

REPUBLIC OF LITHUANIA
LAW ON CHARITY AND SPONSORSHIP

3 June 1993 No I-172

(As last amended on 20 December 2005 – No X-461)

Vilnius

Article 1. Purpose of the Law

1. This Law establishes the framework for providing and receiving charity and sponsorship, the purposes of providing and receiving charity and sponsorship as well as the providers and recipients of charity and sponsorship; it also regulates charity and sponsorship accounting and control where the providers and/or recipients of charity and/or sponsorship are entitled to reliefs from taxes and customs duties prescribed by the laws.

2. Where the legal rules provided for by the international treaties of the Republic of Lithuania are other than those stipulated in this and other national laws, the legal rules laid down in the international treaties of the Republic of Lithuania shall apply.

Article 2. Concept of Charity and Sponsorship

1. Charity is a voluntary and gratuitous provision of charity items by the providers of charity to the recipients of charity as specified in this Law, which is conducted for the purposes and in a manner stipulated in this Law.

2. Sponsorship is a voluntary and gratuitous provision of sponsorship items (except where recipients may undertake the obligations referred to in Article 8 of this Law) by the providers of sponsorship to the recipients of sponsorship as specified in this Law, which is conducted for the purposes and in a manner stipulated in this Law, including cases where sponsorship items are transferred anonymously or in any other manner in the event that a specific provider of sponsorship cannot be identified.

Article 3. Purposes of Charity and Sponsorship

1. Charity items shall be provided to charity recipients indicated in this Law for the purposes of satisfying their minimal socially acceptable needs, ensuring health care, assisting

in the liquidation of the consequences of war, natural disasters, fires, ecological catastrophes, outbreaks of contagious diseases and epidemics.

2. Sponsorship items shall be provided to sponsorship recipients indicated in this Law for the purposes of public benefit set down in paragraph 3 of this Article and stipulated in their articles of association or regulations or in the canons, statutes and other rules pertaining to religious communities, associations and centres, while in respect of budget financed institutions, sponsorship items shall be provided for the performance of the tasks and functions prescribed in their regulations.

3. Within the meaning of this Law, the following purposes shall be presumed to be for the public benefit: activities for the purpose of international cooperation, protection of human rights, integration of minorities, promotion of cultural, religious and ethical values, educational, scientific and vocational development, non-formal and civic education, sports, social security and labour, health care, national security and defence, law and order, crime prevention, adjustment of living environment and development of housing, protection of copyright and related rights, environmental protection as well as any activities in other fields recognised as selfless and beneficial to society.

Article 4. Items of Charity and Sponsorship

1. Charity and sponsorship items shall comprise:

- 1) monetary funds;
- 2) any other assets, including manufactured or purchased goods, and
- 3) services provided or rendered by charity and sponsorship providers.

2. Charity and sponsorship items shall not include funds from state and municipal budgets of the Republic of Lithuania, the State Social Insurance Fund, the Health Insurance Fund, the Privatisation Fund and other state monetary funds, monetary resources of the Bank of Lithuania, other state and municipal monetary resources, tobacco and tobacco products, ethyl alcohol and alcoholic beverages as well as items of limited circulation.

Article 5. Providers of Charity and Sponsorship

1. In accordance with this Law, charity shall be recognised as such where it is provided by those charity and sponsorship funds, associations, public agencies, religious communities, associations and centres, divisions (chapters) of international public organisations which are registered in the Republic of Lithuania if the provision of charity is stipulated in their articles of association or in the canons, statutes and other rules pertaining to religious communities, associations and centres as well as in the legal acts regulating their

activities and if they are entitled to receive sponsorship subject to the provisions of this Law. Monetary funds, assets (including manufactured or purchased goods) and services transferred or supplied by associations or other organisations operating on a membership basis for the benefit of their own members shall not be recognised as charity.

2. In accordance with this Law, sponsorship shall be recognised as such where provided by:

1) legal and natural persons of the Republic of Lithuania, except for political parties, political organisations, state-owned and municipal enterprises, budget financed bodies, state and municipal institutions, and the Bank of Lithuania. In accordance with this Law, sponsorship shall be recognised as such if it is provided by enterprises in which the State or municipality has ownership of the shares carrying over 50 percent of voting rights at a general meeting of shareholders and if the said enterprises do not have any tax arrears to the state budget and/or municipal budgets of the Republic of Lithuania or to the funds administered by the State Tax Inspectorate, arrears to the State Social Insurance Fund, liabilities under loan contracts and other instruments of debt signed by the Ministry of Finance or under contracts covered by a state guarantee;

2) foreign states, foreign legal and natural persons, and international organisations.

Article 6. Recipients of Charity

1. The following persons may be the recipients of charity:

1) the disabled;

2) the sick;

3) orphans and children deprived of parental care;

4) non-working pensioners whose income comprises only pensions and other social benefits;

5) the unemployed;

6) persons who have been recognised as having the legal status of victims in accordance with the procedure set out in the laws of the Republic of Lithuania;

7) families (persons) whose income fails to meet their minimal socially acceptable needs the extent of which is established by local municipalities;

8) persons recognised as victims of war, natural disasters, fires, ecological catastrophes, epidemics, and outbreaks of contagious diseases in accordance with the procedure established by municipalities.

2. 2. Persons indicated in paragraph 1 of this Article shall be recognised as such in accordance with separate laws and other legal acts.

Article 7. Recipients of Sponsorship

1. The following entities registered in the Republic of Lithuania may be the recipients of sponsorship:

- 1) charity and sponsorship funds;
- 2) budget-financed institutions;
- 3) associations;
- 4) (repealed on 12 January 2006);
- 5) public agencies;
- 6) religious communities, associations and religious centres;
- 7) divisions (chapters) of international public organisations;

8) other legal persons whose activities are regulated by special laws and which participate in not-for-profit activity, while the profit received may not be allocated to their participants.

2. The legal persons indicated in paragraph 1 of this Article shall become sponsorship recipients and shall obtain the right to receive sponsorship only after having been granted the status of a recipient of sponsorship in accordance with the procedure laid down in this Law.

3. The recipients of sponsorship may be Lithuanian communities abroad, other Lithuanian bodies or organisations as well as international charitable organisations indicated in the list approved by the Government of the Republic of Lithuania or an institution authorised by it.

Article 8. Obligations of the Recipient of Sponsorship

Where sponsorship is provided, the recipient of sponsorship may undertake certain obligations in respect of the provider of sponsorship in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

Article 9. Providing Charity and Sponsorship

Charity and sponsorship shall be provided:

- 1) by transferring monetary funds or any other assets (including manufactured or purchased goods) and by rendering services free of charge;
- 2) by providing assets as loan for use;
- 3) by bequeathing any assets by will;
- 4) in any other manner not prohibited by the laws and international treaties of the Republic of Lithuania.

Article 10. Use of Sponsorship

1. The recipients of sponsorship may use the sponsorship received in accordance with this Law for the purposes of public benefit set down in paragraph 3 of Article 3 of this Law and stipulated in their articles of association or regulations or in the canons, statutes and other rules pertaining to religious communities, associations and centres as well as for charitable purposes (where they have the right to provide charity under this Law), while budget financed institutions may use such sponsorship for the performance of the tasks and functions stipulated in their regulations.

2. In accordance with this Law, the funds and other assets received as sponsorship may not be:

1) used to finance political parties or political campaigns and to cover the liabilities arising in respect of participants in political campaigns during the political campaigns or related to the political campaigns;

2) transferred as a contribution to a legal person whose participant is the recipient of sponsorship.

Article 11. Taxation of Providers and Recipients of Charity and Sponsorship

The providers and recipients of charity and sponsorship in the Republic of Lithuania shall be taxed in accordance with the laws on taxation.

Article 12. Charity and Sponsorship Accounting

1. The providers of sponsorship, except for legal and natural persons indicated in paragraph 2 of this Article, shall keep accounts for sponsorship provided in accordance with this Law: they must indicate the data concerning specific recipients of sponsorship, items of sponsorship and their value. The providers of sponsorship shall submit monthly and annual reports on the sponsorship provided to the State Tax Inspectorate subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it. A monthly report shall be submitted where the amount of the sponsorship provided since the beginning of a calendar year to a single recipient of sponsorship exceeds LTL 50 000.

2. Legal persons entitled to receive sponsorship subject to the provisions of this Law must keep separate accounts, on the one hand, for sponsorship received in accordance with this Law (indicating the providers of sponsorship if it was not received anonymously as well as the value and use of sponsorship, i.e. indicating specific recipients where the funds or

assets received as sponsorship have been transferred to another person) and, on the other, for sponsorship and/or charity provided by themselves (indicating the data concerning specific recipients of sponsorship and/or charity, items of sponsorship and/or charity, and their value) and must submit, subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it, their monthly or annual reports to the State Tax Inspectorate about the sponsorship they have received and its use, sponsorship and/or charity provided by themselves as well as their activities relating to the achievement of purposes beneficial to the public as specified in paragraph 3 of Article 3 of this Law. Legal persons shall submit a monthly report where the amount of the sponsorship received since the beginning of a calendar year from a single provider of sponsorship or the sponsorship and/or charity provided by these legal persons to a single recipient of sponsorship and/or charity exceeds LTL 50 000. The Government of the Republic of Lithuania or an institution authorised by it shall also establish the procedure for accounting of the sponsorship received anonymously.

3. The State Tax Inspectorate shall submit the information presented in the reports referred to in paragraphs 1 and 2 of this Article to the Department of Statistics under the Government of the Republic of Lithuania subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

4. Religious communities, associations and centres shall keep accounts for sponsorship received in accordance with this Law and for sponsorship and/or charity provided by themselves in accordance with their canons, statutes and other rules. Traditional religious communities, associations and centres in Lithuania shall have the right, when submitting reports, not to account for the sponsorship received anonymously and for its use, while in the event that only such sponsorship was received and used during the reporting period, they shall have the right not to submit a report for the said period. Requirements laid down in paragraph 3 of this Article in respect of annual reports shall not apply to those traditional religious communities, associations and centres in Lithuania which received only anonymous sponsorship during the calendar year.

Article 13. Charity and Sponsorship Control

1. The State Tax Inspectorate shall exercise control over the provision, receipt and use of charity and sponsorship to the extent related to tax reliefs.

2. Other state and municipal institutions and agencies shall exercise control over the provision, receipt and use of charity and sponsorship within the scope of their competence where prescribed by the laws and other legal acts.

3. Where controlling authorities (state tax inspectorate and/or customs authority) establish violations in respect of the provision, receipt and use of charity and sponsorship, they shall cancel tax reliefs and impose statutory sanctions.

Article 14. Import and Export of Assets for Sponsorship

1. Where assets are imported for sponsorship, a letter from the provider of sponsorship attesting that such assets are intended for sponsorship shall be submitted for customs inspection together with the customs declaration. Where medicinal or medical products are imported, they shall be accompanied by additional documents in accordance with the procedure established by the Ministry of Health.

2. Assets shall be exported as sponsorship only in the event that they are intended, in conformity with this Law, for Lithuanian communities abroad, other Lithuanian bodies or organisations as well as international charitable organisations indicated in the list approved by the Government of the Republic of Lithuania or an institution authorised by it.

Article 15. Status of Sponsorship Recipient

1. Persons indicated in paragraph 1 of Article 7 of this Law may apply to the manager of the Legal Entities' Register for the status of a recipient of sponsorship. The status of a recipient of sponsorship must be granted where the articles of association (regulations) of such persons provide for:

1) activities beneficial to society as specified in paragraph 3 of Article 3 of this Law (this requirement shall not apply to budget financed institutions);

2) (repealed on 12 January 2006).

2. The Government of the Republic of Lithuania shall establish the procedure for granting the status of a recipient of sponsorship, including repeated granting of such status.

3. The manager of the Legal Entities' Register shall revoke the status of a recipient of sponsorship on the proposal of a controlling authority or at the request of the recipient of sponsorship himself. An institution shall apply to the manager of the Legal Entities' Register to revoke the status of a recipient of sponsorship after having established, within the scope of its competence, that:

1) there is an effective court judgement in respect of the person regarding a crime or criminal offence against the economy and business practice or the financial system as provided for by the Republic of Lithuania Criminal Code;

2) the person has committed a violation of the Law on the Prevention of Money Laundering;

3) the person has failed to prepare a report referred to in paragraph 2 of Article 12 of this Law in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it within a period of two months after being notified thereof;

4) the person provided, received or used the amount of charity or sponsorship funds exceeding 250 minimum living standards (hereinafter referred to as “MLS”) during one calendar year or exceeding 500 MLS during three successive calendar years in violation of requirements of this Law;

5) the person has not paid arrears in payments, and the tax administrator has become entitled to enforce the recovery thereof in accordance with the procedure established by the Republic of Lithuania Law on Tax Administration. This provision shall not apply where the enforced recovery of arrears in payments has been suspended or has not commenced in accordance with the procedure established by Article 110 of the Law on Tax Administration.

4. A legal person whose status of a recipient of sponsorship has been revoked for committing at least one of the violations specified in paragraph 3 of this Article may reapply for the said status to the manager of the Legal Entities’ Register not earlier than one year after the day of its repeal. The status of a recipient of sponsorship shall be granted again where the legal person has paid all of the taxes, fines and late-payment interest, has not been convicted for the crimes indicated in subparagraph 1 of paragraph 3 of this Article, did not commit the criminal offences indicated in subparagraph 1 of paragraph 3 of this Article during a period of the preceding one year and where no violations of the Law on the Prevention of Money Laundering were identified during a period of one year.

5. Traditional religious communities, associations and centres in Lithuania shall enjoy the status of a recipient of sponsorship. Provisions of paragraphs 1, 2, 3 and 4 shall not apply to the said entities.

Article 16. Liability for Violation of the Law

Providers and recipients of charity and sponsorship shall be liable for violating this Law in accordance with the procedure set out in the laws of the Republic of Lithuania.

Article 17. Settlement of Disputes

Any dispute relating to charity and sponsorship shall be settled in accordance with the procedure set out in the laws of the Republic of Lithuania.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

PRESIDENT OF THE REPUBLIC

ALGIRDAS BRAZAUSKAS