

LAW
ON ASSOCIATIONS

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LAW
ON ASSOCIATIONS
I GENERAL PROVISIONS

Scope of the Act

Article 1

(1) This Law regulates the founding, legal status, activities, registration, financing, property, liability, status changes, supervision, dissolution of associations with legal personality, as well as the registration and discontinuance of activities of foreign associations in the Republic of Croatia, unless otherwise regulated by a special law.

(2) Provisions of this Law do not apply to political parties, religious communities, trade unions and employers' associations.

(3) Associations without legal personality are subject to the appropriate application of regulations pertaining to partnership.

Purpose

Article 2

The purpose of this Act is to ensure an efficient operation of associations with legal personality, and create conditions for effective funding of programs and projects of interest for the public benefit implemented by associations in the Republic of Croatia.

Gender neutral terms

Article 3

Terms used in this Law and regulations made on the basis of it which are gender-marked, regardless of whether they are used in the masculine or feminine gender, include both male and female gender in the same manner.

Definition of association

Article 4

For the purpose of this Law, an association is any form of free and voluntary association of natural or legal persons who, in order to protect their interests or to promote the protection of human rights and freedoms, environmental protection and sustainable development, humanitarian, social, cultural, educational, scientific, sports, health care, technical, information, professional or other beliefs and goals that are not contrary to the Constitution and law, without the intention of making profit or other economically estimable benefit, submit themselves to the rules that regulate the organization and activities of this form of association.

Legal personality of associations

Article 5

An association acquires legal personality upon registration in the Register of Associations.

II PRINCIPLES OF THE ACTIVITIES OF AN ASSOCIATION

Principle of independence

Article 6

The activities of an association are based on the principle of independence, which means that an association determines independently its field of operation, objectives, activities and its internal structure, and that it independently performs activities that are not contrary to the Constitution and law.

Principle of publicity

Article 7

The activities of an association are based on the principle of publicity. Publicity of the work of an association is regulated by its statute in accordance with law.

Principle of democratic organization

Article 8

The activities of an association are based on the principle of democratic organization, which means that each association is managed by its members in such a manner that its internal structure is based on the principles of democratic representation and democratic expression of the will of its members.

Principle of non-profit

Article 9

The activities of an association are based on the non-profit principle, which means that an association is not founded for the purpose of making profit, but it may perform an economic activity, in accordance with law and their statute.

Principle of free participation in public life

Article 10

The activities of an association are based on the principle of free participation in public life, which means that an association participates freely in the development, monitoring, implementation and evaluation of public policies and the shaping of the public opinion, as well as expresses its views and opinions and takes initiative on issues of its interest.

III FOUNDING OF AN ASSOCIATION

Founding of an association

Article 11

- (1) An association may be established by at least three founders.
- (2) The founder of an association, in terms of this Law, may be any legally capable natural person, unless their legal capacity has not been revoked in part to conduct legal transactions or any legal person.
- (3) Minors who are 14 years of age and an adult deprived of legal capacity in the area to conduct legal transactions can also be founders of an association if they have a certified written consent issued by their legal representative or guardian.
- (4) Legal representatives or guardians provide the consent referred to in paragraph 3 of this Article prior to the founding assembly of the association.
- (5) At the moment of the founding of an association, at least one founder must be a person of legal age who has not been deprived of his or her legal capacity in the area to conduct legal transactions.
- (6) A person authorized to represent an association must be a person of legal age who has not been deprived of the legal capacity in the area to conduct legal transactions.

Membership in associations

Article 12

- (1) Any natural or legal person may become a member of an association, in accordance with law and the statute of the association.
- (2) For persons under 14 years of age, a legal representative or a guardian provides a written statement on their becoming a member of an association, and for minors who are 14 years of age, their legal representative or guardian provides a written consent.
- (3) An association is obliged to keep a record of its members.
- (4) The record of members shall be managed electronically or in any other appropriate manner, and shall contain the following information: personal name, personal identification number (OIB), date of birth, date of joining the association, membership category, if determined by the statute of the association, and date of termination of membership in the association, but it can contain other information as well.
- (5) The record of members shall always be available for review to all the members and competent authorities at their request.

Statute of an association

Article 13

(1) An association shall have a statute.

(2) A statute is the basic general act of an association passed by the assembly. All other acts of an association, if there are any, must comply with the statute. An association may use a different name for its statute.

(3) The statute of an association shall contain provisions regulating:

- name and seat of the association
- representation
- appearance of the seal of the association
- areas of activity aligned with the goals
- goals of an association
- activities employed to achieve its goals
- economic activities in accordance with law, if it performs any
- manner of ensuring publicity of the association's activities
- conditions and procedure related to becoming a member and termination of membership, as well as to rights, obligations, responsibilities, disciplinary responsibility of members and manner of keeping a record of members
- bodies of the association, their composition and manner of organizing sessions, their election, recall, powers, manner of making decisions, duration of mandate and manner of organizing an assembly after the end of a mandate
- election and recall of the association's liquidator
- dissolution of the association
- property, method of acquisition and disposal of property
- procedure related to property in the case of termination of the association
- manner of resolution of disputes and conflicts of interest within the association.

(4) The statute of an association may also contain provisions related to:

- territorial presence of the association
- logo of the association
- other questions of importance for the association.

Title of an association

Article 14

(1) An association shall operate and participate in legal transactions under the title under which it is entered in the Register of Associations.

(2) The title of an association shall be in the Croatian language and in Latin script, but may contain words in a foreign or dead language.

(3) Apart from the title in the Croatian language and Latin script, an association may also have a title in the language of a national minority, foreign or dead language, if thus provided by its statute.

(4) In addition to their full title, an association may also use an abbreviated title that must contain a characteristic part of the title of the association.

(5) The title of an association must differ from the titles of other associations registered in the Register of Associations.

(6) The registering authority shall reject applications for registration if the title of an association does not clearly distinguish itself from the title of an association already registered in the Register of Associations.

(7) If two or more associations submit an application for registration under the same title to the competent authority managing the Register of Associations, the application that was submitted first shall be approved.

(8) Notwithstanding paragraph 7 of this Article, shall be granted registration the association whose application was received later if the association proves that it had used the title in legal transactions before the association whose application was received first.

Names of countries, international organizations and personal names in the title of an association

Article 15

(1) The word “Croatia” in any language, words derived from it, parts of the coat of arms and flag of the Republic of Croatia, as well as names and signs of other countries and titles of local or territorial (regional) self-government units, parts of their coat of arms and flag, and titles of international organizations and names of natural persons, may be part of an association's title or logo provided that their honor and dignity are thus not compromised.

(2) The title of an association may also include the name or part of the name of a natural person with their consent, and if the person has deceased, with the consent of his or her heirs.

(3) The title of an association can include the name or part of the name of a historical or other famous person if it is used in an appropriate manner, with the consent of the said person, and if the person is deceased, with the consent of his or her heirs, if there are any.

(4) The title of an association can include the title and sign of an international organization, with the consent of the latter.

(5) If an association, by its activities or in any other manner, has insulted the honor and reputation of the person whose name is part of its title, the person, and if the person has died, his or her heirs, can file a lawsuit to the competent municipal court according to the seat of the association.

Management of an association and bodies of the association

Article 16

- (1) Members manage their association directly or through their elected representatives in the bodies of the association in the manner prescribed by the statute.
- (2) The representative of a legal person who is a member of an association is appointed by one of the persons authorized to represent it, unless an internal act of the legal person prescribes a different appointment procedure.
- (3) The assembly is the highest body of each association. The statute may define a different name for the assembly as the highest body of an association.
- (4) Apart from provisions related to the assembly, the statute can also define administrative (executive), supervisory and other bodies of an association.
- (5) An association appoints one or more natural persons to represent the association.

Composition of an association's assembly

Article 17

- (1) The assembly of an association consists of all members of an association or their representatives appointed in the manner prescribed by the statute of the association. Exceptionally, if an association's statute specifies membership categories, the statute may also specify that only certain categories of members make the assembly of the association, i.e. that only such categories of members have the right to decide in the assembly.
- (2) Adults without legal capacity to act participate in the work of the assembly, and may decide in the assembly in the manner prescribed by the statute.
- (3) Members of an association who are minors participate in the work of the association's assembly in the manner prescribed by the statute.
- (4) If thus specified by the statute, minors with 14 years of age can decide in the assembly provided that their legal representative or guardian have given their consent.
- (5) The mandate of elected representatives of members of the assembly is prescribed by the statute of each association.

Competence of an association's assembly

Article 18

- (1) The Assembly of an association:
 - adopts the statute of the association and its amendments

- elects and dismisses persons authorized to represent the association, unless the statute prescribes that legal representatives are elected and dismissed by another body of the association chosen by the assembly
- elects and dismisses other bodies of the association, if the statute does not prescribe otherwise
- decides on joining alliances, communities, networks and other forms of joining of associations
- adopts the work plan and financial plan for the next calendar year, as well as the activity report for the previous calendar year
- adopts annual financial statements
- decides on changes in the goal, activities and economic activities, as well as on the termination of activities and distribution of the remaining property of the association
- makes decisions on status changes
- decides on other matters for which the statute does not define the competence of other bodies of the association.

(2) Ordinary sessions of the assembly shall be held within the deadline prescribed by the statute, while extraordinary ones may be held when necessary.

Authorized representative of an association

Article 19

The authorized representative:

- is responsible for the legality of the association's activities
- manages the association's activities in accordance with the decisions of the Assembly, unless otherwise prescribed by the statute
- is responsible for submitting a draft annual financial statement to the assembly
- submits minutes of regular sessions of the assembly to the competent office of the Register of Associations
- concludes agreements and takes other legal actions in the name and for the account of the association
- performs other activities in accordance with law, statute and acts of the association.

Umbrella organizations and organizational forms of associations

Article 20

(1) Associations may join to form an alliance, network, coordination or other forms of an umbrella organization, depending on their field of activities, and are free to choose the title of the type of such umbrella organizations. The umbrella organization may also have legal personality, and is subject to the adequate application of the provisions of this Law.

(2) Associations can become members of international associations and other organizations.

(3) Associations can have their organizational forms (branch offices, clubs, etc.) in accordance with their statute, which also defines the rights and obligations of an association and its organizational forms.

(4) Organizational forms may have legal personality if there is such a possibility in the statute of an association, and if the competent body of the association issues a decision permitting it for each individual organizational form. Organizational forms with legal personality are subject to the adequate application of the provisions of this Law.

Foreign associations

Article 21

(1) For the purpose of this Law, foreign associations are associations or other forms of an association that have been founded without the intention of making profit, in line with Article 4 of this Law, and that have been duly established in line with the legal order of the foreign country.

(2) Foreign associations can conduct their activities in the territory of the Republic of Croatia after they have been entered in the Register of Foreign Associations of the Republic of Croatia (hereinafter: Register of Foreign Associations), in accordance with special regulations on the conditions related to particular activities.

(3) Foreign associations do not acquire legal personality upon their registration in the Register of Foreign Associations.

IV REGISTRATION OF AN ASSOCIATION

Registration of an association and managing of the Register of Associations

Article 22

(1) Registration in the Register of Associations is voluntary and is performed upon the request of the founders of an association.

(2) A request for entry in the Register of Associations shall be submitted by the person authorized to represent the association on behalf of the founders.

(3) Associations are entered in the Register of Associations kept at the state administration offices, county offices or offices of the City of Zagreb competent for general administration issues (hereinafter: competent office), according to the seat of an association.

(4) The Register of Associations and Register of Foreign Associations are central electronic databases managed by the competent offices jointly for all associations and foreign associations operating in the Republic of Croatia.

(5) A regulation issued by the Minister competent for general administration will prescribe the content of the Register of Associations and Register of Foreign Associations, as well as the manner of their keeping, application forms for entry in the Register of Associations and Register of Foreign Associations and application forms for the entry of changes in both registers.

Entry in the Register of Association

Article 23

The request for entry in the Register of Association includes:

- minutes on the work and decisions of the founding assembly
- decision of the assembly on the initiation of the procedure of entry in the Register of Associations, if such a decision has not been made in the founding assembly
- statute
- list of founders
- names of persons authorized to represent the association and personal name or title of the liquidator
- excerpt from the court or other register if a founder of the association is a foreign legal person
- copy of identification card or passport of the founders, liquidator and persons empowered to represent the association
- consent or approval of the competent authority for performing a specific activity, when prescribed by special laws as a condition for the entry of the association
- notarized consent referred to in Article 11, paragraph 3 of this Law
- certified statement referred to under Article 15, paragraphs 2, 3 and 4 of this Law.

Publicity of the Register

Article 24

(1) The Register of Associations and Register of Foreign Associations are public.

(2) The data entered in the registers referred to in paragraph 1 of this Article and statute of an association are public and available on the website of the central state administration body competent for general administration.

(3) The Register of Associations includes a link to the Register of Non-profit Organizations, thus making publicly available financial reports of associations with the required documentation.

Procedure upon the request for entry

Article 25

(1) The competent office is obliged to make a decision on the entry within 30 days of the duly filing of the request for entry.

(2) If an official of the competent office determines that the statute of an association does not comply with law, or if the application is not accompanied with adequate evidence referred to in Article 23 of this Law, in its decision it will invite the applicant who submitted such a request for entry in the Register of Associations to adapt their statute or submit the said evidence within a period not shorter than 15 days.

(3) The decision on entry in the Register of Association includes: title, seat, registry number of the entry, goals and activities of the association, economic activities, if these are prescribed by the statute, certificate stating that, upon entry in the Register of Associations, the association shall acquire legal personality and that the entry in the Register of Associations will be performed on the date when the decision has become enforceable, personal name or title of the liquidator of the association and names of persons empowered to represent the association.

(4) Appeals against a decision on entry into the Register of Associations do not postpone the execution of the decision.

(5) A copy of the statute of an association shall be confirmed by the competent office and sent together with the decision on entry in the Register of Associations to the association.

(6) Entry in the Register of Associations shall be made once the decision on entry has become enforceable.

(7) For associations which have stipulated the performance of economic activities in their statute, the competent office shall, immediately upon entry in the Register of Associations, deliver the decision on the entry of the association to the Ministry of Finance - Tax Administration.

(8) If the competent office fails to issue a decision on the entry in the Register of Associations within 30 days of submitting a duly written application, it shall be considered that the association was entered in the Register of Associations on the first day following the expiration of this period.

(9) The provisions of paragraph 8 of this Article shall not apply in the case referred to in paragraph 2 of this Article.

Rejection of registration

Article 26

A request for entry in the register shall be rejected if the statute of an association stipulates goals and activities contrary to the Constitution or law, or if applicants fail to comply with the decision formulated in Article 25 paragraph 2 of this Law in due time.

Applications for modification of data

Article 27

(1) The person empowered to represent an association submits to the competent office a request for the entry of changes in the Register of Associations related to:

- statute
- name
- goals and activities
- seat and seat address

- choice of legal representatives, regardless of whether they are persons from the previous mandate
- selection and recall of the liquidator
- dissolution of the association.

(2) The request should enclose a record of the work and decisions of the association's body authorized by the statute to make the decision for which the association seeks to enter a change in the Register of Associations, new statute or its amendments, as well as photocopies of the identity cards or passports of the legal representatives or liquidator.

(3) The request for entry of changes in the Register of Associations, in line with paragraph 1 of this Article, has to be submitted no later than 60 days after the decision on such a change was made. The request submitted after the said deadline, except when referring to the dissolution of an association, shall be rejected by a decision.

(4) During the process of entering changes in the Register of Associations, as well in the process of issuing a decision on the entry of changes in the Register of Associations, provisions of Article 25, paragraphs 2, 3, 4, 5, 6 and 7 of this Law shall apply accordingly.

(5) The association shall not act in legal transactions in accordance with changes nor use data related to changes referred to in paragraph 1 of this Article before these have been entered in the Register of Associations.

(6) The request for the entry of changes in the Register of Associations shall be rejected in the cases defined in Article 14, paragraph 6 and Article 26 of this Law, as well as if the competent office has determined that the decision on the basis of which the entry in the Register of Associations is requested has not been issued in accordance with the provisions of the association's statute.

(7) If an official of the competent office determines that there is a dispute between members of an association or a conflict of interest within the association that has not been resolved in the manner prescribed by its statute, provided that its resolution affects the entry of the change in the Register of Associations, the process may be stopped by a decision until the matter has been resolved through mediation or by the municipal court competent with respect to the seat of the association.

Entry in the Register of Foreign Associations

Article 28

(1) The request for entry in the Register of Foreign Associations shall be submitted to the competent office by a person authorized to represent the foreign association in the Republic of Croatia.

(2) The request for entry shall include:

- excerpt not older than six months, from the register of the foreign country in whose territory a foreign association is registered, demonstrating who is empowered to represent the foreign association

- decision on the establishment of a foreign association certified by the competent body of the foreign country if the law of the country where the foreign association was established does not require entering in a register
- decision on appointment of the empowered representative of a foreign association in the Republic of Croatia
- decision on the goals and activities that will be performed by a foreign association in the Republic of Croatia
- certified translation into the Croatian language and Latin script of the excerpt from the statute or any other act which describes the goals and activities of a foreign association
- certified translation into the Croatian language and Latin script of the documents from subparagraphs 1, 2, 3 and 4 of this paragraph
- photocopy of identity document of the person empowered to represent a foreign association in the Republic of Croatia
- other evidence if a special law requires additional conditions for entry in the Register of Foreign Associations.

(3) Foreign associations are subject to appropriate application of the provisions of Article 25 paragraphs 1 and 2, as well as of Articles 26 and 27 of this Law.

(4) The decision on entry in the Register of Foreign Associations includes: title, personal identification number (OIB), registered seat, goals and activities that will be performed by a foreign association in the Republic of Croatia, registry number of entry, certificate proving that entry in the Register of Foreign Associations will be performed on the date when the decision has become enforceable, and names of the legal representatives in the Republic of Croatia.

Legal remedies

Article 29

(1) The central state administration body competent for public administration decides on appeals against the decisions of the competent office.

(2) There is no appeal against the decision of the central state administration body from paragraph 1 of this Article, but an administrative dispute may be initiated in such cases.

(3) In case of initiating an administrative dispute against a decision by which an association has ceased to exist, court claims made before the competent administrative court postpone the execution of the decision against which the claim has been made.

V PROPERTY AND FINANCING

Property of an association

Article 30

(1) The property of an association includes funds that it has acquired through the collection of membership fees, voluntary contributions and gifts, revenue from the performance of activities carried out to meet its goals, performance of activities in line with Article 31 of this Law, financing of the association's programs and projects from the state budget and the

budget of local and territorial (regional) self-government units and/or foreign sources, other funds acquired in accordance with law, its real estate and movables, and other property rights.

(2) An association may dispose of its property exclusively to achieve its goals and perform the activities defined by the statute, in accordance with law.

Economic activities

Article 31

(1) An association can perform economic activities if thus prescribed by its statute, in accordance with specific regulations on the conditions required for the performance of such activities.

(2) An association may perform economic activities alongside the activities they use to realize the goals defined by its statute, but it must not perform them in order to make profit for its members or third persons. If, during the performance of economic activities, an association has made a surplus of receipts over expenses, such surplus shall be used, in line with the statute of the association, exclusively to fulfill the goals defined by the statute.

Financing of programs and projects of interest for the public benefit

Article 32

(1) Programs and projects of interest for the public benefit implemented in the Republic of Croatia by associations can be funded from the state budget, budgets of the local and territorial (regional) self-government units, EU funds and other public sources.

(2) Special regulations may introduce tax reliefs and other benefits for associations that implement programs or projects of interest for the public benefit, as well as for legal and natural persons who financially support activities of interest for the public benefit.

(3) Programs and projects of interest for the public benefit, in terms of this Law, are complete and clearly defined thematic sets of activities that are aligned with the values prescribed by the Constitution of the Republic of Croatia, whose implementation provides on a long-term or temporally limited basis a visible added social value which raises the quality of life of the individual and promotes the development of the wider community.

(4) Activities of interest for the public benefit are especially activities of associations that contribute to the protection and promotion of human rights, protection and promotion of the rights of national minorities, protection and promotion of the rights of persons and children with disabilities, elderly and disabled, equality, peacemaking and fight against violence and discrimination, promotion of the values of the Homeland War, protection, care and education of children and youth and their active participation in society, prevention and fight against all forms of addiction, development of a democratic political culture, protection and promotion of the rights of minority groups in society, promotion and development of volunteering, social services and humanitarian work, encouraging and development of social entrepreneurship, protection of consumers' rights, environmental and nature protection and protection and preservation of cultural goods, sustainable development, development of the local community, international development cooperation, health protection, development and promotion of

science, education, life-long learning, culture and art, technical and information culture, sports, volunteer firefighting, search and rescue and other activities that, by their nature or special regulations related to the financing of public needs in certain areas, may be considered as activities for the public benefit.

Criteria, standards and procedures for financing and contracting programs and projects of interest for the public benefit

Article 33

(1) The competent national bodies, local and territorial (regional) self-government units and other public institutions shall finance and contract the implementation of programs and projects of interest for the public benefit on the basis of a public call for tenders or on the basis of a special regulation on the financing of public needs.

(2) Upon the proposal of its Office competent for associations, the Government of the Republic of Croatia regulates the criteria, standards and procedures for financing and contracting programs and projects of interest for the public benefit that are implemented by associations.

Obligations and responsibilities of associations financed from public sources

Article 34

(1) An association that implements programs and projects of interest for the public benefit financed from public sources notifies the general public and donors who provided the financing at least once annually on its activities, scope, manner of acquisition and use of donors' funds, via its website or in any other appropriate manner.

(2) An association shall use the funds referred to in paragraph 1 of this Article exclusively for the implementation of approved programs or projects.

Financial activities of an association

Article 35

Associations and foreign associations are obliged to keep business records and prepare financial statements in accordance with regulations on financial activities and accounting management of nonprofit organizations.

Liability for obligations

Article 36

(1) An association is liable for its obligations with the total sum of its property.

(2) The members of an association and members of its bodies shall not be accountable for the obligations of their association.

(3) Bankruptcy proceedings may be applied on associations.

Liability for damage

Article 37

An associations and its authorized representatives shall be held liable for the damage caused in the association, and associations shall be held liable for damage caused to third persons, in accordance with general regulations on liability for damage.

VI STATUS CHANGES

Term and types of status changes

Article 38

(1) A status change is a change in the legal position of an association made on the basis of a decisions of its assembly in accordance with its statute and this Law.

(2) Status changes refer to joining, merger and division of associations.

Joining of associations

Article 39

(1) Joining of one or more associations to another association shall be entered in the Register of Associations.

(2) In joining, total property of an association shall be transferred to another association on the basis of a decision on joining.

(3) The decision on joining contains the names and registered seat of the associations, provisions related to the transfer of property of the association which is joining (exact description of rights and obligations being transferred) and rights of the members of the joined association.

(4) Provisions of this Law related to the entry of changes in the Register of Associations apply appropriately to the entry of joining in the Register. A request for the entry of changes is to be submitted by the person authorized to represent the association to which associations are joined.

(5) The request for entry of changes must also include the decision on joining agreement made by the assemblies of the associations which will be joined. By entering the fact of joining in the Register of Associations, the joined association shall cease to exist, while the association to which it was joined shall continue to operate under the name under which it was registered in the Register of Associations.

Merging of associations

Article 40

- (1) Merger is the establishment of a new association to which the total property of two or more merging associations is transferred.
- (2) The process of merger shall be subject to the application of the provisions of this Law related to joining.
- (3) Once a merger is performed, the merged associations shall cease to exist, and the newly formed association shall be considered as a new association, which shall be subject to the appropriate application of the provisions of this Law related to the registration of associations.

Division of associations

Article 41

- (1) An association can be divided into two or more associations.
- (2) Decisions on the division of an association shall have the legal effect of a founding act.
- (3) The process of division shall be adequately governed by the provisions of this Law related to the joining of associations.
- (4) An association that has been divided shall cease to exist, and the provisions of this Law related to the entry of associations in the Register of Associations shall apply to the registration of newly formed associations.
- (5) Associations formed by division shall be jointly held liable for the obligations of the divided association.
- (6) Associations formed by division shall be entered in the Register of Associations after the delimitation of their property, rights and obligations.

VII SUPERVISION

Internal supervision

Article 42

- (1) The mere members of an association supervise the activities of their association.
- (2) If a member of an association assumes that the association has violated its statute or any other general act of the association, he is authorized to warn the body determined by the statute, or the assembly if the statute does not specify the competent body, and ask for the irregularities to be removed.
- (3) If such warnings are not considered within 30 days from the date of submission of a written request, and if the request has not been acted upon, i.e. if the competent body or

assembly have not organized a meeting within the above mentioned deadline and if irregularities have not been eliminated in another 30 days, the member may file a complaint to the municipal court competent according to the seat of the association in order to protect his or her rights prescribed by the statute of the association.

Inspection of the activities of associations

Article 43

(1) Under this Law, inspection is performed by the competent office.

(2) Inspection of the activities of associations referred to in paragraph 1 of this Article refers to inspecting whether associations report, in line with Article 27 of this Law, amendments of their statute, name, seat address, election of persons authorized for representation and dissolution, whether associations use the data on changes in legal transactions, or act in accordance with changes even before these have been entered in the Register of Associations, whether they use the name under which they are entered in the Register of Associations, whether they hold meetings of the assembly and submit minutes of regular meetings of their assembly, whether they keep a record of members in the manner prescribed by this Act, and whether they have stopped operating, in line with Article 48 paragraph 1, items 2, 3 and 6 of this Law.

Procedure of inspection of the activities of associations

Article 44

(1) If a civil servant authorized to carry out inspection of the activities of an association determines that it has violated this Law, he is authorized to take the following steps:

- 1) order the removal of identified deficiencies and irregularities within a specified period
- 2) issue a mandatory misdemeanor warrant.

(2) The measures referred to in paragraph 1 of this Article shall be communicated without delay by the civil servant from the competent office to the central government authority having jurisdiction over the goals of founding of the association, as well as to the central government body having jurisdiction over the association's economic activities, in accordance with relevant laws.

Inspection of associations' performance of activities

Article 45

(1) Inspection of the performance of activities used to achieve the goals of the establishment of associations and of the economic activities of associations is performed by the competent inspection and authorized civil servants, depending on the scope of the association and in accordance with special regulations.

(2) Lists of members of associations referred to in Article 12, paragraph 4 of this Law shall be available to inspection authorities during the performance of inspection.

(3) If the authorized inspector referred to in paragraph 1 of this Article has undertaken measures within his jurisdiction, he shall immediately inform the competent office thereof.

Financial control

Article 46

(1) The control of financial activities of associations and of the submission of prescribed financial statements shall be carried out by the Ministry of Finance, in accordance with special regulations.

(2) Control of the management of funds granted from public sources shall be carried out by the competent national authorities, local and territorial (regional) self-government units and other public institutions granting such funds.

Administrative supervision

Article 47

Administrative supervision related to the implementation of this Law shall be conducted by the central government body responsible for public administration.

VIII DISSOLUTION OF AN ASSOCIATION

Discontinuance of an association's activities

Article 48

(1) The reasons for the discontinuance of an association's activities are as follows:

- 1) decision of the assembly on the dissolution of the association
- 2) joining with another association, merger with another association, division of the association through separation
- 3) the fact that twice the time necessary for a regular meeting of the assembly to be held has elapsed, without the meeting having been held
- 4) final and binding court decision on the dissolution of the association
- 5) initiation of bankruptcy proceedings
- 6) the fact that, at the request of a member, the number of the association's members has fallen below the number of founders required for the establishment of an association, and the competent body of the association has not made a decision on the acceptance of new members within one year of the occurrence of that fact.

(2) In the case referred to in paragraph 1, items 1 and 5 of this Article, the liquidator shall submit to the competent office a request for the entry of the discontinuance of an association's activities in the Register of Associations within eight days of the decision on the dissolution of the association or on the initiation of insolvency proceedings.

(3) The competent office shall issue a decision to determine the facts referred to in paragraph 1, items 3 and 6 of this Article, ex officio or at the proposal of the person authorized to represent the organization, its competent body, members of the association or other interested individuals and legal persons.

(4) On the basis of a final and binding court decision on the dissolution of an association, the competent office shall issue a decision on the initiation of liquidation proceedings.

Liquidation of associations

Article 49

(1) In the cases referred to in Article 48, paragraph 1, items 1, 3, 4 and 6 of this Law, liquidation proceedings shall be conducted.

(2) The competent office shall issue a decision on the discontinuance of the activities and initiation of liquidation proceedings, which shall include the reasons for the initiation of proceedings, liquidator's personal name and specifications about the manner of conducting liquidation proceedings, as well as information about the change of the name of the association, so that the designation "in liquidation" will be added to the association's name, which shall be entered in the Register of Associations.

(3) By initiating liquidation proceedings, authorizations of the bodies and persons authorized to represent the associations shall cease to be effective.

(4) The liquidator is obliged to conduct liquidation proceedings within 60 days of the receipt of the decision of the competent office on the initiation of liquidation proceedings.

(5) During the liquidation proceedings, the liquidator is obliged to determine the balance on the association's business account, book value of payables and receivables, other property of the association, and shall obtain from the official records of the Ministry of Finance - Tax Administration a No Debt Certificate with respect to public funds. If the liquidator determines that an association has debts, he is obliged to publish a call to creditors to submit their claims against the association within 30 days of publication of the call, and if there are any claims, he or she shall invite the debtors to settle their debts within 30 days. Remaining property shall be distributed by the liquidator in line with the provisions of Article 53 of this Law.

(6) After the remaining property has been distributed in accordance with paragraph 5 of this Article, the liquidator shall, no later than eight days after the completion of the liquidation proceedings, submit to the competent office the final account and report on the conducted liquidation proceedings.

(7) If the liquidator determines that the property of an association is not sufficient to settle its liabilities, he is obliged to notify the court competent according to the seat of the association thereof within the period referred to in paragraph 6 of this Article in order to initiate bankruptcy proceedings.

(8) On the basis of the received report on the conducted liquidation proceedings, the competent office issues a decision on the deletion of the association from the Register of Associations, unless it has been established that the association has debts.

Liquidator

Article 50

The liquidator is a natural or legal person appointed by the competent body of the association who has been entered in the Register of Associations as a liquidator. The liquidator does not have to be a member of the association. The liquidator represents the association in liquidation proceedings, and upon the opening of liquidation proceedings, he is entered in the Register of Associations as the person authorized to represent the association until the completion of liquidation proceedings and deletion of the association from the Register of Associations.

Shortened procedure for the dissolution of an association

Article 51

(1) Exceptionally, in cases referred to in Article 48, paragraph 1, items 1, 3 and 6 of this Law, liquidation proceedings are not initiated if a majority of all the members of the administrative (executive) body of an association have given a notarized statement proving that the association does not operate, that all of its liabilities have been met and that the remaining property of the association has been distributed pursuant to the provisions of Article 53 of this Law.

(2) A request for the entry of the dissolution of an association in the shortened procedure shall be submitted to the competent office by a person empowered to represent the association or a member of the managing body of the association.

(3) In the cases referred to in paragraph 1 of this Article, members of an association who gave a joint and several statement shall be liable for the liabilities of the association for a period of five years after the deletion of the association from the Register of Associations.

(4) For an association that has ceased to exist through the shortened procedure in line with paragraph 1 of this Article, the competent office shall issue a decision on the deletion of the association from the Register of Associations. Such associations shall be deleted from the Register of Associations together with the entries in the Register related to personal names, residence, personal identification numbers (OIB) of the members of the body of the association and the mention of their joint and several liability for the association's liabilities.

Deletion from the Register of Associations and dissolution

Article 52

(1) The competent office deletes associations from the Register of Associations on the basis of a final and binding decision on deletion referred to in Article 49, paragraph 8 and Article 51, paragraph 4 of this Law, of a final and binding court decision on the termination of bankruptcy proceedings, or on the basis of implemented status changes pursuant to this Law.

(2) By deletion from the Register of Associations, associations cease to exist.

Distribution of the association's property in case of dissolution

Article 53

- (1) In the event of dissolution of an association, its property shall, after the settlement of the creditors and costs related to liquidation, judicial and other proceedings, be transferred to an association, institution or foundation that has the same or similar statutory goals, based on the decision of the assembly and in accordance with the statute.
- (2) Associations are not entitled to distribute their property to their founders, members, legal representatives, employees or related persons.
- (3) Related persons, for the purpose of this Law, are spouses or common-law spouses, same-sex partners, blood relatives in the direct line, brothers and sisters, guardians and adoptive parents or adopted children, and other natural and legal persons who may, on other grounds or in other circumstances, reasonably be considered to have interest links with the founders, members of the association, persons authorized to represent the association or its employees.
- (4) Associations which have received funds from public sources in line with the provisions of Article 32 of this Law, shall, in the event of their dissolution, return the remaining funds to the budget from which such funds were allocated.
- (5) If, in the event of the dissolution of an association, the procedure related to the property related to the association as determined by its statute cannot be carried out for any reason, the remaining property shall be transferred to the local self-government unit in whose territory the registered seat of the association is located.

IX PROVISIONS RELATED TO OFFENCES

Offences

Article 54

- (1) A fine amounting from 2.000,00 HRK to 10.000,00 HRK shall be imposed on an association in the following cases:
 - 1) if the association does not keep a list of members or does not keep it in the manner prescribed by this Law (Article 12, paragraphs 2, 3, 4 and 5)
 - 2) if the association does not use the name in the form entered into the Register of Associations (Article 14 paragraphs 1 and 4)
 - 3) if the association uses data in legal transactions related to changes or acts according to changes before these have been entered into the Register of Associations (Article 27, paragraph 5).
 - 4) if the association uses surplus income over expenditure against the goals laid down in their statute (Article 31, paragraph 2)
 - 5) if the association fails to correct the deficiencies and irregularities identified during inspection in the defined time period (Article 44, paragraph 1)

- 6) after the joining procedure, if the joined association continues to operate (Article 39, paragraph 5)
- 7) if associations that have merged continue to operate individually (Article 40, paragraph 3)
- 8) if, after a division, the divided association continues to operate (Article 41, paragraph 4)
- 9) if the association continues to operate after the adoption of the decision on its deletion from the Register of Associations, pursuant to the application for dissolution of the association in summary proceedings (Article 51, paragraph 4)
- 10) if the liquidator fails to submit a request for entry of the grounds for dissolution of the association in the given deadline (Article 48, paragraph 2).

(2) For the offences referred to in paragraph 1, items 1 to 5 of this Article, the responsible person of the association shall be fined with 1,000.00 to 5,000.00 HRK.

(3) A fine amounting from 500.00 HRK to 5,000.00 HRK shall be imposed on the liquidator as a legal entity if he fails to comply with the obligations from the liquidation proceedings referred to in Article 49 paragraphs 4, 5, 6 or 7 of this Act.

(4) A fine amounting from 1,000.00 HRK to 5,000.00 HRK shall be imposed on the liquidator as a natural person if he fails to comply with the obligations from the liquidation proceedings pursuant to Article 49, paragraphs 4, 5, 6 or 7 of this Law.

X TRANSITIONAL AND FINAL PROVISIONS

Compliance with the provisions of this Law

Article 55

(1) Associations are obliged to adapt their statutes with this Law within one year of the entry into force of this Law, and shall file an application for registration of changes thus created to the competent office.

(2) For associations that have failed to adapt their statutes with the provisions of this Law, the competent office shall, acting ex officio, determine whether the conditions for the dissolution of such associations have been met, as referred to in Article 48 of this Law, after which liquidation proceedings shall be initiated for the particular associations.

(3) If the competent office issues a decision on the dissolution and initiation of liquidation proceedings, it shall appoint as liquidator the legal representative of the association entered in the Register of Associations.

(4) The central state administration body in charge of public administration shall deliver collections of documents of foreign associations registered in the Register of Foreign Associations in the Republic of Croatia to the competent offices within 30 days of the date of entry into force of this Law.

(5) The competent office shall, within 60 days of the collection of documents of foreign associations, acting ex officio, enter the foreign associations in the Register of Foreign Associations.

(6) With the entry into force of this Law, the central government body responsible for public administration shall cease to manage the Register of Foreign Associations operating in the Republic of Croatia, in accordance with the provisions of Article 8 paragraph 2 of the Law on Associations ("Official Gazette", no. 88/01 and 11/02).

Regulation on the Register of Associations

Article 56

The Minister in charge of public administration shall adopt a regulation referred to in Article 22 paragraph 5 of this Law within 60 days of the entry into force of this Law.

Regulation of the Croatian Government

Article 57

(1) The government of the Republic of Croatia shall adopt the regulation referred to in Article 33 paragraph 2 of this Law no later than 90 days after the entry into force of this Law.

(2) With the entry into force of the Regulation referred to in paragraph 1 of this Article, the Code of Good Practices, Standards and Criteria for Financial Support to Programs and Projects of Associations ("Official Gazette", no. 16/07) shall cease to be in force.

Pending proceedings

Article 58

Proceedings initiated before the entry into force of this Law shall be continued and completed under the provisions of the Law on Associations ("Official Gazette", no. 88/01 and 11/02).

Regulations to be no longer in force

Article 59

(1) On the date of entry into force of this Law, the Law on Associations ("Official Gazette", no. 88/01 and 11/02) shall cease to be in force.

(2) Regulations adopted in line with the Law on Associations ("Official Gazette", no. 88/01 and 11/02) shall remain in force until the entry into force of the regulations referred to in Article 22 paragraph 5, and Article 33 paragraph 2 of this Law.

Entry into force

Article 60

This Law shall be published in the "Official Gazette", and shall enter into force on 1st October 2014.

Class: 022-03/13-01/226

In Zagreb, on 6th June 2014

CROATIAN PARLIAMENT