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LAW ON POLITICAL PARTY FINANCING

“Official Gazette of Bosnia and Herzegovina”, 95/12

NOTE: On the day of entering into force of this Law, shall cease to be valid the Law on Party Financing, published in the “Official Gazette of Bosnia and Herzegovina”, 22/00, as well as Law on Changes and Amendments to the Law on Party Financing, published in the “Official Gazette of Bosnia and Herzegovina”, 102/09 and 54/10.

Pursuant to Article IV.4.(a) of the Constitution of Bosnia and Herzegovina, the Parliamentary Assembly of Bosnia and Herzegovina, at the 32nd session of the House of Representatives, held on 19 July 2012, and at the 22nd session of the House of Peoples, held on 16 November 2012, enacted the following

LAW ON POLITICAL PARTY FINANCING

Article 1 (Purpose of the law)

This law shall regulate the methods and conditions under which political parties and members of political parties acting on behalf of the party obtain their funds for operation.

Article 2 (Definition of the term political parties)

Political parties, for the purpose of this Law, shall mean organizations into which citizens are freely and voluntarily organized for the purpose of participating in the elections, and which are, in accordance with law, registered with a competent court of law in either Entity, in order to carry out political activities and pursue political goals.

Article 3 (Sources of funding)

(1) A political party may obtain funds from the following sources:

- a) Membership fees;
- b) Voluntary contributions from legal persons and physical persons;
- c) Publishing activity, sale of advertising materials and organization of political party events;
- d) Income generated by property owned by the political party;
- e) The budgets of Bosnia and Herzegovina, in accordance with Article 10 of this Law, the budgets of the entities, the cantonal budgets and the budget of the Brcko District of Bosnia and Herzegovina, including also the budgets of other units of local government and self-government as provided by law;
- f) Profit from the enterprises owned by the political party;
- g) Bank loan-borrowing.

(2) The enterprises referred to in sub-paragraph f) of paragraph (1) of this Article may only carry out culture-related or publishing activities.

(3) The annual income of the party referred to in sub-paragraphs d) and f) of paragraph 1 of this Article may not exceed 20% of the amount of total annual income of the party.

Article 4 **(Use of funds)**

(1) The funds referred to in paragraph (1) of Article 3 of this Law may be used by the political party only for the achievement of its objectives established by the programme and statute of the political party.

(2) Within 30 days of filing its financial statement, pursuant to Article 11 of this Law, the party shall donate for charitable purposes the income generated in excess of 20% as referred to in Article 3, paragraph (1), sub-paragraphs d) and f), to one or more charitable organizations registered in Bosnia and Herzegovina as organizations allowed to perform charitable work.

Article 5 **(Membership fees and voluntary contributions)**

(1) Membership fees, for the purpose of this Law, shall include regular monetary payments made by a member of the political party in the way and under the conditions specified by the statute or another act of the political party.

(2) Voluntary contributions, for the purpose of this Law, shall include the occasional and regular payments made by physical and legal persons voluntarily in order to give money to the political party in the amount exceeding the aforementioned membership fees, as well as the rendering of services or giving of products to the political party free of charge.

(3) For the voluntary contributions given or rendered to the political party in the form of products or services as appropriate, the physical and legal persons shall issue a bill of invoice indicating the market value of the granted product or service, and containing also an indication that it is registered in the name of the political party and is not subject to payment.

(4) Political parties shall keep the record of the received membership fees and voluntary contributions and issue the certificates confirming the receipt of the membership fees and voluntary contributions. An authorized person in the political party shall transfer the membership fees and voluntary contributions directly to the transaction account of the political party no later than within ten (10) days following the date of receipt of such payments.

(5) The services referred to in paragraph (2) of this Article shall not include the voluntary work of party volunteers.

Article 6 **(Total contribution limit)**

(1) Physical and legal persons may grant the voluntary contributions to the political

parties on a one-time basis or several times during the calendar year.

(2) Voluntary contributions in cash shall be paid to the transaction account of the political party's central office.

(3) The total amount of the voluntary contributions paid by a physical person to one political party may not exceed the amount of 10,000 KM (ten thousand convertible marks) per calendar year.

(4) The total amount of the voluntary contributions paid by a legal person to one political party may not exceed the amount of 50,000 KM (fifty thousand convertible marks) per calendar year

(5) The total amount paid by a political party member in the name of the political party during one calendar year may not exceed the amount of 15,000 KM (fifteen thousand convertible marks), which includes the membership fees as well.

Article 7 **(Appropriations from the State budget)**

(1) In the Budget of the Institutions of Bosnia and Herzegovina and the International Obligations of Bosnia and Herzegovina (hereinafter referred to as: the Budget of BiH) the funds shall be ensured for financing of the political parties or the coalitions of political parties and the independent candidates represented in the Parliamentary Assembly of Bosnia and Herzegovina, and the parliamentary groups or the caucuses of representatives and delegates in the Parliamentary Assembly of Bosnia and Herzegovina.

(2) The total funds referred to in paragraph (1) of this Article may not exceed the amount of 0.2% of the Budget of BiH per calendar year.

(3) The funds referred to in paragraph (1) of this Article shall be distributed to the political parties, and/or the coalitions of political parties, as follows:

a) 30% of the funds shall be distributed equally to all political parties, or the coalitions of political parties that won the seats (mandates);

b) 60% of the funds shall be distributed according to the number of the representative or delegate seats that each political party, coalition of political parties or independent candidate holds at the time of distribution of the mandates;

c) 10% of the total amount shall be distributed to the parliamentary groups proportionally according to the number of representative or delegate seats that belong to an under-represented gender.

(4) Members of a coalition of political parties shall participate in the distribution of the funds referred to in paragraph (3) of this Article on the basis of the Agreement for Distribution of

Funds, which Agreement is deposited in the Central Election Commission of Bosnia and Herzegovina, whereas if such an agreement does not exist, the funds shall be distributed among the members of the coalition of political parties according to the number of mandates awarded.

(5) The parliamentary groups or the caucuses of representatives and delegates and the independent candidates in the Parliamentary Assembly of Bosnia and Herzegovina shall participate in the distribution of the funds referred to in paragraph (3), sub-paragraph b), of this Article, according to the number of representative or delegate mandates in the houses of the Parliamentary Assembly of Bosnia and Herzegovina.

(6) The Joint Committee for Administrative Affairs of the Parliamentary Assembly of Bosnia and Herzegovina shall issue its acts in order to regulate a detailed method of distribution of the funds referred to in this Article, the control of their spending and other financial matters relating to the implementation of this Law.

Article 8 **(Prohibited contributions)**

(1) No political party financing shall be allowed to be carried out by:

- a) administrative authorities of the State of Bosnia and Herzegovina, of the Entities, cantons, Brcko District of Bosnia and Herzegovina and City/Municipal authorities;
- b) public institutions;
- c) public companies;
- d) charitable organizations;
- e) unnamed, or anonymous donors;
- f) religious communities;
- g) trade unions, associations and other non-profitable organizations funded by public funds regardless of the amount of the funds;
- h) legal persons in which the invested public capital amounts to at least 25%;
- i) other countries, foreign political parties and foreign legal persons.

(2) The prohibition referred to in paragraph (1), sub-paragraph a), of this Article shall apply to the use of business/office premises, which are used by the political parties pursuant to the decision of a competent authority.

(3) Exceptionally, the prohibition of political party financing referred to in paragraph (1), sub-paragraph i), of this Article, shall not apply to the financing of programs designated for

education, and aimed at developing and promoting of democratic principles.

(4) Private companies that have entered into an agreement on public procurement of services, an agreement on public procurement of goods, or an agreement on public procurement of works, with the bodies of executive authority at all levels in Bosnia and Herzegovina, in accordance with the regulations governing the matters of public procurement in Bosnia and Herzegovina, may not support political parties financially insofar as the value of the contract within one calendar year exceeds the amount of 10,000.00 KM (ten thousand convertible marks).

(5) Political parties may not generate revenues out of the property that is not owned by them.

(6) No granting of voluntary contributions shall be allowed in cash or in the form of products through any third parties (intermediaries).

(7) The potential voluntary contributions paid to the account of a political party from the prohibited sources as provided by paragraphs (1) and (6) of this Article, including the amounts of voluntary contributions exceeding the amounts specified in Article 6 of this Law, and the potential payments of voluntary contributions from unnamed or anonymous sources, shall be allocated by the political party to the Budget of BiH, no later than within the period of eight (8) days following the receipt of such payments, whereas they shall be reported by the political party to the Central Election Commission.

Article 9 (Prohibited activities)

(1) Exercising any form of political pressure on legal and physical persons in relation to the voluntary contributions for political parties shall be prohibited.

(2) Political party financing by raising loans with the banks in which the share of state-owned start-up capital exceeds 25% shall be prohibited.

Article 10 (Financial Audits of Political Parties)

(1) The Central Election Commission of Bosnia and Herzegovina shall establish an Office for Auditing of Political Party Financial Operations (hereinafter referred to as: the Auditing Office), which shall review and check the financial reports submitted by the political parties and shall perform audits of political party financing as provided by this Law.

(2) The audit of a party's financial report shall include the reports of the party's head office and at least two lower organizational units chosen by the Auditing Office.

(3) If no complaint has been filed by the political party after the preliminary written audit report is issued and delivered to the party, the auditor shall issue the final report containing the

auditor's opinion as to whether the political party was being financed in accordance with this Law.

(4) If the political party has filed the complaint against the preliminary audit report, the auditor shall be obligated to examine the allegations contained in the complaint. If the complaints of the political party are well-argued and the party has produced new evidence which was not presented to the auditor in the audit procedure, which evidence is relating to violations of this Law, the auditor shall correct the previous findings on the basis of such evidence and shall issue the final report containing the auditor's opinion.

(5) If, on the basis of the findings and recommendations contained in the preliminary report, the political party voluntarily removes the deficiencies that are removable and provides the auditor within the specified period of time with the proof that the deficiencies have been removed, the auditor shall not indicate in the report the violations removed by the party.

(6) The final report must indicate the names of organizational units of the party where the audit has been completed.

(7) The Central Election Commission of Bosnia and Herzegovina shall ensure that the public has access to the political party audit reports, including the audit findings and the auditor's opinion. Once they have been delivered to the political parties in their final form, the audit report with the auditor's opinion shall be published on the web-pages of the Central Election Commission of Bosnia and Herzegovina, whereas the auditor's opinion shall also be published in the "Official Gazette of Bosnia and Herzegovina."

(8) In the event that the Auditing Office finds that a more detailed financial review is required in order to ensure validity of the book-keeping report, the Auditing Office shall be allowed to have access to the party premises. In the event that the access to the party premises has been denied, the said party shall not be considered to have delivered the financial report and the Central Election Commission of Bosnia and Herzegovina shall deny it the right to file its candidacy in the upcoming elections.

Article 11

(Obligation to maintain business ledgers)

Political parties shall have the obligation to maintain their business ledgers and file their financial reports in the way determined by law and other regulations in accordance with law.

Article 12

(Obligation to render a public statement of account)

(1) Political parties shall maintain the records of their revenues and expenditures. A political party shall be obligated to file with the Central Election Commission of Bosnia and Herzegovina a financial report for each calendar year (accounting year).

(2) A political party shall file a separate financial report for the election campaign period as determined in the Election Law of Bosnia and Herzegovina.

(3) Political parties shall submit by 31 March of the following year a financial report in a format approved by the Central Election Commission of Bosnia and Herzegovina. Such reports shall contain the information required by the Election Law of Bosnia and Herzegovina. The Central Election Commission of Bosnia and Herzegovina shall issue regulations required in order to implement the provisions whereby it shall specify in greater detail the content, form, manner and other details of reporting.

(4) All persons who are required to file reports must also file such additional reports as the Central Election Commission of Bosnia and Herzegovina may require.

(5) The Central Election Commission shall have full authority to implement and enforce the provisions of this Article in the same manner as provided for by the Election Law of Bosnia and Herzegovina.

Article 13

(Appointment of an authorized officer in the political party)

(1) The political party shall have the obligation to appoint an authorized officer who shall be responsible for business record-keeping for political parties, filing financial reports, and who shall be authorized to communicate with the Central Election Commission of Bosnia and Herzegovina.

(2) The reporting authority shall inform the Central Election Commission of Bosnia and Herzegovina about appointing the authorized officer referred to in paragraph (1) of this Article within fifteen (15) days of his or her appointment, and in the event of any change in the status of that officer, the reporting authority must inform the Central Election Commission of any such change within the period of fifteen (15) days.

(3) The competent person shall sign each such report and shall be responsible for keeping records relating to the reports, and must make such reports available upon request of the Central Election Commission of Bosnia and Herzegovina.

(4) The political parties shall keep their complete financial reports for at least last six years after filing.

(5) The Central Election Commission of Bosnia and Herzegovina shall make all reports available to the public, and shall take appropriate actions to ensure that all citizens have easy access to information contained within the reports.

Article 14

(Competences of the Central Election Commission)

(1) The Central Election Commission of Bosnia and Herzegovina shall have the

competence to investigate instances of non-compliance with the provisions of this Law, and may order certain individuals to answer written questions, in order to provide documentary and other evidence, and to provide the testimony of witnesses in connection with any investigation that the Central Election Commission of Bosnia and Herzegovina may initiate. The Central Election Commission of Bosnia and Herzegovina may initiate investigation or undertake appropriate measures, on its own initiative or in response to a complaint that has been filed.

(2) The Central Election Commission of Bosnia and Herzegovina shall have the competence with respect to enforcing provisions of this Law, and shall have the competence to decide whether a political party or any other person has violated the provisions of this Law, and it shall have the competence to impose sanctions against any political party for non-compliance with the said provisions, or to undertake appropriate administrative measures within the scope of its general competences as provided by law.

(3) Before imposing the sanction or undertaking the administrative measure, the Central Election Commission of Bosnia and Herzegovina shall seek to achieve that the political party found to have violated the provisions of this Law removes voluntarily the observed deficiencies, insofar as they are removable.

Article 15 **(Role of the Central Election Commission)**

(1) The Audit Office shall inform the Central Election Commission of Bosnia and Herzegovina about all irregularities and violations of the provisions of this Law.

(2) In the case that a political party has failed to comply with the provisions of this Law, the Central Election Commission of Bosnia and Herzegovina shall have the authority to impose the corresponding fines in accordance with the present Law and the Election Law of Bosnia and Herzegovina.

Article 16 **(Role of the Appeal Council)**

The Appeal Council shall be competent to hear the appeals filed against the decisions of the Central Election Commission of Bosnia and Herzegovina. The Appeal Council shall have the authority to impose the corresponding fines in accordance with the Election Law of Bosnia and Herzegovina.

Article 17 **(Requirement to file reports to the Parliamentary Assembly of Bosnia and Herzegovina)**

The Central Election Commission shall have to report each year to the Parliamentary Assembly of Bosnia and Herzegovina on the situation observed concerning the financial operations. The reports shall be circulated as Parliamentary hard-copy handouts.

Article 18
(Independent candidates)

Provisions of this Law that govern the matters of voluntary contributions, prohibition of financing and preferential treatment, and supervision and financial operations shall also be applicable to the lists of independent lists and the independent candidates accordingly.

Article 19
(Fines imposed for political party violations)

(1) A fine in the amount between 500.00 KM (five hundred convertible marks) and 5,000.00 KM (five thousand convertible marks) shall be imposed for a violation on:

- a) a political party using the funds contrary to the provision of Article 4, paragraphs (1) and (2) of this Law,
- b) a political party failing to keep the record of the received membership fees and voluntary contributions and to issue the certificates of their receipt, in accordance with the provisions of Article 5 paragraph (4) of this Law,
- c) a political party financing itself by raising bank loans with the banks in which the amount of the state-owned start-up capital exceeds the share of 25%.

Article 20
(Fines imposed for violations up to the threefold amount)

(1) A fine in the amount three times as much as the amount of the received funds shall be imposed for violation on:

- a) a political party that has received funds in the amount of exceeding the maximum specified annual revenue referred to in paragraph (3) of Article 3 of this Law, or exceeding the maximum specified amount of voluntary contributions referred to in Article 6 or in the way prohibited under Article 8 of this Law,
- b) a political party, an independent list holder and candidate who fail to report and pay into the State Budget the amounts of voluntary contribution exceeding the amount referred to in Article 6 of this Law, including also the potential payments of voluntary contributions from unnamed (anonymous) sources, as provided by paragraph (7) of Article 8 of this Law,
- c) a political party, an independent list holder and candidate who fail to report the payment of contributions from the prohibited sources and fail to allocate the paid funds to the State Budget, as provided by paragraph (7) of Article 8 of this Law.

Article 21
(Repealing provisions)

Once this Law has entered into force, the Law on Political Party Financing (“Official Gazette of Bosnia and Herzegovina”, nos. 22/00, 102/09, and 54/10) shall be repealed.

Article 22
(Entry Into Force)

This Law shall enter into force on the eighth day following its publication in the “Official Gazette of Bosnia and Herzegovina”.

No. 01,02-1-28/12
16 November 2012
Sarajevo

Speaker
of the House of Representatives
of the BiH Parliamentary Assembly
Dr. Milorad Živković, *manu propria*

Speaker
of the House of Peoples
of the BiH Parliamentary Assembly
Sulejman Tihić, *manu propria*