ON FINANCING POLITICAL PARTIES

Assembly of Republic of Kosovo,

Based on Article 65 (1) of the Constitution of the Republic of Kosovo,

Adopts:

LAW ON FINANCING POLITICAL PARTIES

Article 1
Purpose

This law regulates the manner, conditions of funding, administration and observation, incoming report of political party and also foresees gained transparency and reporting expenditure of funds of political subjects in Republic of Kosovo.

Article 2
Definitions

1. Expressions used in this law have the following meaning:

1.1. **Administration** - organization, direction, use, maintenance and reasonable expenditure of the assets of political parties;

1.2. **Sheet balance** - financial declaration of political subject, assets, obligations and capital;

1.3. **Fund for support of political party- Fund-** a fund for financing a political subject through the Budget of the Republic of Kosovo, which operates within the Central Election Committee;

1.4. **CEC** - Central Elections Committee;

1.5. **Contribution** - any gift (donation) or assistance that is given to political subject, whether in cash or material goods; contribution;

1.6. **Membership Dues** - the limited sum of money which is paid every month or year for membership in one organization;

1.7. **Political party** - every registered and certified political party, by the competent authority;

1.8. **Asset** - the whole set of items, material partitions, money and other assets of a political subject;

1.9. **Financial representative** - the responsible person for finances in the political subject;

1.10 **Political subject** - political subject, coalition, citizens initiative, independent candidate;

1.11. **Certified Political Party** - a certified political subject from the Central Election Commission in accordance with the law into force and regulations of Central Election Commission;

1.12. **Expenses for campaign** - every payment that is done for goods and services in accordance with the law for general elections;

1.13. **Incomes** - any received monetary amount that the political subject has received from legal and natural entities, from membership dues and from the budget of the Republic of Kosovo.

Article 3 **Status of political subject**

Political subject is a non profitable legal entity.

Article 4 **Financial and material sources**

1. Financial and material sources of the political subject are:

1.1. dues (membership fees);

- 1.2. contributes;
- 1.3. financing from the budget of the Republic of Kosovo;
- 1.4. every assets gained as foreseen by this law;
- 1.5. incoming from the activities of political subject determined with Article 6 of this law.

Article 5

Contributions for political subjects

1. Political Subjects are allowed to receive contribution from:
 - 1.1. natural persons in the amount not exceeding two thousand (2.000) Euro per calendar year;
 - 1.2. legal entities in the amount not exceeding ten thousand (10.000) Euro per calendar year.
2. A political subject receiving a contribution, the origin of which cannot be proven by the contributing entity, shall be under obligation to notify the competent authorities, within two (2) weeks, for verification of the origin of respective contribution.
3. If the origin of the contribution cannot be proved, the respective amount shall remain in the Budget of the Republic of Kosovo.
4. As to the above paragraphs, it is forbidden the expenditure of financial resources, for personal benefits.

Article 6

Incomings from the activity of political subject

1. Political Subject shall not engage in a profitable business activity, except the sale of goods like: publications, editions, advertisings, posters with party emblem or acronym of political subject and other allowed legal sources.
2. All incoming and outgoing payment from financial activities of political subjects shall be registered subjects financial registers.

Article 7
Financial funds for the support of political subject

1. Public financing of political subject is made through the Fund for supporting the political parties within the Budget of the Republic of Kosovo.
2. Fund for supporting political subject s, functions within the Central Election Committee.
3. Amount of budget dedicated to support fund for political subject cannot exceed 0.17% (zero point seventeen percent) of the Budget of Kosovo.
4. Public financial resources, from the budget of the Republic of Kosovo are used for financing pre-election and election activities, financing the Assembly working groups and other regular activity of political subjects.
5. Allocation of funds shall be done based on criteria foreseen in Article 9 of this Law.

Article 8
The purpose of use of allocations from the support fund of political subject

1. Fund allocations may be used for these purposes:
 - 1.1. financing the activities of political subject;
 - 1.2. financial of political subject branches;
 - 1.3. yearly material expenses of deputies and parliamentary working group for activities of the party;
 - 1.4. expenditures for local and central elections, and extraordinary elections of political subjects.

Article 9
Allocation of public financial funds

1. As to the financing of the regular activities of political subjects, Funds allocations for the support of political parties shall be allocated among the political subjects represented in the Assembly according to the number of seats for that mandate.
2. If one deputy decides to leave the political subject, where he/she won the mandate, he/she shall not receive the financial means allocated from the fund for that mandate in new political subject.

3. Political subject in order to benefit from this fund should attach to the request a financial declaration for the previous year.

Article 10 **Allocation of funds for election campaigns**

1. Upon the proposal of the Government the Assembly shall allocate funds, but not exceeding 0.05% of Kosovo Budget, to finance the local and central elections campaigns related to regular or extraordinary elections.

2. Funds to finance the pre-election campaign are given to political subjects that are participating in these elections according to criteria's:

2.1. 90% of funds shall be allocated based on the number of seats in the Assembly:

2.1.1. during central election based on the number of seats in the last central election;

2.1.2. during local elections based on the number of seats in municipal assemblies in the last local elections.

2.3. 10 % of the funds shall be allocated proportionally to recently registered political subjects and certified ones by the Central Election Committee.

Article 11 **Ban on financial assistance**

1. Ban on financial and material assistance shall apply to:

1.1. government and non government foreign institutions and foreign natural and legal persons;

1.2. unknown natural and legal persons;

1.3. unknown donators;

1.4. institutions that gain capital from the gambling , different betting and also;

1.5. public institutions authorities or with participation of state capital.

2. Public enterprises cannot support financially political subjects.

Article 12
Prohibition of exercise of pressure

1. It is prohibited the exercise of any political pressure in any form on natural and legal entities, in cases of collection of contributions for political subjects.
2. It is forbidden to promise privileges or personal illegitimate benefits to donors of any political subjects.

Article 13
Collection of funds

1. Political subject, besides the membership payment fees, has the right to collect its election expenses, no more than six (6) months, before the election campaign starts.
2. Political subject in accordance with paragraph 1 of this Article shall open bank account on one of the registered commercial banks in the Republic of Kosovo.
3. Political subject is obliged to keep accurate records for the origin, structure and flow of collected funds.

Article 14
Responsibility to use funds

1. Political subject shall appoint a representative who holds financial responsibility:
 - 1.1.for incoming registration;
 - 1.2.for expenses of funds;
 - 1.3.for submitting the final report of assets expenses;
 - 1.4.for submitting financial statements report of campaign; and
 - 1.5.for other liabilities related with incomes, expenses, presentation of the aim and sharing amounts of subject's fund.
2. Authorized financial officer of the political subject and president of the political subject are legally responsible for accuracy of all information's that were submitted to Central Election Committee and other institutions as it is required by the law.

Article 15

Financial Report

1. Registered political subjects submit to CEC every year the annual financial report at latest till 1 March of the coming year in the manner as foreseen by CEC.
2. Each financial report includes:
 - 2.1. the state balance, which shows the assets, obligations and capital of a party, including all its branches in its first and the final days of the period included in the report;
 - 2.2. the statement of benefits and losses, which shows the incomes and expenditures of a party, including all its branches during the period included in the report; and
 - 2.3. the statement showing every payment made to another person during the period included in the report, if the overall value of all payments made to that person during this period exceeds the amount of five thousand (5.000) Euro, by writing the reason for the payment.
3. Each annual financial report includes copies of the following documents:
 - 3.1. financial statement of political subject registered in the period included in the report;
 - 3.2. invoices for all expenditures exceeding the amount from one hundred (100) Euros;
 - 3.3. bank balances for every bank account of registered political subject or accounts in its name; and
 - 3.4. register of all contributors for registered political subject, data from unique source, if the overall value of contributions from that source has exceeded the amount from one hundred (100) euro during the period included in the report, which shows:
 - 3.4.1. the value of each given contribution for political subject;
 - 3.4.2. the date when each contribution was given; and
 - 3.4.3. full name, address and personal number of passport or drivers license of the contributor.
 - 3.5. political subjects that accept contributions from public enterprises, which, through contracts with state institutions perform services, should prepare a special list of accepted contributions.
4. CEC should publish all annual financial reports together with auditing declaration of political parties in its official page.

Article 16
The income tax of political subjects

1. Incomes from the membership fees and the incomes provided for in Article 6, shall not be subject to taxes.
2. Other incomes of political subjects shall be subject to taxes.

Article 17
Internal Control

1. Political subjects are obliged to define in the Statute, the possibility to exercise the internal financial control.
2. Political subjects should clearly define, with statute, the rights of members to be informed for all incoming and expenses of political subject and also for the responsibility of appropriate authority for financial transactions.

Article 18
Overdue obligations

In case when a political subject does not pay its obligations such as fines, judicial sentences, bills etc., then the respective amount will be deducted from the budget, that it is distributed to support the political subject.

Article 19
Financial control

1. CEC performs control of each financial report.
2. CEC performs control in compliance with standards of applicable accounting in Kosovo.
3. Registered political subject cooperates closely with CEC auditors and offers them full and open access in party's financial notes, by including all unlimited notes.
4. CEC shall present preliminary results of annual financial report's control to the highest executive body of the political subject, by including the list of mistakes or laxness within sixty (60) days from the beginning of controlling.
5. Registered political subject within five (5) working days from receiving preliminary results of controlling may submit the reviewed financial report and explanations regarding every visible mistake or laxness identified by CEC.

6. CEC shall prepare the final audit report of the registered political party within ten (10) working days from submission of prior audit report. The final report identifies every mistake or laxness in financial report, by taking into consideration every submitted explanation or review.
7. After completing control of final report, the CEC shall submit a copy of it to the highest body of a registered political party.
8. CEC prepares the annual report for the Assembly of Republic of Kosovo for distribution and expenditures from the fund.

Article 20

Allocation of the assets

1. In case of separation of political subject, assets sharing shall be made with an agreement.
2. If there is no agreement within political subject, then the allocation of assets is made through the competent court.

Article 21

Penal provisions

1. Political subject will be penalized with three thousand (3.000) to ten thousand (10.000) Euro, whereas the deputy, advisors and other independent deputies will be imposed a fine from five hundred (500) to three thousand (3.000) Euro, for violation of provisions of this Law, if:
 - 1.1. receives funds in violation with provisions of this Law and other applicable legislation.
 - 1.2. maintains records in its files in violation with provisions of this Law and other applicable legislation.
 - 1.3. they do not comply with provisions of this Law and other applicable legislation related to central and local elections.
2. A political subject, that does not submit the annual financial report to the CEC within the term defined by this law, shall loose the right to receive benefits from the fund for coming year.
3. Responsible person within political subjects will be penalized for more than three hundred (300) Euro to one thousand (1.000) Euro for violation of provisions of this Law.
4. Revenue from fines paid under this law shall be deposited to the budget of the Republic of Kosovo.

Article 22
Presentation of assets

Political subjects are obliged to present to CEC all data's on their assets, categorized according to the value, type and origin.

Article 23
Responsible authority for the issuance of secondary legislations

OAG, CEC and the Government, when is needed will adopt particular acts to implement this law.

Article 24
Abrogation Provisions

Upon the entry into force, of this Law shall supersede all provisions which regulate all financial issues of political parties that are in the contradiction with this law.

Article 25
Entry into force

This law shall enter into force fifteen (15) days after publication in the Official Gazette of the Republic of Kosovo.

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16 September 2010

President of the Assembly of the Republic of Kosovo

Jakup KRASNIQI