



**APC**

REPUBLIC OF SERBIA  
THE AGENCY  
FOR PREVENTION  
OF CORRUPTION

# HANDBOOK FOR THE IMPLEMENTATION OF THE LAW ON FINANCING POLITICAL ACTIVITIES



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Handbook for the Implementation of the Law on Financing Political Activities

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## TABLE OF CONTENTS

1. INTRODUCTION –THE IMPORTANCE OF EFFECTIVE REGULATION OF POLITICAL FINANCE	4
2. GOAL OF THE HANDBOOK AND WHO IT IS FOR	5
3. NORMATIVE FRAMEWORK	7
4. MEANING OF BASIC TERMS	8
5. SOURCES AND METHODS OF FINANCING POLITICAL ACTIVITIES	10
5.1. Public Sources of Financing Political Entities	10
5.2. Private Sources of Financing Political Entities	11
5.3. Loans and Credits	15
5.4. Maximum Value of Donation	17
6. ACQUISITION OF PROPERTY AND INCOME FROM PROPERTY OF POLITICAL PARTIES	19
7. PROHIBITION ON FINANCING AND OTHER PROHIBITIONS	20
7.1. Prohibition on Financing	20
7.2. Prohibition of Acquiring Shares and Stocks and Prohibition of Acquiring Income from Commercial Activities	23
8. ILLEGAL COLLECTION OF FUNDS	24
9. FINANCING REGULAR WORK	25
9.1. Account for Financing Regular Work	25
9.2. Use of Funds to Finance Regular Work	26
10. FINANCING ELECTION CAMPAIGN COSTS	28
10.1. Costs of the Election Campaign	29
10.2. Marking of Advertising Material	31
10.3. Prohibition of Misuse of Public Resources	31
10.4. Separate Account for Election Campaign	33
10.5. Election Bond and Return of Funds	35
11. AUTHORIZED PERSON OF THE POLITICAL ENTITY	36
11.1. Appointing an Authorized Person in a Political Party	36
11.2. Appointing an Authorized Person of a Coalition and Group of Citizens	36
11.3. Powers of the Authorized Person	37
12. RECORD KEEPING	38
13. REPORTING	38
13.1. Submission of the Annual Report on the Financing of a Political Entity	39
13.2. Submitting a Preliminary and Final Report on Election Campaign Expenses	40
13.3. Method of Submitting Reports to the Agency	42
13.4. Return of Funds from Public Sources	43
14. POWERS OF THE AGENCY AND ACTIONS IN CASE OF VIOLATIONS OF THE LAW	44
14.1. Powers of the Agency	44
14.2. Procedure for Deciding on Violations of the Law	46
15. OTHER OFFENCES FOR POLITICAL ENTITIES AND CRIMINAL ACTS	47
15.1. Criminal Act	48
16. LOSS OF FUNDS FROM PUBLIC SOURCES	48
17. SUSPENSION OF TRANSFER OF FUNDS FROM PUBLIC SOURCES	49

## 1. INTRODUCTION – THE IMPORTANCE OF EFFECTIVE REGULATION OF POLITICAL FINANCE

Money is necessary in the modern democratic process since political parties and politicians need resources to reach out to the electorate and explain their political platform and hear from the people how they want their country to be governed. However, there are always risks that the role of money in politics will lead to an undue influence for wealthy interests and that it will reduce political pluralism and accountability of elected politicians.

As a consequence, all countries in the world have at least some regulations on the role of money in politics and elections. These can vary from basic bans on vote buying and abuse of state resources to detailed provisions on bookkeeping and financial reporting.

The key principle in regulating political finance is transparency, as expressed in the United Nations Convention Against Corruption (UNCAC).<sup>1</sup> The Council of Europe's Recommendation on Funding of Political Parties and Election Campaigns also emphasizes the risk of *corruption* in party and campaign finance.<sup>2</sup> Further, the Office for Democratic Institutions and Human Rights of the Organization for Security and Co-operation in Europe (OSCE/ODIHR) and the Venice Commission emphasize the need for political finance regulations to “guarantee parties' *independence from undue influence* of private donors, as well as state and public bodies, to ensure that parties have the opportunity to compete in accordance with the principle of *equal opportunity*, and to provide for transparency in political financing.”<sup>3</sup>

<sup>1</sup>[UNCAC](#) Article 7.3 states that “Each State Party shall also consider taking appropriate legislative and administrative measures, consistent with the objectives of this Convention and in accordance with the fundamental principles of its domestic law, to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties”.

<sup>2</sup>[Council of Europe, Committee of Ministers](#) “Recommendation Rec(2003)4 of the Committee of Ministers to member states on common rules against corruption in the funding of political parties and electoral campaigns”

<sup>3</sup>[OSCE/ODIHR and Venice Commission](#) (2020) “Guidelines for political party regulation, 2nd edition”, Article 204. Emphasis added.

Standards on political finance in Europe have been further developed through the work of the Group of States Against Corruption (GRECO).<sup>4</sup> Mainly through the third round of evaluations of member states (the second theme, focusing on transparency in party funding), GRECO emphasized, for example, the importance of effective implementation of political finance regulations and comprehensive financial reports by political parties and electoral contestants.<sup>5</sup>

The European Court of Human Rights has also, through various rulings, added to the understanding of political finance regulations in relation to regional standards documents. While the Court's interpretation of Article 10 (on the Freedom of Expression) of the European Convention on Human Rights has varied somewhat over time, rulings by the Court indicate, for example, an acceptance of countries restricting broadcast advertising – noting that “the Court recognizes that [powerful financial groups with advantageous access to influential media] could obtain competitive advantages in the area of paid advertising and thereby curtail a free and pluralist debate, of which the State remains the ultimate guarantor. Regulation of the broadcasted public interest debate can therefore be necessary within the meaning of Article 10 paragraph 2 of the Convention.”<sup>6</sup>

There are similarities between the regulations of political parties and campaign finance across Europe. All European countries apart from Belarus and Switzerland require that political parties submit reports about their finances at least annually, as required by the Council of Europe's Recommendation on Funding of Political Parties and Election Campaigns. Most also require financial reports to be submitted by candidates in elections, and all countries apart from Belarus, Italy, Malta, Monaco, and Switzerland provide direct public funding to political parties.<sup>7</sup>

Regarding other forms of regulations, there is however significant variation among European countries. This includes permissible and prohibited donors to political parties and election campaigns, with less than half of countries banning corporate donations, about a quarter of countries allowing anonymous donations up to a certain amount, and just over half ban financial donations by corporations with government contracts.

It is not possible or even desirable to find a final solution that will work everywhere, as the ultimate approach in each country depends on complicated issues of political history and

<sup>4</sup> [GRECO](#) is an advisory body to the Council of Europe. The GRECO member states include most European countries and the USA.

<sup>5</sup> The Serbia compliance procedure for the [third round](#) of GRECO evaluations was terminated in [2014](#).

<sup>6</sup> Article 112 in the [Ruling](#) on the Case of Animal Defenders International v. the United Kingdom (2013). The Court has also ruled that limiting the provision of airtime to political parties does not violate the right of independent candidates to run for office as guaranteed by [Article 3 of the First Protocol](#) to the ECHR. [Case of Oran v. Turkey](#) (2014).

<sup>7</sup> More about political finance regulations is available at the International IDEA [political finance database](#).

cultural perspectives. Discussions about the correct regulation of party and campaign finance continue in all European countries and emerging or increasing issues such as social media advertising, cryptocurrencies, and campaigning by non-contestant campaigners (“third parties”).<sup>8</sup>

Whatever the regulations of political finance, they will have little or no impact unless compliance with them is effectively monitored and violations are sanctioned as appropriate. As Michael Pinto-Duschinsky stressed when reviewing political finance regulations 20 years ago, there is “too much law, too little enforcement.”<sup>9</sup> Various public institutions have mandates to oversee compliance with political finance regulations in different European countries.<sup>10</sup> The most common types of institutions are Election Management Bodies, Anti-Corruption Agencies, and State Auditing Offices, while in many European countries the oversight mandate is shared between different institutions. More important than the type of institution is to assert the independence and impartiality of the oversight body or bodies, to clearly define the procedures for leadership appointment, delineate the powers and prerogatives, and establish procedures and approaches to deal objectively with all issues that may come up. The body or bodies in charge must have adequate resources and powers to carry out its work, and it must have the mandate and willingness to effectively and in a timely manner engage with other institutions, as well as the political will to act.

Effective oversight of political finance regulations requires the active engagement of civil society, including the media, which has a particular role in explaining the importance of these issues in the everyday life of average citizens. While acknowledging their different roles, public oversight institutions and civil society actors should seek to work together to enhance transparency in political finance.

Political parties and campaigners (contestants and non-contestants) should, as part of their contribution to the democratic and accountable governance of their country, seek to comply with all regulations and ensure that everyone involved has the necessary information and capacity to support this compliance.

<sup>8</sup> See further in the IFES resource [Oversight toolkit for political finance institutions](#).

<sup>9</sup> Michael Pinto-Duschinsky (2002) “Financing Politics: A Global View”, *Journal of Democracy*, Volume 13, Number 4, October 2002.

<sup>10</sup> Detailed information about public oversight of political finance regulations in Europe is available at the IFES [FORT](#) database.

## 2. GOAL OF THE HANDBOOK AND WHO IT IS FOR

The *Handbook for the Implementation of the Law on Financing Political Activities* is primarily intended for political entities, i.e. political parties, coalitions, and groups of citizens, and it can also be useful for the public, media, civil society, and other persons who are interested in monitoring the control of the financing of political activities.

The handbook is informative, and it aims to familiarize political entities and other persons with legal regulations in a simple way. These regulations pertain to the issues of control of the financing of political activities, the rights and obligations of political entities, issues of prohibition of financing, misuse of public resources, and sanctions.

The Agency points out that this handbook cannot be the main basis for referring to the rights and obligations of political entities in the proper application of the Law and other regulations, because it only provides guidelines to political entities for easier understanding of issues related to financing political activities. Therefore, the handbook also provides examples from the Agency's practice, which will help political entities to resolve doubts in the application of the Law on Financing Political Activities.

## 3. NORMATIVE FRAMEWORK

- The Agency for the Prevention of Corruption (hereinafter: the Agency) is a state body that is authorized to control compliance with legal provisions governing the financing of political activities. These powers derive from Article 6 of the Law on Prevention of Corruption ("Official Gazette of the RS", no. 35/19, 88/19, 11/21 - authentic interpretation, 94/21 and 14/22) and the Law on Financing Political Activities ("Official Gazette 14/22").
- The Law on Financing Political Activities is the elementary law that regulates the issues of sources and methods of financing, record keeping, and control of financing political activities of political parties, coalitions and groups of citizens. This law also regulates the rights and obligations of political entities, the Agency's powers, as well as sanctions for violating this law.
- In the process of controlling the financing of political activities, the Rulebook on Records and Reports of Political Entities, adopted by the director of the Agency is also used. It regulates the form, content, and method of keeping records of contributions and records of assets, as

well as the form, content, and method of submitting the annual report on financing political entities and reports on the expenses of the election campaign. In addition, this rulebook prescribes the forms of the aforementioned records and reports that political entities must submit to the Agency.

- For control of election campaigns, the Rulebook on Election Campaign Observers is also utilized. This rulebook regulates the organization, powers, rights, and obligations of election campaign observers, work in the field, reporting, conditions, method of election, and supervision of the work of election campaign observers hired by the Agency.
- In proceedings conducted by the Agency against political entities, for issues not regulated by the Law, the Law on General Administrative Procedure is applied.
- The Law on Misdemeanors and the Instruction on Plea Agreement for Misdemeanors shall apply to the proceedings conducted before the misdemeanor courts against political entities and responsible persons due to violations of the Law.

## 4. MEANING OF BASIC TERMS

TERM	MEANING OF TERMS
POLITICAL ACTIVITY	Regular work and the election campaign of a political entity as a submitter of the published electoral list and nominator of candidates for the President of the Republic, MPs, deputies, and councilors.
POLITICAL ENTITIES	Political party, coalition, group of citizens.
POLITICAL PARTY	Citizens' organizations registered in the Register of Political Parties with the competent authority under the Law.
COALITION	A form of association of political entities for joint participation in elections, which regulates their mutual relations by a contract certified under the Law regulating the certification of signatures.



<p>A GROUP OF CITIZENS</p>	<p>An established voters association formed to facilitate joint election participation, where the relationship, including the appointment of an individual on behalf of the association, is subject to electoral regulations.</p>
<p>ELECTION CAMPAIGN</p>	<p>A set of activities of political entities that start from the day of calling of elections and end on the day of publishing the final election results, for the public presentation of the participants in the elections and their election programs and inviting voters to vote for them or not to vote for other participants in the elections. These include: working with voters and members; organizing and holding meetings; promotion, production, and distribution of advertising material, brochures, leaflets, and publications; political advertising; public opinion research, media, marketing, PR, and consulting services; conducting training for party activities, as well as other similar activities; and other activities the costs of which are unambiguously related to the election campaign.</p>
<p>REGULAR WORK</p>	<p>The political activity of a political entity that is not related to the election campaign.</p>
<p>ELECTION BOND</p>	<p>The guarantee of the political entity participating in the elections that it will return the same amount of funds obtained from public sources for financing the election campaign if it fails to win 1% of valid votes, and/or in the case of a political entity representing and advocating national minority interests if it fails to win 0.2% of valid votes.</p>
<p>AVERAGE MONTHLY EARNINGS</p>	<p>Average monthly earnings in the Republic of Serbia, without taxes dues, according to data of the authority with competence for statistical affairs for the preceding year.</p>
<p>PUBLIC RESOURCE</p>	<p>Real estate, movable property, and any other good being in public ownership, or in another form of ownership used by the authorities of the Republic of Serbia, autonomous provinces, local self-government units, public enterprises, companies, institutions, and other organizations the founder of which or member is the Republic of Serbia, an autonomous province or a local self-government unit. (Definition given in the Law on Prevention of Corruption)</p>

THE VALUE OF DONATIONS

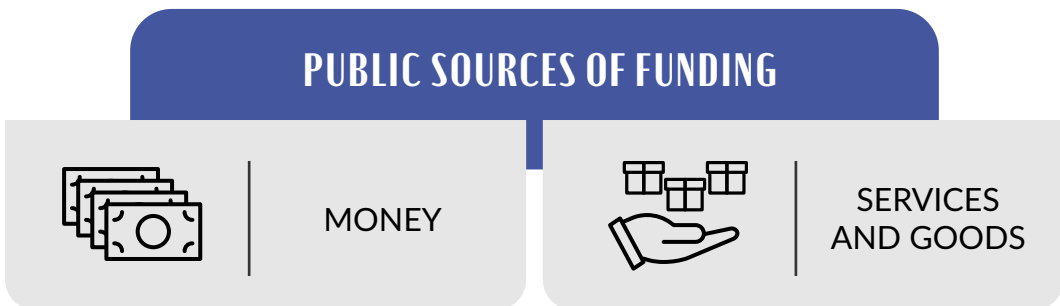
The total value of all donations (membership fee, contribution) that a natural or legal person gives to a political entity on an annual basis.

## 5. SOURCES AND METHODS OF FINANCING POLITICAL ACTIVITIES

To finance regular work expenses and election campaign expenses, political entities use funds from:

- Public sources,
- Private sources,
- Credits and loans.

### 5.1. PUBLIC SOURCES OF FINANCING POLITICAL ENTITIES



#### MONEY

Money from public sources consists of 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 are intended for financing political activities (for regular work and the election campaign).

#### SERVICES AND GOODS

Services and goods from public sources represent services and goods provided by the Republic of Serbia, autonomous provinces, and local self-government units, their bodies, as well as organizations of which they are the founders.

Services and goods can be given to a political entity both for regular work and for an election campaign.

In practice, it is most often about the use of halls and rooms of public authorities, which political entities can use under equal conditions for the functioning and promoting of their ideas.

Political entities are obliged to indicate in their financial reports submitted to the Agency what services and goods from public sources they used, which political entities often miss in practice.

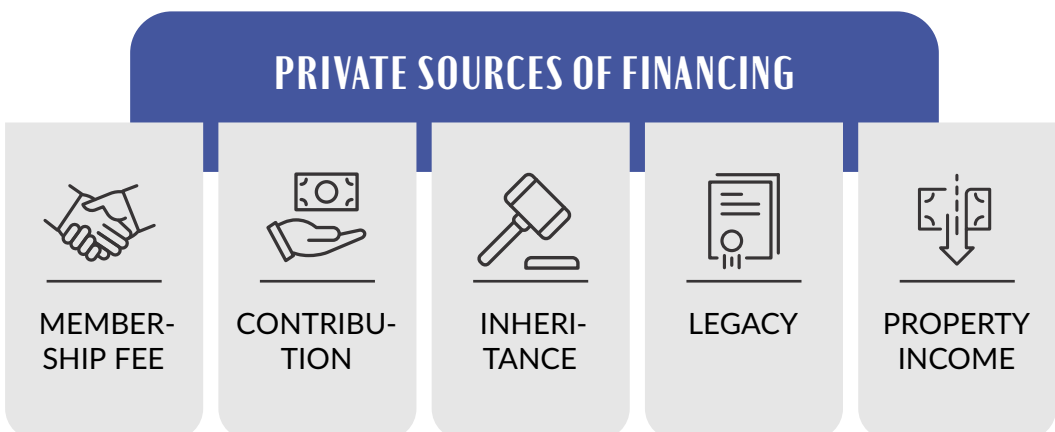
Also, services and goods from public sources can be given free of charge for use to political entities, or they can be leased under more favorable conditions than market ones. It is only important that they are available under equal conditions to all political entities and, as such, defined by publicly announced decisions of the aforementioned authorities and organizations.

### IMPORTANT!



Services and goods from public sources are provided under equal conditions and should be equally accessible to all political entities, which implies that competent authorities must inform all political entities in a transparent manner about the possibilities of their use, if they have the desire and need to use them.


## 5.2. PRIVATE SOURCES OF FINANCING POLITICAL ENTITIES



### MEMBERSHIP FEE


The membership fee is a private source of funding for political parties, which the members of the political party give in money. The membership fee applies exclusively to political parties and the member of the political party pays the amount from their current account, in the manner and under the conditions established by the statute or other general legal act of the political party.

#### IMPORTANT!


 The maximum annual membership fee is 3,000 RSD and a member of a political party is obliged to pay it from THEIR current account, regardless of whether the payment is one-time or periodic. It is not allowed to pay the membership fee through an administrative ban through the salary of a political party member.

The legislator also prescribed an exception here, so the membership fee, the annual amount of which does not exceed 1,000 RSD, can be paid in cash or via a payment slip. When the membership fee is paid in cash, the person who is authorized based on the statute or other general act of the political party is obliged to issue a certificate of the received membership fee, which is signed in the form of a receipt by the member of the political party who paid the membership fee and the authorized person of the political party.

#### IMPORTANT!

 When the annual membership fee exceeds 3,000 RSD, and when an amount higher than 1,000 RSD is paid through a payment slip, the political party is obliged to pay all amounts exceeding 3,000 or 1,000 RSD to the budget account of the Republic of Serbia as illegally acquired funds.  
The deadline for payment to the budget account of the Republic of Serbia is 15 days from the date of receipt of the membership fee.

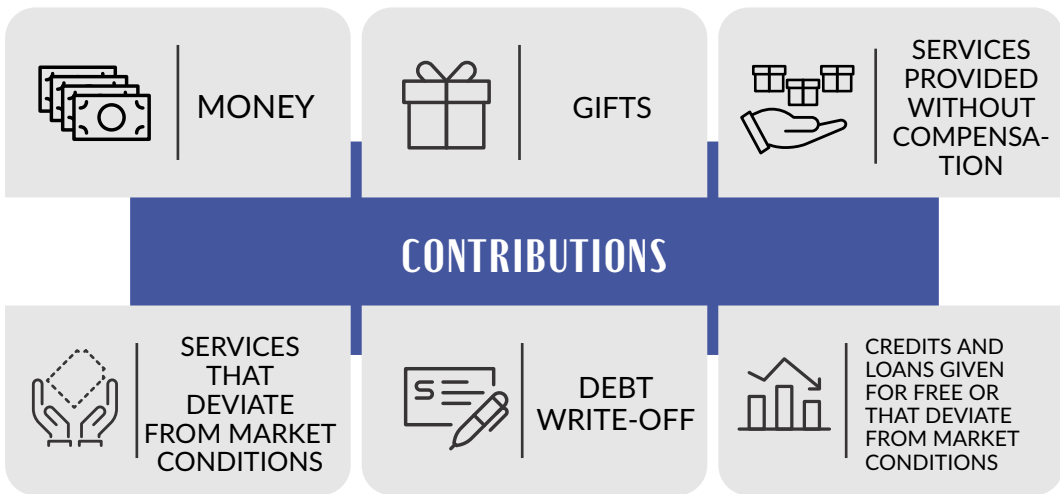
#### VIOLATION!

 A fine in the amount of 200,000 to 2,000,000 RSD is prescribed for a political party that does not pay such illegally acquired funds to the budget of the Republic of Serbia, and a fine in the amount of 50,000 to 150,000 RSD is prescribed for a responsible person in the political entity.

A member of a political party can pay the membership fee monthly, annually, or in another way prescribed by the political party. A political party can also decide not to collect membership fees.

## CONTRIBUTION

Contribution is defined as a private source of funding for political activities, which can be given by natural and legal persons.



Credits, loans, and other services of banks and other financial organizations in the Republic of Serbia that banks otherwise provide to their clients under more favorable conditions, and which are prescribed in advance by the rules of the bank or other financial organization as special conditions for clients, are not considered contributions.

### IMPORTANT!



It is not allowed to give a monetary contribution in cash, nor through a payment slip (cash payment), nor through an administrative ban on the income of the contributor.

The political entity is obliged to receive the payment of the monetary amount from the donor of the contribution exclusively from the current account of the donor, regardless of the amount of the monetary contribution, as well as to record each contribution received on the form prescribed by the Rulebook on Records and Reports of Political Entities.

## STATEMENTS OF CONTRIBUTORS

Every donor is obliged to submit to the political entity a statement that he has not exceeded the maximum value of the donation within three days from the day of the donation at the latest.

A contributor who has a business is obliged to deliver the following to the political entity when giving the contribution, and no later than one day after the day of contribution is made:

- a statement or confirmation from the competent authority that he has settled all obligations based on public revenues;
- a statement that he does not perform, nor that in the last two years he has performed, activities of general interest based on the contract.

The purpose of giving those statements is to prevent in practice the occurrence of contributions received from entities that owe the state funds based on taxes or other obligations, as well as to prevent the financing of political entities as a form of gratitude from the donor for the public jobs received, while such a contract is ongoing, as well as two years after the end of such a contractual relationship.

Every legal entity that is a donor has the obligation to submit data on its ownership structure to the political entity.

### EXAMPLE OF A STATEMENT BY THE CONTRIBUTOR:

На основу члана 9. став 3. Закона о финансирању политичких активности ("Сл. гласник РС", бр. 43/2011, 123/2014 и 88/2019) давалац прилога који обавља привредну делатност, под пуном личном, материјалном и кривичном одговорношћу, даје следећу:

ИЗЈАВУ

Да је давалац прилога \_\_\_\_\_ deo  
 (пун назив правног лица/предузетника)

\_\_\_\_\_ Novi Sad  
 (место и адреса),


Матични број: \_\_\_\_\_ ПИБ: \_\_\_\_\_

кога заступа одговорно лице \_\_\_\_\_ u  
 (име и презиме одговорног лица)

из \_\_\_\_\_ Novi Sad  
 (место)

ЈМБГ: \_\_\_\_\_ не врши нити је у последње две године од дана давања ове изјаве вршио делатност од општег интереса по основу уговора.

у \_\_\_\_\_ Novi Sad  
 дана \_\_\_\_\_ 2.6.20 године.

  
 \_\_\_\_\_  
 Потпис одговорног лица  
 м.п.

### IMPORTANT!



Contributions for which the donor did not submit statements or certificates and for contributions that were received in cash or via a payment slip, the political entity is obliged to return the contribution to the donor within 15 days from the day of receipt of the contribution, and if the funds cannot be paid into the donor's account, funds are paid to the budget account of the Republic of Serbia.

### VIOLATION!



A political party that does not pay such illegally acquired funds to the budget account of the Republic of Serbia will be fined for the offense in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entities will be fined in the amount of 50,000 to 150,000 RSD.

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

## 5.3. LOANS AND CREDITS

As a special type of financing of political entities, financing by borrowing through **credits and loans** also exist, **exclusively and only** from banks and other financial organizations in the Republic of Serbia.

### IMPORTANT!



Political entities cannot borrow from natural persons, and can only borrow from legal entities in cases when these legal entities have the legal authority to engage in credit business and only in the Republic of Serbia.

Political entities can borrow both for financing regular work and for an election campaign.

The maximum amount of credit and loans at the annual level is up to 25% of funds provided from public sources for financing regular work or financing an election campaign.



### DEADLINE FOR CREDIT REPAYMENT

A maximum of three years from the date of receipt of the credit.

If the credit is taken to finance regular work, it is returned from the account intended for regular work.

If the credit funds taken for regular work are used to cover the expenses of an election campaign, they can be transferred to a separate account for financing the election campaign. That credit is returned within three years.

*On the other hand, a political entity can also take out a loan for financing an election campaign, which will be directly paid to a separate account for financing the election campaign, but the loan repayment period is until the end of the election campaign, and only from the separate account to which the loan was paid.*

### VIOLATION!



A political party that exceeds the maximum allowed amount of the loan or does not use the loan to finance the costs of regular work and the costs of the election campaign, will be fined for the offense in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount from 50,000 to 150,000 RSD.

### IMPORTANT!



Political entities are obliged to provide information on loans and credits in the financial reports they submit to the Agency, which, among other things, refer to the amount of the loan, the name of the commercial bank, the amount of approved and spent funds, the repayment term, and whether they were provided under market conditions or not.



## 5.4. MAXIMUM VALUE OF DONATION

The maximum value of the donation represents the sum of all contributions (monetary and non-monetary) and membership fees that a natural or legal person can give to all political entities on an annual basis in one calendar year for regular work.

### IMPORTANT!



1. For a natural person: the maximum annual value of donation for regular work is 10 average monthly wages, excluding taxes and dues.
2. For a legal entity: the maximum annual value of donation for regular work is 30 average monthly wages, excluding taxes and dues.

Therefore, one natural person cannot individually give ten average monthly salaries to each political entity but must distribute a total of ten average monthly salaries to the political entities they want to finance.

During the calendar year, the same amount can be given for financing an election campaign up to the amount of the maximum contribution, provided that the given amount includes all election campaigns and not each campaign individually. IMPORTANT!

In the case when a contribution is given by a natural person who is a member of a political party and has the obligation to pay membership fees, the political entity includes the amount of paid membership fees in the maximum value of the donation.

### IMPORTANT!



In the case when a contribution is given by a natural person who is a member of a political party and has the obligation to pay membership fees, the political entity includes the amount of paid membership fees in the maximum value of the donation.

When donations are made over the amount of the maximum value of donations permitted, the political entity is obliged to return the value over the limit to the contributor within 15 days from the day of receipt of the contribution, and if this is not possible, the funds are paid to the budget account of the Republic of Serbia.

**VIOLATION!**



A political party failing to return to the donor contributions exceeding the maximum value will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in political entities will be fined in the amount of 50,000 to 150,000 RSD.

When determined that the value of donations on an annual basis is greater than an average monthly earning, the political entity is obliged to publicly announce the said donation on its website.

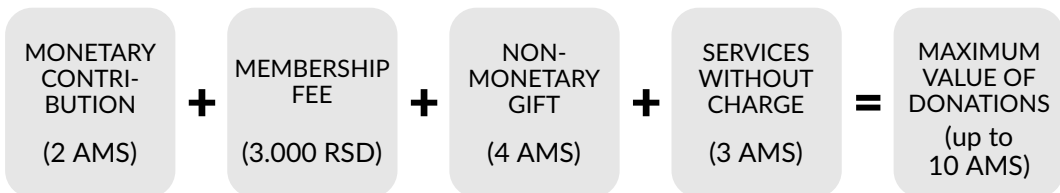


**DEADLINE FOR PUBLISHING CONTRIBUTIONS:**

Eight days from the day the donation value exceeded the amount of average monthly earnings.

Both monetary and non-monetary contributions are published, and in the case of a natural person or a donor who is a member of a political party and has the obligation to pay membership fees, the sum of all contributions given and paid membership fees is calculated, so that sum is considered a contribution that exceeded the value of the average monthly salary (AMS), and it is published on the website of the political entity.

**EXAMPLE OF DONATIONS FROM A NATURAL PERSON:**

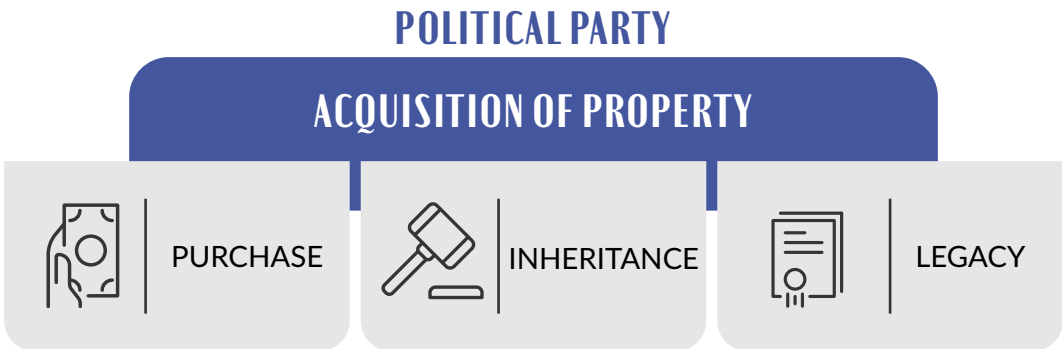


*The Republic Institute of Statistics (for the year preceding the year in which the contribution is given) publicly publishes data on the average monthly salary without taxes and dues.*

## 6. ACQUISITION OF PROPERTY AND INCOME FROM PROPERTY OF POLITICAL PARTIES

Political parties have the possibility of acquiring property that serves exclusively for political activities and other permitted activities in accordance with the Law.

The right to acquire property is given only to political parties, and not to other political entities, both due to the legal nature of the association of a coalition or a group of citizens, as well as due to the problems and difficulties that would arise in practice if the acquisition of property was allowed to those political entities as well.



*Buying and selling* is the basic and most common way of acquiring movable and immovable property. A political party can buy real estate with public and private funds sources, and when real estate is acquired with funds from public sources, the party can use that property exclusively to carry out its political activities.

### IMPORTANT!

**!** A political party that acquires immovable property from public sources may use that property exclusively for political activities and may not alienate it without compensation or at a price that is lower than the market price, according to the assessment of the competent tax authority.

Political parties are allowed to acquire property bequeathed to them by a natural person.

A natural person can bequeath immovable property under the conditions prescribed by the Law on Inheritance ("Official Gazette of RS" No. 46/1995, 101/2003 - US i6/2015) and in that case, there are no restrictions prescribed by the Law.

Property can also be acquired by legacy. This institution of inheritance law, also known as conveyance, refers to the situation when the testator leaves certain things to a certain or determinable person or else imposes on the heir a certain obligation to give, do, or refrain from a certain act or suffer for the benefit of a certain person.

A political party can earn income from the sale of movable and immovable property, the leasing of immovable property owned by the political party, as well as from interest on deposits made with banks and other financial organizations in the Republic of Serbia.

### **VIOLATION!**



A political party that does not use the acquired property for political activities, or that disposes of immovable property without compensation or at a price that is lower than the market price according to the assessment of the competent tax authority, will be fined for offenses in the amount of 200,000 to 2,000,000 RSD, and the responsible a person in a political entity will be fined in the amount of 50,000 to 150,000 RSD.

## **7. PROHIBITION ON FINANCING AND OTHER PROHIBITIONS**

### **7.1. PROHIBITION ON FINANCING**

To prevent inappropriate influence on political entities from foreign influence, organized interest associations, and/or illegitimate use of public funds for political purposes, political entities are prohibited from financing from:

- foreign countries;
- foreign legal and natural persons, except for international political associations; *International political associations can finance political entities, but the contributions they make cannot be money. Political entities are allowed to participate in the work of*

*international political associations, and they can help them in professional work, training, seminars, and other similar activities, provided that they are not allowed to contribute money.*

- anonymous donors;
- public institutions, public enterprises, companies, and entrepreneurs who perform services of general interest;
- institutions and companies with the participation of state capital;
- other organizations exercising public powers;

### EXAMPLE

#### EXAMPLE OF PROHIBITED FUNDING FROM AN ORGANIZATION EXERCISING PUBLIC POWERS:

The political party submitted an annual financial report to the Agency, in which it presented the payment of the National Council of the National Minority in the amount of 10,000 RSD as a contribution of a natural person. As the National Council of the National Minority is an organization that exercises public powers, the political party was obliged to return that amount of 10,000 RSD to the account of the Council within 15 days from the day of receipt of said funds.

- associations and other non-profit organizations;

### EXAMPLE

#### EXAMPLE OF PROHIBITED FUNDING FROM AN ASSOCIATION:

During an audit of the annual financial report, it was established that funds in the amount of 4,000 RSD were transferred from the account of the pensioners' association to the account of the political party.

The political party was obliged to return that amount of 4,000 RSD to the account of the pensioners' association within 15 days from the day of receipt of said funds.

- churches and religious communities;
- organizers of games of chance;
- importers and exporters and producers of excise products;

- individuals who are prohibited by law from being members of political parties;
- trade unions;
- legal entities and entrepreneurs who have outstanding obligations based on public revenues;
- financing from a legal or natural person that performs an activity of general interest based on a contract with state bodies, as well as with public services of which they are founders, is prohibited for the duration of the contract and two years after the termination of the contractual relationship.

*This prohibition pertains to situations when a legal entity that performs those activities based on a contractual relationship with state bodies and organizations as a result of concluding a contract on public procurement, and represents financing of a political entity as a sign of gratitude for the contract received, i.e. financial assistance for receiving such a contract, and the Law prohibited it due to potential corrupt situations.*

### EXAMPLE

#### EXAMPLE OF ILLEGAL FINANCING:

During the 2020 election campaign, based on the contribution agreement, a political party acquired funds from the company X, which performed activities of general interest based on the public procurement contract concluded in 2019 with an elementary school, as well as funds in the amount of 950,000 RSD from the company XX, which performed activities of general interest on the basis of a public procurement contract concluded in 2020 with a public company.

Since this situation represents financing from a legal entity that performs activities of general interest based on a contract with public services the founders of which are the authorities of the Republic of Serbia, the political party was obliged to return the funds it received from the legal entities X and XX to those legal entities within 15 days from the day of receipt.

Financing from endowments and foundations is prohibited for political entities.

*However, political entities can establish endowments and foundations that have independent legal capacities in relation to their founders. Endowments are established for the charitable realization of public or private interests, and foundations for the charitable realization of public interest.*

**VIOLATION!**



A political party that is financed contrary to the mentioned prohibitions and that does not return the illegally acquired funds within the prescribed period, will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

## **7.2. PROHIBITION OF ACQUIRING SHARES AND STOCKS AND PROHIBITION OF ACQUIRING INCOME FROM COMMERCIAL ACTIVITIES**

Political parties are not allowed to acquire shares or stocks in a legal entity. A political entity cannot earn income from promotional or commercial activities.

With this ban, the legislator aimed to prevent the acquisition of income from the promotional activity of a political entity, because other institutions of this Law would be deceived by that, given that control of such income would be practically impossible.

On the other hand, commercial activity is not in accordance with the ideas and goals of political action, and that is why it is prohibited by the Law.

**VIOLATION!**



A political entity that earns income from promotional or commercial activities or that acquires shares or stocks in a legal entity, will be fined for violations in the amount of 200,000 to 2,000,000 RSD, and the responsible person will be fined in the amount of 50,000 to 150,000 RSD.

## 8. ILLEGAL COLLECTION OF FUNDS

Illegal collection of funds represents:

- making any form of pressure on legal and natural persons when collecting funds for a political entity;
- promising or giving the appearance of any privilege or personal benefit to the donor of a political entity;
- making contributions to a political entity through a third-party;
- hiding the identity of the donor or the amount of the contribution;

The legislator has clearly indicated the situations in which the acquisition of funds from political entities is considered illegal, and these are situations in which there is no freely expressed will of the donor to give that contribution.

The norms that prescribe situations of illegal fundraising are intended to protect the dignity and integrity of the donor, as well as their free will, which would be threatened by any kind of pressure on them, as well as the integrity of the electoral process. In this way, the basic principles of a democratic society and the rule of law are protected. Also, this affects the conscientiousness and honesty of political entities and contributors, and the legislator intends to reduce the influence of motives of personal gain or gaining privileges by giving contributions to a political entity.

One of the basic ideas of this law is the transparency of political activity, contributors, and the flow of money, and that's why it is prohibited to give contributions through a third-party, as well as concealing the identity of the contributor or the amount of the contribution.

### **VIOLATION!**



A political party that illegally collects funds by putting pressure on legal and natural persons during the collection of funds for a political entity, makes a promise or gives the appearance of privileges or personal benefits to a contributor to a political entity, and/or conceals the identity of the contributor or the amount of the contribution, will be fined for violations in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.



**EXAMPLE****EXAMPLE OF CONCEALING THE IDENTITY OF THE DONOR AND THE AMOUNT OF THE CONTRIBUTION:**

A political party submitted an annual report on financing to the Agency, in which it presented one contribution from natural person XX in the amount of 12,000 RSD. In the audit procedure, by looking at the statement of turnover in the accounts of the business bank of the political party, it was determined that the natural person XX transferred the amount of 180,000 RSD from his current account to the account of the political party for regular work.

As the political party in its annual report did not show the data on the donor XX, as well as the contribution amount of 180,000 RSD from that donor, and it also did not do it on the prescribed form E-1-Record of contributions submitted to the Agency, it acted contrary to the provisions of the Law which prohibits the concealment of the identity of the donor and the amount of the contribution.

## 9. FINANCING REGULAR WORK

Distribution of funds from public sources for regular work is carried out by the ministry in charge, Ministry of Finance, i.e. the competent authority of the administration of the autonomous province, i.e. the authority of the local self-government unit, to political entities that have won mandates in representative bodies, in the manner prescribed by the Law (Article 17).

### 9.1. ACCOUNT FOR FINANCING REGULAR WORK


The political entity owns an account intended for financing regular work and uses it to collect funds and pay expenses for regular work, and all turnover of funds intended for financing regular work is realized through that account.

A political party may have several accounts and may have open accounts with different commercial banks or the Treasury Administration, but it is obliged to use those accounts exclusively for financing regular work.

Opening an account for a group of citizens is another matter since a group of citizens is a form of association of citizens for joint participation in elections, whose relations are regulated by contract or agreement, so they do not have the status of a legal entity. That is why banks cannot open a current account for a group of citizens as banks could for a legal entity, but rather open a current account in the name of a natural person.

For a group of citizens, a current account is opened in the name of a natural person who must be determined by a contract or an agreement on the establishment, and it cannot be an account that that person uses for private purposes.

### IMPORTANT!


 Political entities are obliged to show in the financial reports they submit to the Agency all current accounts they use to finance regular work opened with commercial banks (and political parties with the Treasury Administration too).

## 9.2. USE OF FUNDS TO FINANCE REGULAR WORK

Funds for financing regular work are used by political entities exclusively for the functioning and promotion of the idea of the political entity, which entails:

- work with voters and members;
- transportation costs and holding meetings;
- costs of promotion, advertising material, and publications;
- costs of public opinion research;
- training and international cooperation;
- costs of wages and fees of employees;
- utility costs;
- other similar activities;

### IMPORTANT!

 Humanitarian activities in the form of distribution of food packages, organization of free medical examinations, or scholarships for students, etc. are not allowed, because they do not constitute political activity in the sense of the Law.

Political entities can use the funds collected for financing regular work to pay the expenses of an election campaign, provided they previously transferred them from the account for regular work to the account opened for financing the election campaign.

## EXAMPLE

### 1. AN EXAMPLE OF MISUSE OF FUNDS:

The political party transferred funds in the amount of 15,000 RSD from its account for regular work to the account of Citizens' Association X, in the name of donations to help poor citizens.

By making this transfer, i.e. giving funds from the account for regular work to the Citizens' Association in the name of donations, the political party acted contrary to the provisions of the Law, because the funds intended for regular work were not used for the functioning and promotion of the idea of a political entity, but for humanitarian activities.

## EXAMPLE

### 2. AN EXAMPLE OF MISUSE OF FUNDS:

The political party did not pay the expenses of the election campaign from a separate account for financing the expenses of the election campaign, but transferred funds in the amount of 300,000 RSD from its account for regular work to the account of the company X for payment of the expenses of the election campaign.

By using accounts for regular work to pay the expenses of the election campaign, the political party acted contrary to the provisions of the Law.

## VIOLATION!



If the political party does not use the collected funds for regular work for that purpose, it will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

In terms of an unobstructed use of funds collected for regular work, political entities are obliged to provide at least 5% of these total funds at the annual level for professional development and training, international cooperation, and work with its members, with the aim of training party personnel and acquiring knowledge that will improve the work of political entities.

**EXAMPLE****AN EXAMPLE OF NOT USING 5% OF FUNDS FROM PUBLIC SOURCES FOR PROFESSIONAL DEVELOPMENT:**

The political party submitted an annual financial report in which it showed that it received funds from public sources in the amount of 38,090,134 RSD. In that year, the party was obliged to spend 5% of the stated amount, i.e. 1,904,506 RSD, for professional development and training, international cooperation, and work with its members. In the control procedure, it was established that the political party did not spend 1,904,506 RSD but only 1,671,140 RSD, which is 233,366.71 RSD less, for professional development and training, international cooperation, and work with its members. Since the political party did not spend the prescribed 5% of the total funds received for regular work on an annual level, it acted contrary to the provisions of the Law.

**VIOLATION!**

A political party that has not spent 5% of the total funds received for regular work on an annual basis will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

## 10. FINANCING ELECTION CAMPAIGN COSTS

Distribution of funds from public sources for the election campaign is carried out by the ministry responsible for financial affairs, that is, the competent administrative body of the autonomous province or the body of the local self-government unit, to political entities in the manner prescribed by the Law (Article 21).

In addition to funds from public sources, the election campaign can be financed with funds from private sources, as well as from credits and loans.

In addition to funds for financing regular work, natural and legal persons may, in the calendar year in which elections are held, also provide funds for political entities to cover election campaign costs up to the maximum prescribed amount at the annual level, regardless of the number of election campaigns.

### IMPORTANT!



Contributors are obliged to take care not to exceed the legally prescribed amount of the maximum value of contributions on an annual basis, regardless of the number of election campaigns in a calendar year.

## 10.1. COSTS OF THE ELECTION CAMPAIGN

Funds for financing election campaign expenses are used for the activities of political entities **that begin on the day of calling the elections and end on the day of publishing the final election results**. Activities are the public presentation of the participants in the elections and their election programs and calling voters to vote for them and/or not to vote for other participants in the elections. This includes:

- work with voters and members;
- organizing and holding rallies;
- promotion, production, and distribution of advertising material, brochures, leaflets, and publications;
- political advertising; public opinion research, media, marketing, PR, and consulting services;
- conducting training for party activities;
- other activities, costs of which are unambiguously related to the election campaign;

## EXAMPLE

### 1. AN EXAMPLE OF AN ACTIVITY THAT DOES NOT REPRESENT AN ELECTION CAMPAIGN:

During the election campaign, a political party provided legal assistance to citizens on its premises, with the participation of lawyers, in the form of legal advice.

Since the premises of a political party can only be used for political activities, and providing legal assistance to citizens by a political party does not constitute a political activity in the sense of the Law, the political party in this particular case acted contrary to the provisions of the Law.

## EXAMPLE

### 2. AN EXAMPLE OF ACTIVITY THAT DOES NOT REPRESENT AN ELECTION CAMPAIGN:

In order to promote itself during the election campaign, a political party published announcements on its official social network profile stating that the municipal committee of the political party continues to conduct humanitarian activities and that it has provided firewood to several families, provided beds to one family, and funded the firewood and beds with support from officials and activists. By publishing the aforementioned announcements on its official profile, the political party in this particular case carried out activities that do not constitute an election campaign, thereby acting contrary to the provisions of the Law.

## IMPORTANT!



Political entities are prohibited from financing humanitarian activities as part of their activities during the election campaign.

## VIOLATION!



A political party that finances humanitarian activities during the election campaign will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

## 10.2. MARKING OF ADVERTISING MATERIAL

### IMPORTANT!



Political entities that distribute advertising material, brochures, leaflets, and publications during the election campaign are obliged to mark that material with information about the name of the entity that provides services for the production of the advertising material, brochures, leaflets, etc.

To make the election campaign more transparent and monitor the costs of the election campaign, the legislator obliged political entities that distribute advertising material, brochures, leaflets, and publications to mark that material with information about the name of the entity that provides services for creating advertising material, brochures, leaflets, and publications.

In addition, ads and any other form of advertising material used in the election campaign must contain the identification of the political entity participating in the election campaign.

### VIOLATION!



If a political party during the election campaign distributes advertising material (brochures, publications, leaflets, etc.) that is not marked with precise information about the service provider for the production of that advertising material and if the ads and other types of advertising material do not contain the identification of the political party participating in the election campaign, then it will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

## 10.3. PROHIBITION OF MISUSE OF PUBLIC RESOURCES

The legislator has prescribed prohibitions for political entities participating in the election campaign when conducting activities within the election campaign.

Political entities are not allowed to use budget funds that candidates in elections and electoral lists, or public officials, civil servants, and directly elected persons, have at their disposal to perform their official duties.

Likewise, political entities are prohibited from using public resources, including official premises, vehicles, websites, and inventory of state, provincial, and local authorities; public institutions; and public enterprises, during an election campaign.

An exception was made in two cases, as follows:

- Certain public officials may use those public resources during the election campaign for their personal security, provided that such use of public resources is regulated by appropriate regulations or by a decision of the services that manage the security of officials;
- During the election campaign, political entities can access public goods and services, which are determined by special regulations based on publicly available decisions, and which are available to all political entities under equal conditions from the Republic of Serbia, autonomous provinces, and local self-government units, as well as other organizations founded by them.

### EXAMPLE

#### **1. AN EXAMPLE OF ABUSE OF PUBLIC RESOURCES DURING THE ELECTION CAMPAIGN:**

During the election campaign, the political party used the premises of the cultural institution, i.e. the National Museum in Belgrade, to film a video for its promotion. This video, which was released during the election campaign, featured public officials making statements as candidates for councillors or MPs.

By recording a video in a cultural institution, the political party misused public resources, thereby acting contrary to the provisions of the Law.

#### **2. AN EXAMPLE OF ABUSE OF PUBLIC RESOURCES DURING THE ELECTION CAMPAIGN:**

During the election campaign, a political party used the premises of the city swimming pool, owned by the city, to record a video for its promotion.

By recording a video in the premises of the city swimming pool, which is owned by the city, the political party misused public resources, thereby acting contrary to the provisions of the Law.



**VIOLATION!**



A political party that abuses public resources, including official premises, vehicles, websites, and inventory of public authorities, will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of from 50,000 to 150,000 RSD.

## 10.4. SEPARATE ACCOUNT FOR ELECTION CAMPAIGN

To collect funds and pay the expenses of an election campaign, the political entity is obliged to open a separate account that cannot be used for other purposes.



**DEADLINE FOR OPENING A SEPARATE ACCOUNT FOR ELECTION CAMPAIGN EXPENSES:**

After calling the elections, and before publishing the electoral list.

The political party opens a separate account for financing election campaigns at the Treasury Administration and/or a commercial bank. Funds from public sources that are paid into a separate account for the election campaign at the Treasury Administration can be transferred to commercial bank accounts designated for election campaigns.

**IMPORTANT!**



All funds intended for financing the election campaign shall be paid into a separate account and all payments for election campaign expenses shall be made from that account.

The opening of a separate account for a coalition and a group of citizens must be regulated by an agreement establishing such political entities.

For a group of citizens, a current account is opened in the name of a natural person specified in a contract or agreement establishing such political entities, and it cannot be an account that the specified person uses for private purposes.

### IMPORTANT!



A separate account on which funds have been collected from public and private sources, credits, and loans can only be used to finance the expenses of the election campaign.

### VIOLATION!



A political party that fails to open a separate account for financing election campaign expenses and does not use the separate account exclusively for the election campaign will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

The funds collected for regular work can be used by a political entity to cover the expenses of the election campaign, if the political entity transfers these funds from the account where the funds for regular work are located to the account it uses in an election campaign.

### IMPORTANT!



On the day when the report on the election campaign expenses is submitted to the Agency, i.e. on the expiry of the 30 days from the date of publishing the overall report on the election results, the separate account loses its purpose and the balance on it must be reduced to zero, whether the income of the campaign is equal to its expenses or if the unspent funds collected from public and private sources are returned to the budget account of the Republic of Serbia, autonomous provinces, or local self-government units, or transferred to the party's account intended for financing regular work.

Special attention should be paid to opening a separate account for the election campaign in case of local elections. As local elections are connected to the territory of the local self-government unit and as they are not required to be held at the same time, i.e., they do not have to end at the same time, political entities that participate in those election campaigns open separate accounts for those local elections in which they have registered a list or nominated candidates.

## 10.5. ELECTION BOND AND RETURN OF FUNDS

If a political entity intends to use funds from public sources to cover the expenses of an election campaign, when submitting the electoral list or nominating candidates, it shall make a statement to that effect as specified in Article 21, paragraph 1 of this Law. After that, the political entity is obliged to post an election bond in accordance with the Law. An election bond consists of depositing cash, bank guarantee, government bonds, or placing a mortgage covering the bond on the real property of the person giving the bond.

In case the election bond is provided by a political entity, the funds for the election bond can be paid either from the account for regular work or from a separate account intended for financing the election campaign **and they are returned to the account from which they were paid**. Also, if the bond was provided by a natural or legal person, the funds of the election bond are returned to that person to the account from which it was paid. It should be noted that the funds of the election bond are returned if the condition from Article 26, paragraph 1 of the Law is met.

### IMPORTANT!



The political entity is obliged to present the election bond in the preliminary and final report on election campaign expenses, in which the data on the provider of the election bond is given, as well as special data for each type of election bond, as follows: account number from which and to which the election bond is paid; the name of the bank that provided the bond, the type of security of the bank guarantee and its detailed description and the name of the guarantor for the bank guarantee; in the case of securities: due date and name of the person holding the securities in the portfolio; for a real estate mortgage: description and address of the real estate; the estimated value of the real estate and the full name of the owner of the real estate.

A political entity that wins at least 1% of the valid ballots, or at least 0.2% if it represents national minorities, will have its election bond returned within 30 days from the date of the overall report on the election results. If it didn't win that number of ballots, the political entity is obliged to return the received funds for which it deposited the election bond within the same period. If the political entity does not return the received funds, the return of those funds to the budget will be made from the funds of the election bond.

## 11. AUTHORIZED PERSON OF THE POLITICAL ENTITY

### IMPORTANT!


 All political entities are obliged to designate a person who is responsible for financial affairs, reporting, compliance with obligations, prohibitions, and restrictions prescribed by the Law, as well as for bookkeeping and contact with the Agency.

### 11.1. APPOINTING AN AUTHORIZED PERSON IN A POLITICAL PARTY

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

Also, a political party's statute and/or appropriate decision must provide for the appointment of the person responsible for financial affairs, reporting, compliance with obligations, prohibitions, and restrictions prescribed by this Law, as well as for bookkeeping and contact with the Agency (hereinafter: "authorized person").

### IMPORTANT!

 The political party is obliged to notify the Agency within three days of the appointment or change of the authorized person, otherwise the representative of the political party registered in the register of political parties will be considered the authorized person.

### 11.2. APPOINTING AN AUTHORIZED PERSON OF A COALITION AND GROUP OF CITIZENS

The agreement on the formation of a coalition must determine the political party and the authorized person on behalf of the coalition for financial affairs, reporting, compliance with obligations, prohibitions, and restrictions prescribed by this Law, as well as bookkeeping and contact with the Agency

Also, the contract on the formation of a group of citizens must appoint a person responsible for representing the group of citizens, i.e. the authorized person, and the rules on the liability of natural persons in the sense of the Law related to the offenses that are applied to this person.



**DEADLINE FOR NOTIFYING THE AGENCY ABOUT THE APPOINTMENT AND CHANGE OF THE AUTHORIZED PERSON:**

Three days from the date of appointment or change.

### 11.3. POWERS OF THE AUTHORIZED PERSON

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

The authorized person is obliged to submit financial reports to the Agency in accordance with the Law (annual financial report, preliminary and final reports on the expenses of the election campaign) and is responsible for compliance with other obligations, prohibitions, and restrictions prescribed by the Law, as well as for bookkeeping.

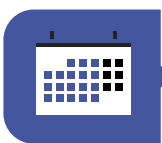
At the request of the Agency, the authorized person is required to forward all bookkeeping data and other documentation for inspection during the fiscal year.

To ensure clear application of the provisions of the Law, contact between the Agency and the political entity is established through the authorized person.

**VIOLATION!**



If the political entity does not appoint an authorized person, does not report the change of the authorized person, or does not notify the Agency about it, it will be fined in the amount of 100,000 to 1,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 20,000 to 100,000 RSD.



**SAFEGUARDING PERIOD OF REPORTS SUBMITTED TO THE AGENCY:**

Minimum of six years from the date of submission to the Agency.

## 12. RECORD KEEPING

Political entities that have seats in representative bodies and registered political parties must keep books on the origin, amount, and structure of all income and expenses in accordance with the regulations governing accounting and auditing. In addition, those political entities are also obliged to keep separate records on contributions, gifts, and services provided without compensation or under conditions that differ from market conditions, as well as records on the property. The content and method of submitting records are regulated in more detail by the Rulebook on Records and Reports of a Political Entity, published on the Agency website.

### VIOLATION!



A political party that does not keep records of contributions, gifts, and services provided free of charge, i.e. under conditions that differ from market conditions, as well as records of property in the prescribed manner, will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in a political entity will be fined in the amount of 50,000 to 150,000 RSD.

## 13. REPORTING

Political entities are obliged to submit an annual financial report and preliminary and final reports on election campaign expenses to the Agency.

### IMPORTANT!



The annual report on the financing of the political entity and the preliminary and final reports on the election campaign expenses **MUST** be submitted to the Agency in electronic and written form. The report(s) are not considered submitted in the prescribed form if submitted only through the electronic reporting system or submitted only in written form.

### 13.1. SUBMISSION OF THE ANNUAL REPORT ON THE FINANCING OF A POLITICAL ENTITY



**DEADLINE FOR THE SUBMISSION OF THE ANNUAL FINANCIAL STATEMENT WITH THE AUDITOR'S OPINION AND RECORDS OF CONTRIBUTIONS AND ASSETS:**

Not later than April 30 of the current year for the preceding year.

The annual financial report is submitted by all political entities that have seats in representative bodies and registered political parties.

The rule is that together with the annual financial statement, political entities submit a previously obtained opinion of an authorized auditor, licensed in accordance with the regulations on accounting and auditing, as well as records of contributions and assets on the prescribed forms.

Exempted from this rule are registered political parties and groups of citizens who, in the year for which they submit their annual financial report, have an inflow or outflow of funds on accounts, the amount of which does not exceed one average monthly wage without taxes and dues.

**IMPORTANT!**



The annual financial report contains the entire financial affairs of the political entity during the calendar year and contains:

- data on contributions and assets;
- all data on the origin, amount, and structure of all funds collected and spent from public and private sources, credits, and loans;
- all data related to the election campaign that was held in the year for which the annual report is submitted.

In addition to submitting an annual financial report to the Agency, political entities are required to publish that report on their website.

**IMPORTANT!**



Political entities who are obliged by law to submit an annual financial report, **MUST** submit the report regardless of whether they were active during the year or not, i.e. regardless of whether they had income or expenses from public and private sources, credits, and loans.



**DEADLINE FOR PUBLISHING THE ANNUAL FINANCIAL REPORT ON THE WEBSITE:**

Eight days from the date of submitting the report to the Agency.

**VIOLATION!**



If a political party does not submit an annual financial report to the Agency in electronic and written form, submits a report without the opinion of an authorized auditor, or submits the report which does not contain data on contributions and assets, it will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible a person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

## 13.2. SUBMITTING A PRELIMINARY AND FINAL REPORT ON ELECTION CAMPAIGN EXPENSES

The preliminary and final report on the expenses of an election campaign is submitted by each political entity participating in the election campaign.



**DEADLINE FOR SUBMITTING THE PRELIMINARY REPORT ON ELECTION CAMPAIGN EXPENSES:**

No later than seven days before the election day.

**IMPORTANT!**



The preliminary report on the expenses of the election campaign refers to the period from the day of calling the elections to 15 days before the election day, which means that all income and expenses must be shown in that report, regardless of whether they have been paid or not.





**DEADLINE FOR FINAL REPORT ON ELECTION CAMPAIGN EXPENSES:**

Thirty days from the publishing of the overall report on the election results.

**IMPORTANT!**



The final report on the expenses of the election campaign refers to the period from the day of calling the elections to the day the overall report on the election results is published, which means that the report must contain all expenses incurred during the election campaign, regardless of whether they were paid or not.

**IMPORTANT!**



The preliminary and final report on the expenses of an election campaign must contain all data on the origin, amount, and structure of collected and spent funds from public and private sources.

These reports show all expenses, regardless of whether they have been paid or not.

**VIOLATION!**



A political party that fails to submit to the Agency a preliminary or final report on the costs of the election campaign in electronic and written form, or submits preliminary or final reports that do not contain data on the origin, amount, and structure of collected and spent funds from public and private sources, will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in a political entity will be fined in the amount of 50,000 to 150,000 RSD.

### 13.3. METHOD OF SUBMITTING REPORTS TO THE AGENCY

To submit reports to the Agency, a political entity must first apply for a user account with the Agency at this email address: finansiranje.ps@acas.rs, and provide data necessary for opening the account, as follows:

1. The exact name of the political entity;
  2. Name of the authorized person according to Article 31 of the Law;
  3. Telephone number of the authorized person;
  4. The e-mail address of the authorized person to which the information will be sent after the opening of the user account;
  5. Website of the political entity.
- The Agency assigns political entities unique user accounts and codes for accessing the system for electronic submission of reports and data entry.
  - To fill out the prescribed form for report submission, the political entity downloads the prescribed form and fills it with data via the Agency's website [www.acas.rs](http://www.acas.rs) in the section "Political Subjects-Electronic reports."
  - After entering the data, the form is forwarded to the Agency via the electronic reporting system and the political entity receives a unique barcode that confirms the web version of the form.
  - After receiving the barcode, the political entity prints the completed form of the electronically submitted report, which is signed by the authorized person of the political entity. The report also must contain a stamp if it is a report of a political party, or in the case of a coalition, the stamps of all members. It will be submitted in writing (via mail) to the Agency with completed forms on recorded contributions E1 and recorded assets E2.

**IMPORTANT!**



The content and method of submission of reports that political entities submit to the Agency are regulated in detail by the Rulebook on Records and Reports of Political Entities published on the Agency's website.

### 13.4. RETURN OF FUNDS FROM PUBLIC SOURCES

**IMPORTANT!**



Political entities are obliged to pay all funds from public sources that were not spent during the election campaign into the budget of the Republic of Serbia, autonomous provinces, or local self-government units, while funds from private sources that were not spent during the election campaign are required to be transferred to the account used for regular work.



**DEADLINE FOR SUBMISSION OF UNSPENT FUNDS:**

Until the day prescribed by the Law for report submission

**VIOLATION!**



A political party that fails to return funds from public sources that were unspent during the election campaign to the budget of the Republic of Serbia, autonomous provinces, or local self-government units within the prescribed period, or fails to transfer unspent funds from private sources to the account for regular work, will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

## 14. POWERS OF THE AGENCY AND ACTIONS IN CASE OF VIOLATIONS OF THE LAW

### 14.1. POWERS OF THE AGENCY

The Agency controls reports of political entities according to the control plan it publishes on its website, as follows:

- the control plan of annual reports on the financing of political entities is published by March 15 of the current year for the previous year;
- the control plan of the reports on the election campaign expenses is published five days after the day of calling the elections;

The control plan can be amended and it is published on the Agency's website within three days from the day of the amendments.

When it comes to controlling the financing of political activities by political entities, the Agency has certain powers.

On one hand, it has the right of direct and free access to bookkeeping records and documentation of both the political entity and the endowment or foundation founded by the political party, as well as the financial reports of the political entity. It also has the right to engage appropriate experts and institutions for assistance and consultation in the control procedure.

On the other hand, the Agency can request from a political entity to provide all the necessary documents and information it needs to perform the tasks prescribed by this law.



#### **DEADLINE FOR DELIVERY OF INFORMATION AND DOCUMENTS:**

- Not longer than 15 days outside the election campaign.
- Not longer than three days during the election campaign.

## IMPORTANT!



Political entities are obliged to submit the requested information and documents to the Agency within the deadline. Otherwise, the Agency submits a request to the competent misdemeanor court to initiate misdemeanor proceedings against the political entity.

## VIOLATION!



A political party that fails to submit the requested information and documents to the Agency within the prescribed period will be fined in the amount of 200,000 to 2,000,000 RSD, and the responsible person in the political entity will be fined in the amount of 50,000 to 150,000 RSD.

The Agency can also contact the authorities of the Republic of Serbia, autonomous provinces, and local self-government units, banks, as well as legal and natural persons who finance political subjects, i.e. who have performed a certain service on their behalf and for their account, to provide it with the data necessary for the performance of duties prescribed by this Law. In those cases, the Agency determines the deadline for delivery, emphasizing that during the election campaign, it cannot be longer than three days. The aforementioned entities cannot refer to the prohibitions and restrictions prescribed by other Laws, to refuse to provide requested data.

The Agency prepares a report on the results of the control of annual reports on political entities' financing and publishes it on its website by February 1 of the following year.

Also, based on the results of the control of final reports on the election campaign expenses, which also includes the control of preliminary reports of the political entity, the Agency prepares a report that is published on the Agency's website no later than 120 days after the deadline for submitting the final report on the election campaign expenses.

## 14.2. PROCEDURE FOR DECIDING ON VIOLATIONS OF THE LAW

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

Proceedings to decide on the violation of this Law in **the election campaign** may also be launched based on a report filed by a political party, a coalition of political parties, or a group of citizens, which is also a submitter of a proclaimed election list, i.e. election candidate nominator.

The report should contain information about the person submitting it (name and surname/title, address), name and headquarters of the political entity, facts indicating a violation of the Law, the signature of the person submitting the report, and a seal if it is reported by a legal entity.

During the procedure, the Agency may ask the person reporting a violation to submit additional documents and information at their disposal, which are important for deciding on the existence of a violation of the Law.

The important fact about the procedure in the election campaign is the length of the prescribed deadlines. First of all, the deadline within which the Agency shall notify the political entity that proceedings have been launched against it is 24 hours from the reception of the report. Furthermore, within five days of the reception of the report, the Agency is obliged to pass a decision that determines whether or not a violation of this Law in the election campaign has occurred. The deadline of five days is calculated in two ways, from the day of receiving the confirmation that the political entity has been notified of the report, and from the day of the expiration of the deadline for the delivery of data in the election campaign, if the data is requested.

The Agency is obliged to publish the adopted decision on its website within 24 hours from the time of adoption.

If the Agency determines certain deficiencies in the process of controlling the financial activities of political entities, it issues a warning measure to the political entity after the procedure has been carried out. When imposing the measure, all the circumstances determined in the procedure are considered, especially the severity and consequences of the violation of this Law and the possibility of remedying the violation.

**VIOLATION!**

When a warning measure has been issued to a political entity to remedy the deficiency, and the political entity does not comply with the stated measure, the Agency submits a request to the competent misdemeanour court to initiate misdemeanour proceedings. Non-compliance with warning measures will result in a fine as follows:

- For a political party in the amount of 200,000 to 2,000,000 RSD;
- For a responsible person in a political party, coalition, and group of citizens in the amount of 50,000 to 150,000 RSD.

Decisions issued by the Agency during an election campaign are final, meaning political subjects cannot submit an appeal against it. The same applies to Agency decisions prescribing a warning measure. However, an administrative dispute may be initiated by filing a lawsuit with the Administrative Court within 30 days from the date of receipt of the decision.

## 15. OTHER OFFENCES FOR POLITICAL ENTITIES AND CRIMINAL ACTS

Apart from the misdemeanors listed in the previous part of the handbook, the Law prescribes monetary fines for political parties of 100,000 to 1,000,000 RSD for the following misdemeanors:

- if a political entity fails to publish on its website a donation exceeding one average monthly salary at the annual level within eight days from the day when the value of the donation exceeded the amount of one average monthly salary;
- if a political entity opens multiple accounts contrary to Article 18 of this Law;
- if a political entity fails to publish the annual report on the financing of the political entity on its website within eight days from the date of submission of the annual financial report to the Agency;
- for the aforementioned violations, responsible persons in political entities will be fined from RSD 20,000 to RSD 100,000;

The Law also stipulates that funds shall be confiscated from political entities that obtained those funds contrary to the provisions of the Law.

## 15.1. CRIMINAL ACT

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

The legislator also prescribed a qualified form of this criminal offense, according to which the perpetrator will be punished with imprisonment from six months to five years if funds in the amount exceeding 1,500,000 RSD are given or received.

Whoever commits violence or threatens violence; or places in an unequal position or denies a right or interest based on the Law to a natural person or legal entity donating to a political entity, shall be punished by imprisonment of three months to three years.

## 16. LOSS OF FUNDS FROM PUBLIC SOURCES

In addition to the authority to file a criminal report and the request to initiate misdemeanor proceedings in case of suspicion that the provisions of this Law have been violated and the authority to impose a warning measure, the Agency issues a decision by which a political entity loses the right to receive funds from public sources for financing regular work for the upcoming year. To make that decision, the basic condition must be met, which is the existence of a final judgment for a criminal offense from Article 40 of this Law, or the existence of a final judgment by which a political party or a responsible person in a political entity was punished for a misdemeanor prescribed in the Articles 41 and 42 of this Law. The decision determines the percentage of funds to which the political entity loses its right, and it is proportional to the sentence imposed for the committed criminal offense or misdemeanor. Decisions issued on this matter are published on the Agency website.



## 17. SUSPENSION OF TRANSFER OF FUNDS FROM PUBLIC SOURCES

Following the launching of criminal proceedings for a criminal offense prescribed by Article 40 of this Law or misdemeanor proceedings for a misdemeanor under Articles 41 and 42 of this Law, the Agency may send to the ministry responsible for financial affairs, or the competent administrative body of the autonomous province or local self-government unit, a request for a decision on temporary suspension of funds from public sources to the political entity until the final judgment is passed in the initiated proceedings. The decision to suspend the transfer of funds is made by the competent authorities to whom the Agency sent the request.

