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## CROATIA

### A. Associations (*Udruga*)

#### I. Regulation

The legal rules governing associations currently derive from the Constitution and the 1982 law on social organisations and citizens' associations. A draft law, more in keeping with the current situation, is in the process of adoption. This reply takes into account the provisions of the draft legislation. There are various special statutes: the 1993 law on political parties, the 1995 law on trade unions and the 1978 law on religious communities.

#### II. Definition

1. An association is a voluntary grouping of natural and legal persons residing in Croatia and pursuing an ecological, humanitarian, economic, information, cultural, educational, social, sporting, technical or other non-profit object.

2. The above definition includes a list of objects which may be pursued by an association.

3. The law does not recognise *de facto* associations but only those which have legal personality. These associations are generally governed by the law on associations. There is however some specific legislation (*lex specialis*), notably for cultural or sports associations.

#### III. Setting up of associations

1. An association may be created by not less than ten members, who may be natural or legal persons of any nationality.

2. A founding document and statutes are required for the setting up of an association.

3. There is no prior administrative control.

4. Associations are required to register with the competent administrative authority.

5. The activities of an association are public and registers may be inspected by the public.

#### IV. Organisation and functioning

1. Associations have the same legal capacity as commercial companies.

2. Associations may engage only in ancillary business activities necessary to their objectives.

3. It is entirely open to an association's statutes to set the number and responsibilities of its organs. Generally, there is a general meeting, which is the supreme organ, an executive body and a supervisory body.

#### V. Dissolution and liquidation

An association may be dissolved by voluntary decision, when the association has *de facto* ceased its activities, when the general meeting has not been convened for more than two years, when the statutes do not comply with the law, when the number of members is less than the statutory minimum.

VI. *Tax arrangements*

There are special tax rules for associations.

VII. *Estimate of the number of associations*

There were 18 768 registered associations on 31 October 1996.

**B. Foundations (*Zaklada*)**

I. *Regulation*

The legal rules governing foundations are laid down by the Constitution and the 1995 law on Foundations Act.

II. *Definition*

1. A foundation is the use of property and the revenue from it for charitable purposes or purposes serving the general interest.

2. The purposes of foundations are described in great detail in Article 2, paragraphs 3 and 4, of the Foundations Act.

3. In law there is only one category of foundation. Some foundations may only be set up for five years, but they are otherwise governed by the same provisions as the others.

III. *Setting up of foundations*

1. A foundation may be created *inter vivos* or *mortis causa*, by a natural or legal person of any nationality.

2. a) If a foundation is set up by one person, he or she must draw up a founding document. If a foundation is set up by several persons, the founding document is a contract.

b) No minimum capital is required by law. However, the capital must be adequate for the purposes stated in the founding document.

3. The foundation must obtain the authorisation of whichever ministry is competent by virtue of the foundation's purposes.

4. Foundations must be registered with the Ministry of Administration.

5. The registration of foundations is published in the official gazette (*Narodne Novine*). Foundations are required to annually submit its final accounts to the Ministries of Administration and Finance.

IV. *Organisation and functioning*

1. The legal capacity of foundations does not differ from that of commercial companies.

2. Foundations may use their assets commercially (loans, interest, dividends, etc) and engage in certain activities (hold lotteries, sell material for specific occasions, etc).

3. They are free to set up their own organs: there must be at least a representation organ and a management organ.

4. Once registered, foundations are subject to supervision by the Ministries of Administration and Finance and by the State Auditing Office. The Minister of Administration verifies whether a foundation's activities are indeed being carried on and are lawful. The Ministry of Finance and the State Auditing Office supervise the foundation's use of its assets.

5. The law does not distinguish between foundations implementing their own programmes and those financing the activities of other bodies.

V. *Dissolution and liquidation*

The grounds for dissolution are prescribed by law: the foundation's insolvency, inadequacy of the assets to the foundation's objects or the foundation's ceasing to pursue charitable objects.

VI. *Tax arrangements*

Foundations and their donors enjoy a special tax regime which provides for exemptions and tax privileges.

VII. *Estimate of the number of foundations*

18 foundations have been registered.

**C. General comments**

The draft law on associations recognises foreign associations, ie those which are set up and registered abroad.

There is no documentation centre specialising in the law of associations and foundations.

