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Non-profit Associations Act

Passed 6 June 1996

(RT¹ I 1996, 42, 811; consolidated text RT I 1998, 96, 1515),

entered into force 1 October 1996,

amended by the following Acts:

12.10.2005 entered into force 01.01.2006 - RT I 2005, 57, 450;

15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308;

22.02.2005 entered into force 01.01.2006 - RT I 2005, 15, 85;

16.12.2004 entered into force 07.01.2005 - RT I 2004, 89, 613;

17.12.2003 entered into force 01.01.2004 - RT I 2003, 88, 591;

05.06.2002 entered into force 01.07.2002 - RT I 2002, 53, 336;

14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565;

06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336;

15.11.2000 entered into force 29.11.2000 - RT I 2000, 88, 576;

20.06.2000 entered into force 12.07.2000 - RT I 2000, 55, 365;

18.08.99 entered into force 04.09.99 - RT I 1999, 67, 658;

17.02.99 entered into force 19.03.99 - RT I 1999, 23, 355;

20.06.99 entered into force 01.03.99 - RT I 1999, 10, 155.

Chapter 1

General Provisions

§ 1. Definition

(1) A non-profit association is a voluntary association of persons the objective or main activity of which shall not be the earning of income from economic activity.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) The income of a non-profit association may be used only to achieve the objectives specified in its articles of association. A non-profit association shall not distribute profits among its members.

(3) Exceptions for foundation, activities and dissolution of particular classes of non-profit associations may be provided by law.

(4) Transformation of a non-profit association into a legal person of a different class is prohibited.

§ 2. Passive legal capacity

(1) A non-profit association is a legal person in private law. The passive legal capacity of a non-profit association commences as of entry of the non-profit association in the non-profit associations and foundations register (hereinafter register) and terminates as of deletion of the non-profit association from the register.

(2) Associations of persons with non-profit characteristics which are not entered in the register are not legal persons and the provisions for civil law partnerships apply to

them. Persons who enter into transactions in the name of such associations are personally and solidarily liable for such transactions.

§ 3. Location

The location of a non-profit association is the place where the management board of the non-profit association is located unless the articles of association prescribe otherwise.

§ 4. Name

(1) The name of a non-profit association shall clearly differ from the names of other non-profit associations and foundations entered in the register in Estonia.

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565; 15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

(2) The name of a non-profit association shall not be misleading with regard to the objective, scope of activity or legal form of the non-profit association.

(3) (Repealed - 05.06.2002 entered into force 01.07.2002 - RT I 2002, 53, 336)

(4) A non-profit association may have only one name.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(5) The name of a non-profit association shall be written in the Estonian-Latin alphabet.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(6) The name of a non-profit association shall contain an appendage in Estonian referring to the fact that this is an association of persons.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(7) The name of a non-profit association shall not be contrary to good morals.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(8) The documents of a non-profit association shall indicate the name, location and registry code of the non-profit association.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

Chapter 2

Foundation

§ 5. Founders

A non-profit association may be founded by at least two persons. The founders may be natural persons or legal persons.

§ 6. Memorandum of association

(1) In order to found a non-profit association, the founders shall enter into a memorandum of association.

(2) A memorandum of association shall set out:

1) the name, location, address and objectives of the non-profit association being founded;

2) the names and residences or locations, and the personal identification codes or registry codes of the founders;

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

3) the obligations of the founders with regard to the non-profit association;

4) the names, personal identification codes and residences of the members of the management board.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) Upon conclusion of a memorandum of association, the founders shall also approve the articles of association of the non-profit association as an annex to the memorandum of association.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(4) The memorandum of association and articles of association approved thereby shall be signed by all founders. A representative of a founder may sign the memorandum of association if the representative has been granted an authorisation document therefor. Articles of association shall be amended after entry in the register of the non-profit association pursuant to the procedure provided for in § 23 of this Act and shall not require amendment of the memorandum of association.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 7. Articles of association

(1) The articles of association of a non-profit association shall be in writing. The articles of association shall set out:

1) the name of the non-profit association;

- 2) the location of the non-profit association;
- 3) the objectives of the non-profit association;
- 4) the conditions and procedure for membership in the non-profit association and for leaving and exclusion from the non-profit association;
- 5) the rights of members;
- 6) the obligations of members or the procedure for establishment of obligations for members;
- 7) upon the existence of departments, their rights and obligations;
- 8) the conditions and procedure for calling the general meeting and the procedure for adoption of resolutions;
- 8¹) the number of members of the management board or the maximum and minimum number of members;

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

- 9) the distribution of assets of the non-profit association upon dissolution of the association;
- 10) other conditions provided by law.

(2) The articles of association may also prescribe other conditions which are not contrary to law. If a provision of the articles of association is contrary to a provision of law, the provision of law applies.

(3) If the articles of association do not prescribe a term for the non-profit association, it shall be deemed to be founded for an unspecified term.

(4) In the articles of association different names may be used for bodies and departments of non-profit associations than those provided by the law, however, in such case the articles of association shall indicate to which names provided by the law these names correspond to.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 8. Application for entry in register

(1) In order to enter a non-profit association in the register of its location, the management board of the non-profit association shall submit a petition which sets out the information specified in § 10 of this Act and is signed by all members of the management board. The following shall be appended to the petition:

1) the memorandum of association and the articles of association approved thereby;

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

2) (Repealed - 17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

3) notarised specimen signatures of the members of the management board;

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941; 14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

4) telecommunications numbers (telephone, facsimile, etc.);

5) other documents provided by law.

(2) Any other petition submitted to the register shall be signed by a member of the management board. If the members of the management board are only entitled to represent the non-profit association jointly, all members of the management board entitled to represent the non-profit association jointly shall sign the petition.

§ 9. Refusal to enter in register

A registrar shall not enter a non-profit association in the register if its articles of association or other documents do not comply with the requirements of law. Upon rejection of a petition, the registrar shall indicate the reason for rejection.

§ 10. Entry of information in register and change thereof

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(1) The following shall be entered in the register:

- 1) the name of the non-profit association;
- 2) the location and address of the non-profit association;
- 3) the date of approval of the articles of association;
- 4) the names, personal identification codes and residences of the members of the management board;
- 5) the specifications for the right of representation of the management board pursuant to § 27 of this Act;
- 6) the term of the association if the non-profit association has a specified term;
- 7) other information provided by law.

(2) Upon a change in the information entered in the register, the management board shall submit a petition for entry of the changes in the register.

(3) Minutes of the general meeting or other body which decided on the change shall be appended to the petition specified in subsection (2) of this section; such minutes shall contain information on the time and place of the meeting, voting results and adopted resolutions. The minutes shall be signed by the chair and the secretary of the meeting. The list of participants in the meeting with the signature of each participant shall be an integral part of the minutes. In order to enter a new member of the management board in the register, the notarised specimen signature of the new member shall be appended to the petition.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941; 14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

§ 11. Transactions entered into before entry in register

(1) Persons who enter into transactions in the name of a non-profit association being founded before entry of the non-profit association in the register are solidarily liable for performance of the obligations arising from the transactions.

(2) The obligations specified in subsection (1) of this section transfer to the non-profit association as of entry in the register if the persons who entered into the transaction had the right to enter into the transaction in the name of the association.

(3) If a person did not have the right to enter into a transaction in the name of an association, the obligations arising from the transaction transfer to the non-profit association if the general meeting approves the transaction.

Chapter 3

Members of Non-profit Associations

§ 12. Members

(1) Every natural person or legal person who complies with the requirements of the articles of association of a non-profit association may be a member of the non-profit association. A non-profit association shall comprise at least two members unless the law or the articles of association prescribe a greater number of members.

(2) The management board shall organise the registration of members of a non-profit association. At any time the registrar has the right to demand information from the management board of a non-profit association on the number of members of the non-profit association.

(3) The management board of a non-profit association shall submit a petition for dissolution of the non-profit association within three months if the number of members of the non-profit association falls below two or any other number prescribed by law or the articles of association. If the management board does not submit a petition during the specified term, the registrar shall commence the compulsory dissolution of the non-profit association.

(4) The articles of association determine the proprietary and other obligations of members with regard to a non-profit association. Obligations may be imposed on members only pursuant to the procedure prescribed by the articles of association.

§ 13. Membership

(1) The management board decides on membership in a non-profit association unless this is placed in the competence of the general meeting or some other body by the articles of association.

(2) If the management board or a body other than the general meeting denies membership to an applicant, the applicant may demand that the general meeting decide on his or her membership.

§ 14. Non-transferability of membership

(1) Membership in a non-profit association or exercise of the rights of a member cannot be transferred or bequeathed unless otherwise provided by law. Membership in a non-profit association terminates upon the death of a natural person who is a member or dissolution of a legal person who is a member.

(2) A legal person retains membership upon its transformation in the manner provided by law. Upon merger or division of a legal person who is a member, the rights of the person as a member terminate.

(3) Upon separation of a legal person from another legal person who is a member, the membership of the legal person being divided is retained.

§ 15. Departure of member

(1) A member of a non-profit association has the right to leave the non-profit association on the basis of a petition.

(2) The articles of association may prescribe that a member may only leave a non-profit association at the end of a financial year or after expiration of a term for advance notice which shall not be longer than two years.

(3) The provisions of subsection (2) of this section do not apply if the rights or obligations of the member are significantly changed or whereby the membership cannot be maintained according to a just valuation.

§ 16. Exclusion of member

(1) A member may be excluded from a non-profit association by a resolution of the management board in the cases and pursuant to the procedure prescribed by the articles of association. The articles of association may prescribe that exclusion of members is decided by the general meeting.

(2) Regardless of the provisions of the articles of association, a member may be excluded from a non-profit association due to failure to adhere to the articles of association or for significantly damaging the association.

(3) A member who is excluded from a non-profit association shall be promptly notified in writing of the adoption of a resolution to exclude the member from the association and of the reasons therefor.

(4) If exclusion of a member is decided by the management board, the member may demand that exclusion be decided by the general meeting. If a member was excluded by some other competent body of the non-profit association, the general meeting may declare the resolution on exclusion invalid on the basis of a petition by the excluded member.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 17. Consequences of termination of membership

(1) If a membership terminates during a financial year, the membership fee prescribed by the articles of association shall be paid for the whole financial year unless the articles of association prescribe otherwise.

(2) A person whose membership in a non-profit association has terminated shall not have a right to the assets of the association.

Chapter 4

Management

§ 18. General meeting

(1) The highest body of a non-profit association is the general meeting of its members. All members of a non-profit association may participate in the general meeting unless otherwise provided by law.

(2) The general meeting adopts resolutions on all management matters of the non-profit association which are not placed within the competence of the management board or another body of the non-profit association by law or the articles of association.

§ 19. Competence of general meeting

The general meeting is competent to:

- 1) amend the articles of association;
- 2) change objectives;
- 3) appoint the members of the management board unless the articles of association prescribe otherwise;
- 4) elect members to other bodies (§ 31) prescribed by the articles of association unless the articles of association prescribe otherwise;

- 5) decide on entry into transactions with members of the management board or another body, decide on the assertion of claims against such members or appoint a representative of the non-profit association in such transactions or claims;
- 6) decide other matters which are not placed in the competence of other bodies by law or the articles of association.

§ 20. Calling general meeting

- (1) The management board calls the general meeting.
- (2) The management board shall call the general meeting in the cases and pursuant to the procedure prescribed by law or the articles of association, and if it is required in the interests of the association.
- (3) The management board shall call the general meeting if at least one-tenth of the members of the non-profit association so demand in writing indicating the reason, and the articles of association do not prescribe a smaller representation requirement.
- (4) If the management board does not call the general meeting under the circumstances specified in subsection (3) of this section, the members who demanded the general meeting may call the general meeting themselves pursuant to the same procedure as the management board.
- (5) Notice of the general meeting shall be given at least seven days in advance unless the articles of association prescribe a longer term.

§ 21. Procedure of general meeting

- (1) The general meeting may adopt resolutions if the meeting was called in adherence to all requirements arising from the law and the articles of association of the non-profit

association. The articles of association of a non-profit association may provide for the proportion of members of the non-profit association upon the participation of which the general meeting has a quorum, and for the procedure for calling a new general meeting in the case where the required number of members of the non-profit association did not participate in the general meeting.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) (Repealed - 17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) If the requirements of law or the articles of association are violated in calling the general meeting, the general meeting shall not have the right to adopt resolutions except if all members participate in or are represented at the general meeting.

(4) The general meeting is competent to adopt resolutions on matters of which notice was given upon calling the general meeting unless the articles of association prescribe otherwise. Resolutions on matters of which notice was not given upon calling the general meeting may be adopted if all members of the non-profit association participate in or are represented at the general meeting.

(5) A member of a non-profit association or representative of a member who is granted an unattested proxy may participate and vote in the general meeting. Only another member of the non-profit association may be a representative.

§ 22. Resolution of general meeting

(1) A resolution of the general meeting is adopted if over one-half of the members or their representatives of the non-profit association who participate in the meeting vote in favour of the resolution unless the articles of association prescribe a greater majority requirement.

(1¹) In the election of a person at a general meeting, the candidate who receives more votes than the others shall be deemed to be elected unless a greater majority requirement is established by the articles of association. Upon an equal division of votes, lots shall be drawn unless the articles of association prescribe otherwise.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) (Repealed - 17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) A resolution of the general meeting shall be deemed to be adopted without calling the general meeting if all members of a non-profit association vote in favour of the resolution in writing.

(4) Each member of a non-profit association has one vote. A member shall not vote if entry into a transaction with the member or with a person with an equivalent economic interest or commencement or termination of a court action against the member is being decided by the non-profit association.

(5) The consent of a member is required to extinguish or alter a right of the member which is different from the rights of other members of the non-profit association and to impose obligations on the members which are different from the obligations of other members.

(6) Members of a non-profit association who are also members of the management board or another body shall not vote on a resolution to assert a claim against the member. The votes of members of a non-profit association specified in this section shall not be taken into account in the determination of representation.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 23. Amendment of articles of association

(1) A resolution on amendment of the articles of association is adopted if over two-thirds of the members or their representatives who participate in the general meeting vote in favour and the articles of association do not prescribe a greater representation requirement.

(1¹) The consent of at least 9/10 of the members is required to change the objective of the non-profit association prescribed in the articles of association unless the articles of association prescribe a greater majority requirement. The consent of members who did not participate in the general meeting which decided on an amendment shall be submitted in writing.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) An amendment of the articles of association enters into force as of entry in the register. The minutes of the general meeting which decided on amendment of the articles of association and the new text of the articles of association shall be appended to a petition for entry of the amendment of the articles of association in the register. The new text of the articles of association shall be signed by at least one member of the management board or, if the members of the management board are only authorised to represent the association jointly, by all the members of the management board authorised to represent the association jointly.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 24. Invalidation of resolution of general meeting

(1) On the basis of an action filed against the non-profit association, a court may declare invalid a resolution of a general meeting which is in conflict with the law or the articles of association. The limitation period for a claim shall be three months as of adoption of the resolution.

(2) The declaration of invalidity of a resolution cannot be demanded if the general meeting has approved the resolution with a new resolution and the action specified in subsection (1) has not been filed within the term specified in subsection (1) of this section.

(3) The management board and every member of the management board can demand the declaration of invalidity of a resolution of the general meeting if the implementation of the resolution would entail criminal offence or misdemeanour or it would apparently bring about an obligation to compensate for damage, and a member of the non-profit association who did not participate in the adoption of the resolution. A member of the non-profit association who participated in the adoption of the resolution may demand the declaration of invalidity of a resolution only if his or her objection to the decision has been recorded.

(4) Upon filing of an action, the court shall not hear the matter before the term specified in subsection (1) of this section expires. Different actions for declaring the same resolution invalid shall be joined in one proceeding.

(5) A court judgment for repeal of a resolution of the general meeting applies to all members of the non-profit association and the management board regardless of their participation in the court proceedings.

(6) In the case when an entry had been made to the non-profit associations and foundations register on the basis of the resolution which had been declared invalid, the court shall send a copy of the court judgment to the registrar for amendment of the entry.

(7) Invalidation of resolutions of other bodies of a non-profit association may also be requested pursuant to the procedure provided for in subsections (1)–(6) of this section.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 24¹. Voidness of resolution of general meeting

(1) A resolution of the general meeting is void if the procedure for calling a general meeting was violated in the adoption thereof, the resolution violates a provision of law established for the protection of creditors of the non-profit association or due to other public interest or is contrary to good morals. The resolution is also void in other cases provided by law.

(2) The nullity of a resolution may be relied on in court proceedings by filing an action or an objection.

(3) The nullity of a resolution cannot be relied on if an entry has been made in the non-profit associations and foundations register on the basis of the resolution and two years have passed from the making of the entry.

(4) The provisions of subsections 24 (5)–(7) of this Act apply correspondingly to the court proceedings for establishment of the nullity of a resolution.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 25. Meeting of proxies

(1) The articles of association of a non-profit association may prescribe that the duties of the general meeting to the extent specified by the articles of association are performed by a meeting of proxies elected by and from among the members of the non-profit association. The number of proxies and the procedure for their election shall be prescribed by the articles of association. All members of the non-profit association have the right to participate in the election of proxies.

(2) The provisions of this Act concerning the general meeting apply to the meeting of proxies unless other Acts or the articles of association prescribe otherwise.

(3) The articles of association may prescribe that certain resolutions of the meeting of proxies enter into force after approval by the members of the non-profit association. The time and procedure for voting shall be prescribed in the articles of association.

§ 26. Management board

(1) A non-profit association shall have a management board which manages and represents the association. The management board may have one member (director) or several members. The minimum number of members of the management board shall be prescribed by the articles of association.

(2) Members of the management board must be natural persons with active legal capacity.

(3) The residence of at least one-half of the members of the management board must be in Estonia, other Member State of the European Economic Area or Switzerland.

(16.12.2004 entered into force 07.01.2005 - RT I 2004, 89, 613)

§ 27. Right of representation of management board

(1) Every member of the management board has the right to represent the non-profit association in all legal acts unless otherwise provided by law.

(2) The articles of association may prescribe that all or some of the members of the management board may represent the non-profit association only jointly. Such restriction applies with regard to third persons only if it is entered in the register.

(3) The right of the management board to represent a non-profit association may be restricted by the articles of association or by a resolution of the general meeting. A restriction on the right of representation does not apply with regard to third persons.

(4) The management board may transfer or encumber with a real right immovables or movables of the non-profit association entered in the register by a resolution of the general meeting and under the conditions prescribed by the resolution unless the articles of association prescribe otherwise. Such restriction applies with regard to third persons if it is entered in the register.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 28. Appointment and competence of management board

(1) The general meeting appoints the members of the management board unless the articles of association prescribe otherwise.

(2) A member of a management board may be removed at any time regardless of the reason by a resolution of the body that appointed the member, but the rights and obligations arising from a contract entered into with the member terminate pursuant to the contract. If a member of the management board was removed by some other competent body of the non-profit association, the general meeting may declare the resolution on removal invalid on the petition of the removed member.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) The articles of association may prescribe that a member of the management board may be removed only in the case of significant non-performance of duties, incapacity to direct the non-profit association or with other good reason.

(4) Members of the management board shall not transfer performance of their duties to a third person unless this is prescribed by the articles of association or a resolution of the general meeting.

(5) The management board shall provide the members of the non-profit association with necessary information concerning management of the non-profit association and

present a corresponding report at their request unless the articles of association prescribe otherwise.

(6) Members of the management board have the right to demand reimbursement of necessary expenditure incurred in the performance of tasks unless the articles of association prescribe otherwise.

§ 29. Resolution of management board

(1) A management board may adopt resolutions if over one-half of the members of the management board participate in a meeting of the management board and the articles of association do not prescribe a greater representation requirement.

(2) If the management board comprises several members, a majority of votes of the members of the management board who participate in the meeting of the management board is required to adopt a resolution of the management board unless the articles of association prescribe a greater majority requirement.

(3) Without observing the provisions of subsection (1) of this section, a management board may adopt a resolution without calling a meeting if all members of the management board vote in favour of the resolution in writing and the articles of association do not prescribe otherwise.

(4) A member of the management board shall not participate in voting if entry into a transaction with the member or with a person with an equal economic interest or commencement or termination of a court action by the non-profit association with the member is being decided.

§ 30. Appointment of member of management board by court

With good reason, which above all is the temporary or extended inability of a member of a management board to perform his or her duties, a court may appoint a new member to replace a withdrawn member of the management board at the request of an interested person. A court-appointed member of the management board has the right to compensation for reasonable expenses on the account of the non-profit association and a reasonable remuneration which, in the event of a dispute, a court shall specify by a ruling. The authority of a court-appointed member of the management board continues until the appointment of a new member of the management board by the general meeting or in another manner prescribed by the articles of association.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 31. Other bodies

(1) The articles of association may prescribe that another body in addition to the management board be appointed for the performance of specific legal acts, the competence and procedure for foundation of which shall be prescribed by the articles of association.

(2) In the case of doubt, the right of another body to represent a non-profit association extends to all legal acts which are the result of the normal area of activity prescribed by the articles of association for the body.

§ 32. Liability of member of management board or other body

(1) Members of the management board and of other bodies, who cause damage to the non-profit association by violation of their obligations shall be solidarily liable for compensation for the damage caused.

(2) A claim for payment of compensation to a non-profit association for damage specified in subsection (1) of this section may also be submitted by an obligee of the non-profit association if the assets of the non-profit association are not sufficient to satisfy the claims of the obligee.

(3) An obligee has the right to submit a claim specified in subsection (2) of this section also if the non-profit association has waived a claim against a member of the management board or of another body or has entered into a contract of compromise with such member.

(4) The limitation period for submission of claims against a member of the management board or of another body shall be five years as of violation of an obligation.

(05.06.2002 entered into force 01.07.2002 - RT I 2002, 53, 336)

§ 33. Departments

(1) A non-profit association may have departments if this is prescribed by the articles of association. Departments are not legal persons.

(2) The bodies of departments and their competence shall be prescribed by the articles of association of the non-profit association. If a department has its own general meeting and management board, the provisions of §§ 18–22, 24–26, 28–30 and 32 of this Act apply thereto.

§ 34. Supervision

(1) The general meeting supervises the activities of other bodies. In order to perform this duty, the general meeting may call for a review or audit.

(1¹) A member of the management board or an accountant of the non-profit association shall not be a controller or auditor.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) The members of the management board and of other bodies shall enable controllers or auditors to examine all documents necessary for conduct of a review or audit and shall provide necessary information.

(3) Controllers and auditors shall prepare a report concerning the results of a review or audit, which they shall present to the general meeting.

§ 35. Accounting

The management board shall organise the accounting of the non-profit association pursuant to the Accounting Act.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 36. Annual report

(1) After the end of a financial year, the management board shall prepare the annual accounts and activity report pursuant to the procedure provided by law.

(2) The management board shall submit the reports to the general meeting within six months after the end of the financial year. If a non-profit association has an auditor or audit committee, the auditor's report or the opinion of the audit committee shall be appended to the reports.

(3) Approval of the annual report shall be decided by the general meeting.

Approved annual reports shall be signed by all members of the management board.

Chapter 5

Dissolution

§ 37. Bases for dissolution

A non-profit association is dissolved:

- 1) by a resolution of the general meeting;
- 2) by the declaration of bankruptcy of the non-profit association or abatement of bankruptcy proceedings before the declaration of bankruptcy;

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

- 3) upon a decrease of the number of members of the non-profit association to below two or another number specified by law or the articles of association;
- 4) due to the inability of the general meeting to appoint the members of bodies prescribed by law or the articles of association;
- 5) upon expiry of a term if the non-profit association has a specified term;
- 6) on another basis prescribed by law or the articles of association.

§ 38. Dissolution by resolution of general meeting

Dissolution of a non-profit association may always be decided by a resolution of the general meeting. A resolution is adopted if over two-thirds of the members who participate in or are represented at the general meeting vote in favour and the articles of association do not prescribe a greater majority requirement.

§ 39. Submission of bankruptcy petition

The management board shall submit a bankruptcy petition if it becomes evident that the non-profit association has less assets than assumed obligations. The members of the management board at fault are solidarily liable for damage caused to the non-profit association or to third persons by failure to submit a petition or by delay in submission of a petition.

§ 40. Compulsory dissolution

(1) A non-profit association is dissolved by a court ruling at the request of the Minister of Internal Affairs or another interested person if:

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

- 1) the objectives or activities of the non-profit association are contrary to law, the constitutional order or good morals;
- 2) the activities of the non-profit association do not comply with the objectives in the articles of association;
- 3) economic activity becomes the main activity of the non-profit association;
- 4) the management board does not submit a petition for dissolution provided by law;
- 5) in other cases provided by law.

(2) A court may set a deadline for elimination of deficiencies specified in subsection (1) of this section.

(3) A court may also decide the compulsory dissolution on its own initiative unless otherwise provided by law.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 41. Petition for dissolution

(1) If a non-profit association is dissolved by a resolution of the general meeting, upon expiry of its term or on another basis, the management board shall submit a petition for entry of the dissolution in the register. Upon compulsory dissolution, bankruptcy or termination of bankruptcy proceedings, a corresponding entry shall be made pursuant to a court judgment.

(2) If a resolution of the general meeting is the basis for dissolution, the minutes of the general meeting which decided on the dissolution shall be appended to the petition.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) A court which issues a bankruptcy order shall notify the registrar of the declaration of bankruptcy of the non-profit association and of the termination of bankruptcy proceedings. A bankruptcy entry shall contain the name, personal identification code and residence of the trustee in bankruptcy.

§ 42. Liquidation

(1) A non-profit association is liquidated (liquidation proceeding) upon dissolution unless otherwise provided by law.

(2) In a liquidation proceeding, the notation “*likvideerimisel*” [in liquidation] shall be appended to the name of the non-profit association.

§ 43. Liquidators

(1) The liquidators of a non-profit association are the members of the management board unless the articles of association or a resolution of the general meeting prescribe otherwise. Upon compulsory dissolution, a court shall appoint the liquidators and specify the procedure for and amount of remuneration of liquidators.

(2) Liquidators must be natural persons with active legal capacity.

(3) At least one-half of the liquidators must be persons whose residence is in Estonia.

(4) The provisions of § 28 of this Act apply to appointment and removal of liquidators.

(5) A court may remove a liquidator with good reason at the request of a member of the non-profit association, a liquidator or other interested person, or on the court’s own initiative. In such case, the court shall appoint a new liquidator.

§ 44. Entry of liquidator

(1) A management board shall submit a petition for entry of the liquidators in the register. If the liquidators are appointed by a resolution of the general meeting, the minutes of the general meeting which decided on the appointment of liquidators shall be appended to the petition for entry of the liquidators in the register. Notarised specimen signatures of the liquidators shall be appended to the petition.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941; 14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

(2) If a liquidator is appointed by a court judgment, the court shall send the order to the registrar for entry.

(3) The names, residences and personal identification codes of the liquidators shall be entered in the register.

§ 45. Rights and obligations of liquidators

(1) Liquidators have the rights and obligations of the management board which are not contrary to the objective of the liquidation.

(2) Liquidators terminate the activities of the non-profit association, collect debts, sell assets, satisfy the claims of creditors and distribute the assets remaining after satisfaction of the claims of creditors among entitled persons.

(3) Liquidators need not sell assets unless this is necessary for satisfaction of the claims of creditors or for distribution of remaining assets among entitled persons, and the general meeting consents thereto.

(4) Liquidators may only enter into transactions which are necessary for liquidation of the non-profit association.

§ 46. Right of representation of liquidators

(1) If a non-profit association has several liquidators, they only have the right to represent the non-profit association jointly unless the articles of association or the resolution on appointment of the liquidators prescribe otherwise. Such restriction applies with regard to third persons only if it is entered in the register.

(2) The liquidators may authorise one or several from among themselves to perform particular transactions or a particular type of activity.

§ 47. Notification of creditors

(1) Liquidators shall promptly publish a notice of the liquidation proceeding of a non-profit association in the official publication *Ametlikud Teadaanded*². The liquidators shall send a notice of liquidation to the known creditors.

(20.06.2000 entered into force 12.07.2000 - RT I 2000, 55, 365)

(2) A notice of liquidation shall indicate that creditors are to submit their claims within two months after publication of the notice.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941; 06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336)

§ 48. Submission of claims

(1) Creditors shall notify liquidators of all their claims against a non-profit association within two months after publication of the notice of liquidation. A notice shall set out the content, basis and amount of the claim, and documents substantiating the claim shall be appended thereto.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941; 06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336)

(2) If a known creditor does not submit a claim, the money belonging to the creditor shall be deposited.

(3) If the due date for fulfilment of the claim of a creditor has not arrived or a creditor does not accept fulfilment, the money belonging to the creditor shall be deposited.

§ 49. Submission of bankruptcy petition upon liquidation

If the assets of a non-profit association being liquidated are insufficient for satisfaction of all claims of creditors, the liquidators shall submit a bankruptcy petition.

§ 50. Distribution of assets

- (1) After satisfaction of all claims of creditors and the deposit of money, the remaining assets shall be distributed among the persons entitled by the articles of association.
- (2) The articles of association may prescribe that the entitled persons are to be designated upon the distribution of assets by a resolution of the general meeting.
- (3) If the articles of association or a resolution of the general meeting do not prescribe among whom assets of a non-profit association are to be distributed, and if pursuant to the articles of association the non-profit association was founded only in the interests of its members, assets shall be distributed in equal parts among the persons who are members of the non-profit association at the time of dissolution of the non-profit association.
- (4) If assets cannot be distributed on the bases prescribed for in subsections (1)-(3) of this section, the assets transfer to the state which shall use the assets to the extent possible according to the objectives of the non-profit association.
- (5) Upon compulsory dissolution of a non-profit association on the basis that its objectives or activities are contrary to the constitutional order, criminal law or good morals, the assets remaining after satisfaction of the claims of creditors transfer to the state.
- (6) Assets shall not be distributed among entitled persons within six months after publication of the notice of liquidation.

(06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336)

§ 51. Continuation of activities of dissolved non-profit association

(1) If dissolution of a non-profit association is prescribed by the articles of association or is decided by the general meeting, the general meeting may, until commencement of the distribution of assets, decide on continuation of the activities of the non-profit association or on merger or division of the non-profit association. A resolution on continuation of activities is adopted if over two-thirds of the members who participate in or are represented at the general meeting vote in favour.

(2) If continuation of activities is decided, the same resolution shall appoint the new management board and the members of other bodies prescribed by the articles of association.

(3) Liquidators shall submit a petition for entry of the continuation of activities in the register. The resolution on continuation enters into force as of its entry in the register.

§ 52. Deletion from register and supplementary liquidation

(1) After the completion of liquidation, the liquidators shall submit a petition for deletion of the non-profit association from the register.

(2) If after deletion of a non-profit association from the register it becomes evident that the non-profit association has remaining assets which were not distributed and supplementary liquidation measures are necessary, a court may, at the request of an interested person, order supplementary liquidation and restore the rights of the former liquidators or appoint new liquidators.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

(3) At the request of a creditor of a non-profit association, liquidation may be conducted after the deletion of the non-profit association from the register only if the creditor substantiates that the claim of the creditor against the non-profit association was not satisfied in the liquidation proceeding, it is not possible for the creditor to satisfy the claim in any other manner and it is possible to satisfy the claim of the creditor upon restoration of the liquidation, or if the non-profit association should not have been deleted from the register due to a dispute over the claim. The application of a creditor for supplementary liquidation shall not be satisfied, among other things, if the creditor failed to submit a claim to the liquidator in time without good reason.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 53. Deletion of non-profit association from register

(1) Upon dissolution of a non-profit association, the non-profit association shall be deleted from the register on the basis of a petition of the non-profit association or on another basis provided by law.

(2) If a petition for deletion of a non-profit association from the register is not submitted upon completion of the liquidation of the non-profit association, the registrar has the right to delete the non-profit association from the register.

(3) A non-profit association shall not be deleted from the register without the written consent of the Tax and Customs Board unless the latter submitted the petition for deletion of the non-profit association from the register. The Tax and Customs Board shall not refuse consent unless it has claims against the non-profit association. If consent is not received within twenty days after sending petition, the Tax and Customs Board shall be deemed to consent to deletion from the register.

(17.12.2003 entered into force 01.01.2004 - RT I 2003, 88, 591)

§ 54. Preservation of documents

(1) Liquidators shall deposit the documents of a non-profit association with a liquidator or an archives. If the liquidators do not appoint a depository of documents, a court shall appoint one.

(25.03.98 entered into force 1.05.98 - RT I 1998, 36/37, 552)

(2) The name, personal identification or registry code and, residence or location of a depository of documents shall be entered in the register on the petition of the liquidators. In the case of a court-appointed depository, the entry shall be made on the basis of the court judgment. Upon a change of depository, the transferor shall notify the registrar before the transfer in order to allow for the entry of new information in the register.

(25.03.98 entered into force 1.05.98 - RT I 1998, 36/37, 552; 17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) A non-profit association is responsible for the preservation of documents created or received as a result of its activities during the term prescribed by the law. Upon liquidation of a non-profit association, the documents of the non-profit association which are to be preserved may be transferred to an archives upon agreement with the archives. Upon a transfer of documents to an archives, the responsibility for preservation of the documents transfers to the archives.

(25.03.98 entered into force 1.05.98 - RT I 1998, 36/37, 552)

§ 55. (Repealed - 05.06.2002 entered into force 01.07.2002 - RT I 2002, 53, 336)

Chapter 6

Merger and Division

Division 1

Merger

§ 56. Definition of merger

(1) A non-profit association (non-profit association being acquired) may merge with another non-profit association (acquiring non-profit association). Articles of association may prescribe that merger is or is not allowed only under the conditions prescribed by the articles of association. A non-profit association being acquired shall be deemed to be dissolved.

(2) Non-profit associations may also merge such that they form a new non-profit association. In such case, the merging non-profit associations shall be deemed to be dissolved.

(3) Merger is effected without a liquidation proceeding.

(4) Upon merger, the assets (rights and obligations) of a non-profit association being acquired transfer to the acquiring non-profit association. Upon foundation of a new non-profit association, the assets of the merging non-profit associations transfer to it.

(5) The members of a non-profit association being acquired become members of the acquiring non-profit association upon merger. Upon foundation of a new non-profit association, the members of the merging non-profit associations become its members.

(6) A non-profit association may only merge with another non-profit association.

(7) In the cases provided by law, the permission of a competent agency is required for merger.

§ 57. Merger agreement

(1) In order to merge, the management boards of the non-profit associations shall enter into a merger agreement. Rights and obligations arise from a merger agreement after approval of the agreement pursuant to the procedure provided for in § 58 of this Act. The merger agreement shall set out:

- 1) the names and locations of the non-profit associations;
- 2) the rights which the acquiring non-profit association grants to the members of the non-profit association being acquired;
- 3) the consequences of merger for the employees of the non-profit association being acquired.

(2) A merger agreement shall be in writing.

(3) If an approved merger agreement is conditional and the condition is not fulfilled within five years after entry into the agreement, a non-profit association may terminate it by giving at least six months' advance notice of termination unless the merger agreement prescribes a shorter term for advance notice.

§ 58. Merger resolution

(1) Rights and obligations arise from a merger agreement if the merger agreement is approved by all merging non-profit associations. A merger resolution shall be in writing.

(2) A merger resolution is adopted if over two-thirds of the members who participate in or are represented at the general meeting vote in favour and the articles of association do not prescribe a greater majority requirement.

§ 59. Protection of creditors

(1) Upon merger, the management board of a participating (merging) non-profit association shall, within fifteen days after adoption of the merger resolution, send written notice concerning the merger to the known creditors of the non-profit association who have claims against the non-profit association which predate the adoption of the merger resolution.

(2) A management board shall publish two notices concerning a merger resolution with at least a fifteen day interval in the official publication *Ametlikud Teadaanded*. The notice shall indicate that creditors are to submit their claims within two months.

(20.06.2000 entered into force 12.07.2000 - RT I 2000, 55, 365)

(3) A non-profit association shall secure the claims of creditors if they are submitted within two months after publication of the last notice. If the deadline for fulfilment of a claim has arrived or if a claim is not sufficiently secured, the creditor may demand satisfaction of the claim.

(4) A creditor of an acquiring non-profit association may demand security or satisfaction of the creditor's claim only if the creditor proves that the merger endangers fulfilment of the creditor's claim.

§ 60. Submission of petition to register

(1) The management board of a merging non-profit association shall submit a petition for entry of the merger in the register of the location of the non-profit association after three months after publication of the second merger notice. The following shall be appended to the petition:

1) a notarised copy of the merger agreement;

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

2) the merger resolution;

3) the permission for merger, if required;

4) a reference to the issues of the *Ametlikud Teadaanded* in which the notices specified in subsection 59 (2) of this Act are published.

(06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336)

(2) In a petition, the members of the management board shall confirm that the claims of creditors who submitted their claims by the deadline or who opposed the merger are secured or satisfied.

§ 61. Name of acquiring non-profit association

An acquiring non-profit association may continue activities under the name of a non-profit association being acquired.

§ 62. Merger entry

(1) A merger shall be entered in the register of the location of the acquiring non-profit association if it is entered in the registers of the locations of all non-profit associations being acquired. An entry in the register of a location of a non-profit association being acquired shall indicate that the merger is deemed to be effected as of its entry in the register of the location of the acquiring non-profit association.

(2) The registrar of the location of an acquiring non-profit association shall notify the registrar of the location of the non-profit association being acquired of entry of the merger in the register. Upon receipt of notification, the registrar shall make a notation in the register regarding when the merger was entered in the register of the location of the acquiring non-profit association. The registrar of the non-profit association being acquired shall send the documents of the non-profit association held by the registrar to the registrar of the location of the acquiring non-profit association.

§ 63. Legal effect of entry

(1) The assets (rights and obligations) of a non-profit association being acquired transfer to the acquiring non-profit association as of entry of the merger in the register of the location of the acquiring non-profit association. After entry of a merger in the register of the location of the acquiring non-profit association, entries regarding the transfer of assets shall be made in the land register and movable property registers on the basis of a petition of the management board of the acquiring non-profit association.

(2) A non-profit association being acquired shall be deemed to be dissolved as of entry of the merger in the register of the location of the acquiring non-profit association. The registrar shall delete the non-profit association being acquired from the register.

(3) The members of a non-profit association being acquired become members of the acquiring non-profit association as of entry of the merger in the register of the location of the acquiring non-profit association.

§ 64. Merger whereby new non-profit association founded

(1) The provisions of §§ 56-63 of this Act together with other complementary provisions prescribed by law apply to merger whereby a new non-profit association is founded.

(2) The provisions regarding non-profit associations being acquired apply to merging non-profit associations, and the provisions regarding acquiring non-profit associations apply to non-profit associations being founded. Non-profit associations shall be deemed to be merged as of entry of a new non-profit association in the register.

(3) The provisions for foundation of non-profit associations apply to foundation of new non-profit associations unless the provisions of this chapter provide otherwise. The founders are the merging non-profit associations.

(4) In addition to the provisions of subsection 57 (1) of this Act, a merger agreement shall set out the name and location, and the members of the management board of the new non-profit association. The articles of association of the non-profit association being founded which shall be approved by the merger resolution shall be appended to the merger agreement.

(5) The management board of a merging non-profit association shall submit a petition for entry of the merger in the register of the location of the non-profit association.

(6) The management boards of merging non-profit associations shall submit a joint petition for entry of the new non-profit association in the register of its location.

Division 2

Division

§ 65. Definition of division

(1) Division is effected without a liquidation proceeding by distribution or separation. Articles of association may prescribe that division is or is not allowed only under the conditions prescribed by the articles of association.

(2) Upon distribution, a non-profit association being divided transfers its assets to the recipient non-profit associations. A recipient non-profit association may be an existing non-profit association or a non-profit association being founded. Upon distribution, a non-profit association being divided shall be deemed to be dissolved.

(3) Upon separation, a non-profit association being divided transfers part of its assets to one or several recipient non-profit associations. A recipient non-profit association may be an existing non-profit association or a non-profit association being founded.

(4) Upon division, the members of a non-profit association being divided become members of the recipient non-profit associations pursuant to the division agreement.

(5) A non-profit association may only divide into non-profit associations and may only participate in the division of a non-profit association.

(6) In the cases provided by law, the permission of a competent agency is required for division.

§ 66. Division agreement

(1) In order to divide, the management boards of the non-profit associations participating in division shall enter into a division agreement. Rights and obligations arise from a division agreement after approval of the agreement pursuant to the procedure provided for in § 67 of this Act. A division agreement shall set out:

- 1) the names and locations of the non-profit associations participating in division;
- 2) the rights which a recipient non-profit association grants to the members of the non-profit association being divided;
- 3) a list of assets to be transferred to each recipient non-profit association;
- 4) the consequences of division for the employees.

(2) A division agreement shall be in writing.

(3) If an approved division agreement is conditional and the condition is not fulfilled within five years after entry into the agreement, a non-profit association may terminate it by giving at least six months' advance notice of termination unless the division agreement prescribes a shorter term for advance notice.

§ 67. Division resolution

(1) Rights and obligations arise from a division agreement if the division agreement is approved by all non-profit associations participating in the division. A division resolution shall be in writing.

(2) A division resolution is adopted if over two-thirds of the members who participate in the general meeting vote in favour and the articles of association do not prescribe a greater majority requirement.

§ 68. Protection of creditors

(1) The management board of a non-profit association participating in division shall, within fifteen days after adoption of the division resolution, send written notice concerning the division to the known creditors of the non-profit association who have claims against the non-profit association which predate the adoption of the division resolution.

(2) A management board shall publish two notices concerning a division resolution with at least a fifteen day interval in the official publication *Ametlikud Teadaanded*, calling on creditors to submit their claims. The notice shall indicate that creditors are to submit their claims within two months.

(20.06.2000 entered into force 12.07.2000 - RT I 2000, 55, 365)

(3) A non-profit association shall secure the claims of creditors if they are submitted within two months after publication of the last notice. If the due date for fulfilment of a claim has arrived or if a claim is not sufficiently secured, the creditor may demand satisfaction of the claim.

(4) A creditor of a recipient non-profit association may demand security or satisfaction of the creditor's claim only if the creditor proves that the division endangers fulfilment of the creditor's claim, except if the due date for fulfilment of the creditor's claim has arrived.

§ 69. Submission of petition to register

(1) The management board of a non-profit association participating in division shall submit a petition for entry of the division in the register of the location of the non-profit association after three months after publication of the second division notice. The following shall be appended to the petition:

1) a notarised copy of the division agreement;

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

2) the division resolution;

3) the permission for division, if required;

4) a reference to the issues of the *Ametlikud Teadaanded* in which the notices specified in subsection 68 (2) of this Act are published.

(06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336)

(2) In a petition, the members of the management board shall confirm that the claims of creditors who submitted their claims by the deadline or who opposed the division are secured or satisfied.

§ 70. Name of recipient non-profit association

Upon division, a recipient non-profit association may continue activities under the name of the non-profit association being divided.

§ 71. Division entry

(1) A division shall be entered in the register of the location of the non-profit association being divided if it is entered in the registers of the locations of all recipient non-profit associations. Entries in the registers of the locations of the recipient non-profit associations shall indicate that the division is deemed to be effected as of its entry in the register of the location of the non-profit association being divided.

(2) The registrar of the location of a non-profit association being divided shall notify the registrars of the locations of the recipient non-profit associations of entry of the division in the register and shall send an extract from the register to them. Upon receipt of notification, the registrar shall make a notation in the register regarding when the division was entered in the register of the location of the non-profit association being divided.

§ 72. Legal effect of entry

(1) All assets of a non-profit association being divided or, upon separation, the separated assets pursuant to the distribution prescribed in the division agreement, transfer

to the recipient non-profit associations as of entry of the division in the register of the location of the non-profit association being divided. After entry of a division in the register of the location of the non-profit association being divided, entries regarding the transfer of assets shall be made in the land register and movable property registers on the petition of the management board of the recipient non-profit association.

(2) Upon division, a non-profit association being divided is dissolved as of entry of the division in the register of the location of the non-profit association being divided. The registrar shall delete the non-profit association being divided from the register.

(3) The members of a non-profit association being divided become members of the recipient non-profit associations pursuant to the division agreement as of entry of the division in the register of the location of the non-profit association being divided.

(4) Assets which are not divided upon division shall be divided among the recipient non-profit associations in proportion to their share in the assets being divided.

§ 73. Liability for obligations of non-profit association being divided

(1) Non-profit associations participating in division are solidarily liable for the obligations of the non-profit association being divided which arise before entry of the division in the register of the location of the non-profit association being divided. In relations between solidary debtors, only persons to whom obligations are assigned by the division agreement are obligated persons.

(2) A non-profit association participating in division to which obligations are not assigned by the division agreement is liable for the obligations of the non-profit association being divided if the due date for their fulfilment arrives within five years after entry of the division in the register of the location of the non-profit association being divided.

§ 74. Division whereby new non-profit association founded

- (1) The provisions of §§ 65-73 of this Act together with other complementary provisions prescribed by law apply to division whereby a new non-profit association is founded.
- (2) The provisions regarding recipient non-profit associations apply to non-profit associations being founded.
- (3) The provisions for foundation of non-profit associations apply to foundation of new non-profit associations unless the provisions of this chapter provide otherwise. The founder is the non-profit association being divided.
- (4) Upon division whereby a new non-profit association is founded, the management board of the non-profit association being divided shall prepare a division plan which substitutes for the division agreement. In addition to the provisions of subsection 66 (1) of this Act, a division plan shall set out the name and location, and the members of the management board of the new non-profit association. The articles of association of the non-profit association being founded, which shall be approved by the division resolution, shall be appended to the division plan.
- (5) The management board of a non-profit association being divided shall submit a petition for entry of the new non-profit associations in the registers of their locations and for entry of the division in the register of the location of the non-profit association being divided.
- (6) The registrar of the location of each new non-profit association shall notify the registrar of the location of the non-profit association being divided of entry of the new non-profit association in the register. Upon receipt of notification concerning all new non-profit associations, the registrar of the location of the non-profit association being divided shall enter the division in the register, notify the registrar of the location of each new non-profit association of the entry and send an extract from the register to them. Upon receipt of notification, the registrar shall make a notation in the register regarding

when the division was entered in the register of the location of the non-profit association being divided.

Chapter 7

Non-profit Associations and Foundations Register

§ 75. Maintenance of register

- (1) A register is maintained of non-profit associations and foundations.
- (2) The registration departments (registrars) of the county courts shall maintain a register of non-profit associations and foundations located in their jurisdiction.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

- (3) (Repealed - 15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)
- (4) Entries in the register are made by the registrar in whose jurisdiction the non-profit association or foundation is located.

§ 76. Application of Commercial Code

Subsections 22 (4) and (6), subsections 24 (1)-(6), §§ 26 and 27, 32 and 32¹, subsections 33 (1¹), 33 (1²) and 33 (4)-(10), subsections 41 (1) and (2), §§ 43-47, 50, 52-56, subsections 57 (1) and (2), § 58, subsections 59 (5) and (6), §§ 66-71 and 511¹-511² and subsection 541 (1¹) of the Commercial Code (RT I 1995, 26/28, 355; 1998, 91/93, 1500; 1999, 10, 155; 23, 355; 24, 360; 57, 596; 102, 907; 2000, 29, 172; 49, 303; 55, 365; 57,

373; 2001, 34, 185; 56, 332 and 336; 89, 532; 93, 565) correspondingly apply to the register.

(06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336; 22.02.2005 entered into force 01.01.2006 - RT I 2005, 15, 85; 15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 77. Access to register

(1) Entries in the register are public. Everyone has the right to examine the card register and the public files of non-profit associations and to obtain copies of registry cards and of documents in the public files of non-profit associations.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) At the request of a person, a registrar shall issue a certificate attesting that an entry has not been amended or that a particular entry is not in the register.

(3) An assistant judge or an authorised registry secretary shall certify the authenticity of copies of registry cards and copies of other documents preserved in a registration department.

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

(4) A registry file may be examined by any person with a legitimate interest.

§ 78. Information to be entered in register and documents to be submitted to register

(1) Information prescribed by law shall be entered in the register.

(2) A non-profit association is required to submit the documents which are the basis for an entry and other documents provided by law to the registrar. The documents submitted to the registrar shall set out the information provided by law.

§ 78¹. Personal data submitted to registrar

(1) If by law a personal identification code must be set out in a document submitted to a registrar but the person does not have an Estonian personal identification code, the day, month and year of birth of the person shall be set out and entered in the register instead.

(2) A legal person in public law shall, in a document submitted to a registrar, set out its registry code and reference to the Act pursuant to which the person is founded. A legal person is not required to submit its registry code or other registration number to a registrar if the legal person is not subject to entry in a public register.

(3) The name of the local government in which a natural person lives shall be submitted to a registrar and entered in the register as his or her residence.

(4) The name of the local government in which the seat of a legal person is located shall be submitted to a registrar and entered in the register as the seat of the legal person.

(5) Specific data concerning the address of a person's residence or seat (street number, apartment number, street name or name of the farm, settlement, local government and county, postal code) shall be submitted to a registrar as the person's address.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(6) The members of the management board and the liquidators of a non-profit association and the members of the management board and supervisory board and the liquidators of a foundation who do not have a residence registered in the population

register shall also submit their address to the registrar and shall immediately communicate the changes thereof. The address details are maintained in the registry file.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 79. Entry in register

(1) Entries in the register are made on the basis of a petition of the management board of a non-profit association, pursuant to a court judgment or on another basis provided by law. A person entitled to submit a petition or other documents to the register is required to do so.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) A petition submitted to the registrar shall be notarised. If a memorandum of association includes the petition, the memorandum of association shall be notarised.

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

(3) A person entitled to sign a petition submitted to the registrar may authorise another person to sign. An authorisation document provided for signature of a petition shall be notarised.

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

(3¹) A notarially authenticated application and an authorisation document for submission of the application shall be deemed to be equal to a digitally signed application and authorisation document.

(12.10.2005 entered into force 01.01.2006 - RT I 2005, 57, 450)

(4) (Repealed - 15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

(5) A registrar shall refuse to make an entry if a petition or documents appended thereto do not comply with law.

§ 80. Legal effect of entry

(1) An entry in the register shall enter into force upon signature by the person enforcing the ruling on entry and by the person who is competent to make the judgment on entry.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

(2) An entry shall be held as correct with regard to a third person, except if the third person knew or should have known that the entry is not correct. An entry shall be deemed not to apply with regard to legal acts which are performed within fifteen days after the entry is made if a third person proves that the third person was not aware nor should have been aware of the content of the entry.

(3) If facts which must be entered in the register are not entered in the register, such facts shall have legal effect with regard to a third person only if the third person knew or should have known about them.

(4) The facts contained in an entry made on the basis of a court judgment shall acquire legal effect as of the entry into force of the court judgment.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 81. Notification obligation of administrative agencies

The courts, state and local government agencies, and notaries are required to notify the registrar of any incorrect information in the register or of any information not submitted to the register of which they become aware due to their office.

§ 82. Making entry without petition

(1) If a registrar has information concerning the incorrectness of an entry or that an entry is missing, the registrar may make the appropriate inquiries.

(2) Upon ascertaining that an entry is incorrect or missing, the registrar shall notify the non-profit association on the basis of whose petition the entry should have been made. If no objection to making, correcting or deleting the entry is made within two weeks after notification, the registrar shall make, correct or delete the entry.

(3) The making of an entry without a petition does not exempt a non-profit association which is required to submit a petition from the obligation to pay the prescribed state fee for making the entry. If the incorrectness of the entry is caused by the activities of the registrar, he or she shall exempt the non-profit association from payment of state fees by a ruling on entry.

(06.06.2001 entered into force 07.07.2001 - RT I 2001, 56, 336; 15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

(4) If the making of an entry pursuant to subsection (2) of this section would result in the deletion of a non-profit association from the register, the registrar may initiate the compulsory dissolution of the non-profit association in court.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(5) In the case provided for in subsection (2) of this section, the registrar may impose a fine on obligated persons pursuant to the procedure provided for in § 601 of the Code of Civil Procedure.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 83. Composition of register

The register includes:

- 1) the card register;
- 2) the public files;

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

- 3) the registry files.

§ 84. Card register

- (1) A separate registry card is opened for each non-profit association entered in the register.
- (2) Registry cards form the card register.

§ 85. Public files

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

- (1) A public file is opened for each non-profit association entered in the register.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

- (2) Documents which a non-profit association submits to the registrar pursuant to law are maintained in the public file. Information on members of non-profit associations submitted to the registrar at the request of the registrar shall also be maintained in public files.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) Documents submitted to the registrar shall be originals or notarised copies unless otherwise provided by law.

(14.11.2001 entered into force 01.02.2002 - RT I 2001, 93, 565)

§ 86. Registry file

(1) A registry file is opened for each non-profit association entered in the register.

(2) Documents concerning a non-profit association which are not to be maintained in the public file are maintained in the registry file.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 87. Registry journal

(1) Entry petitions are registered in the registry journal.

(2) A notation is made in the registry journal on whether a petition is satisfied.

§ 88. Registry code

Every non-profit association is given a non-recurrent registry code upon entry in the register.

§ 89. Entries of registry card of non-profit association

The following information concerning a non-profit association is entered in a registry card of a non-profit association:

- 1) the registry code and consecutive numbers of registry entries;
- 2) the name;
- 3) the location and address;
- 4) information on the members of the management board;
- 5) information on the trustee in bankruptcy;
- 6) information on the liquidators;
- 7) the right of representation of the members of the management board and the liquidators if such right differs from the general rule prescribed by the Act;
- 8) the time of approval and amendment of the articles of association;
- 9) the term of operation if the non-profit association is founded for a specified term;
- 10) the dissolution;
- 11) the merger or division;
- 12) the declaration of bankruptcy and termination of bankruptcy proceedings;
- 13) the deletion from the register;
- 14) information on the depositary of documents of a liquidated non-profit association;
- 15) the date of entry, and signature, name and title of the person enforcing the ruling on entry and of the person competent to make the ruling on entry;

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

16) references to earlier and later entries, and notations.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 89¹. Removal from judgment on entry

A judge or assistant judge shall not review a registry matter of a non-profit association or foundation if:

- 1) the person who is competent to make the ruling on entry or his or her spouse or other person specified in clauses 2) and 3) of the Code of Civil Procedure is a founder or member of the management board of the non-profit association or foundation or a member of the supervisory board of the foundation or the auditor of the foundation;
- 2) other circumstances raise doubt concerning his or her impartiality.

(15.06.2005 entered into force 01.01.2006 - RT I 2005, 39, 308)

§ 90. Procedure for storage of registry cards

- (1) Registry cards are stored according to their registry codes.
- (2) The registry cards of a non-profit association are stored together.
- (3) The registry cards of non-profit associations which are deleted from the register are separated from the card register and stored separately.

Chapter 8

Implementation of Act

§ 91. Application of this Act to non-profit associations, their alliances and other non-profit associations

(1) As of 1 October 1996, non-profit associations may only be founded pursuant to the procedure provided for in this Act, and the provisions of this Act apply to them.

(2) The provisions of § 1, the first sentence of subsection 2 (1), § 3, subsections 4 (2) and (3), § 5, subsection 12 (1), the first sentence of subsection 12 (2), subsections 12 (3) and (4), §§ 13-22, subsections 23 (1) and (1¹), §§ 24-26, subsection 27 (1), the first sentence of subsection 27 (2), subsection 27 (3), the first sentence of subsection 27 (4), §§ 28-45, the first sentence of subsection 46 (1), subsection 46 (2), and §§ 47-55 of the Non-profit Associations Act apply to non-profit associations and their alliances, and to other non-profit associations founded before 1 October 1996 until their entry in the non-profit associations and foundations register. If the articles of association of a non-profit association, alliance of non-profit associations or other non-profit association is contrary to this Act, the provisions of this Act apply.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) Upon entry in the non-profit associations and foundations register of a non-profit association which was entered in the enterprise register the whole Non-profit Associations Act applies.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 92. Merger and division

(1) Merger and division of non-profit associations entered in the register shall be effected pursuant to the procedure provided for in this Act. A non-profit association

entered in the register shall not merge with a non-profit association, alliance of associations or other non-profit association which is not entered in the register.

(2) Merger and division of non-profit associations, alliances of associations and other non-profit associations which are not entered in the register as non-profit associations are prohibited.

§ 93. Application for entry in register

(1) Non-profit associations, alliances of non-profit associations or other non-profit associations founded and registered in the register of enterprises, agencies and associations of the Republic of Estonia (hereinafter enterprise register) before 1 October 1996 which comply with the requirements specified in this Act shall be entered in the register as non-profit associations on the basis of their petitions. Non-profit associations founded pursuant to legislation in force before the entry into force of the Non-profit Associations and Their Alliances Act (RT I 1994, 28, 425; 49, 805; 1995, 23, 332; 1996, 42, 811; 49, 953) and which were not registered in the enterprise register shall be entered in the register as non-profit associations.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(2) A petition for entry in the register shall set out information concerning the non-profit association as provided by law, and the documents provided by law, except the memorandum of association, the certificate of registration of the non-profit association in the enterprise register and the minutes of the general meeting or meeting of proxies whereby the valid wording of the articles of association was approved and the management board which signed the petition was elected shall be appended to the petition. Instead of the certificate of registration of the non-profit association in the enterprise register, non-profit associations specified in the second sentence of subsection (1) of this section shall submit to the registrar the foundation resolution and other documents which were the basis of its foundation. A judge or assistant judge shall decide

on a petition within two months after submission of the petition and all other prescribed documents. If the petition for registration of a non-profit association is reviewed by the Secretary of State and the making of the entry is decided by a judge, the Secretary of State shall sign the entry instead of the judge.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(3) For entry in the register as non-profit associations, the articles of association of non-profit associations, alliances of non-profit associations or other non-profit associations shall be brought into accordance with the provisions of this Act.

(4) Non-profit associations founded before 1 October 1996 the objective of which is the accumulation and distribution of assets for specific purposes and which have members may be transformed into a foundation pursuant to the Foundations Act. Transformation shall be decided and the new articles of association shall be adopted by the general meeting of the members of the association. Members have the rights of founders of a foundation.

(5) Upon transformation under the circumstances specified in subsection (4) of this section, the assets transferred to a foundation are exempt from income tax and value added tax.

(6) Amendments to the articles of association of non-profit associations specified in subsection 91 (2) of this Act and to information subject to registration in the enterprise register shall be effected pursuant to the procedure effective before 1 October 1996.

§ 94. Notations in registers

(1) Upon entry in the register as a non-profit association of a non-profit association, alliance of non-profit associations or other non-profit association which is entered in the enterprise register, a corresponding notation shall be made in the entry of the enterprise register on the basis of a notice from the registrar.

(2) Upon entry in the register as a non-profit association of a non-profit association, alliance of associations or other non-profit association founded before 1 October 1996, a notation concerning the earlier registration of the non-profit association in the enterprise register shall be made in the register, indicating the former registration number.

§ 95. Deletion from register

(1) Non-profit associations, their alliances or other non-profit associations (hereinafter associations) in the enterprise register which by 1 March 1999 are not entered as non-profit associations in the register or for which, by 1 March 1999, no petition for entry in the register has been submitted to the registrar or whose petition for entry in the register has been denied shall be deemed to have undergone compulsory dissolution. The term for this for political parties in the enterprise register is 1 October 1998.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

(1¹) The term specified in subsection (1) of this section does not extend to legal persons in the register of churches, congregations and alliances of congregations of Estonia maintained by the Ministry of Internal Affairs and such legal persons shall be entered in the register by the term and pursuant to the procedure prescribed by the Churches and Congregations Act.

(17.02.99 entered into force 19.03.99, implemented after 01.03.99 - RT I 1999, 23, 355)

(2) The registrar of the enterprise register shall publish notices of compulsory dissolutions of enterprises in the official publication *Ametlikud Teadaanded*. If the registrar makes a judgment concerning a petition for entry of an association in the register by which the registrar denies the petition after 1 March 1999, or denies the petition of a political party after 1 October 1999, the registrar shall publish a notice in the official publication *Ametlikud Teadaanded*.

(20.06.99 entered into force 01.03.99 - RT I 1999, 10, 155)

(3) A notice of compulsory dissolution shall indicate that creditors and members of the association are to submit their claims within two months after publication of the notice in the official publication *Ametlikud Teadaanded* to the court according to the location of the association for liquidation, the appointment of liquidators or a declaration of bankruptcy.

(20.06.99 entered into force 01.03.99 - RT I 1999, 10, 155)

(4) The right of representation of the management board of an association which has undergone compulsory liquidation or of the body substituting therefor shall be retained until a court appoints liquidators or declares a bankruptcy or deletes the enterprise from the enterprise register. The composition of the management board or of the body substituting therefor may be changed until such time with good reason and the permission of the court; changes in the composition of a management board or of a body substituting therefor shall enter into force as of registration in the enterprise register. The primary good reasons shall be:

- 1) a lengthy or serious illness due to which performance of the duties of the management board or of the body substituting therefor becomes impossible;
- 2) the death of a member of the management board or of the body substituting therefor or the declaration of a member of the management board or of the body substituting therefor as missing or dead or to be without active legal capacity;
- 3) the entry into force of a court judgment by which punishment with imprisonment is imposed;
- 4) the entry into force of a court judgment by which a member of the management board or of the body substituting therefor is deprived of the right to operate in a particular area of activity;
- 5) the taking up of residence in a foreign country permanently.

(5) An association which has undergone compulsory dissolution shall not:

- 1) transfer or rent immovables, movables registered in a state register (buildings, vehicles, etc.) or holdings in companies (shares) belonging to the association, or encumber immovables, movables registered in a state register (buildings, vehicles, etc.) or holdings in companies (shares) belonging to the association with a restricted real right;
- 2) amend the articles of association;
- 3) found legal persons.

(6) The restrictions provided for in clause (5) 1) of this section shall apply until a court appoints liquidators or declares a bankruptcy. Such restrictions shall apply with regard to third persons.

(7) Creditors and members of an association which has undergone compulsory dissolution may submit a petition to the court according to the location of the association for liquidation, appointment of liquidators or a declaration of bankruptcy within two months after publication of the notice of compulsory dissolution in the official publication *Ametlikud Teadaanded*.

(20.06.99 entered into force 01.03.99 - RT I 1999, 10, 155)

(8) The following shall be set out in a petition for liquidation submitted on the basis of subsection (7) of this section:

- 1) information on the association which has undergone compulsory dissolution, including reference to the issue of the official publication *Ametlikud Teadaanded* in which the notice of compulsory dissolution was published;

(20.06.99 entered into force 01.03.99 - RT I 1999, 10, 155)

- 2) the name, residence or seat and postal address of the petitioner;

3) information on the amount, basis and term for payment of the claim on which the petition is based if the petition is submitted by a creditor; in such case proof of existence of the claim on which the petition is based shall be appended to the petition;

4) a request for a person to be appointed as liquidator, and the name, residence and postal address of such person.

The consent of a person shall be appended to the petition if the person's appointment as liquidator is requested unless the petition is for appointment of the director of an association entered in the enterprise register as liquidator. A receipt for payment of the state fee shall also be appended to the petition.

(9) The court may give preference to appointment of the director of the association entered in the enterprise register as the liquidator, who is obligated to accept the duties of liquidator unless refusal to accept such duties is due to a good reason specified in subsection (4) of this section.

(10) If the court has already appointed a liquidator for an association which has undergone compulsory dissolution, any subsequent petitions for liquidation shall be deemed to be notices of claims and the court shall forward them to the liquidator.

(11) Any person who submits a knowingly false petition for liquidation to a court shall compensate for any damage caused thereby to the association, its creditors or members.

(12) If creditors do not submit their petitions during the term specified in subsection (7) of this section or if a liquidation proceeding is completed, the association shall be deemed to be dissolved and shall be deleted from the register.

(12¹) If after the dissolution of an association and its deletion from the register it becomes evident that the association has additional assets which were not taken into consideration in the liquidation proceeding, the court shall commence, on the basis of an application by a member of the association which has been deleted from the register, a follow-up liquidation proceeding to which the provisions concerning liquidation

proceedings apply. Upon the commencement of a follow-up liquidation proceeding, the notice concerning the commencement shall set out that this is a follow-up proceeding. In follow-up proceedings, creditors have no right to submit demands concerning the assets being divided.

(15.11.2000 entered into force 29.11.2000 - RT I 2000, 88, 576)

(12²) If after the dissolution of an association and its deletion from the register it becomes evident that the association has assets but no liquidation proceeding has been conducted or the assets belong to a non-profit association which has not been registered in the register of enterprises and has been founded pursuant to legislation valid before the entry into force of the Non-profit Associations and their Alliances Act, the court shall commence, on the basis of an application by an interested person, a liquidation proceeding to which the provisions of this section apply.

(15.11.2000 entered into force 29.11.2000 - RT I 2000, 88, 576)

(13) If an association is dissolved due to failure to submit a petition, the director of the association entered in the enterprise register at the time of dissolution shall be deemed to be the depositary of the documents of the liquidated association and shall be entered in the enterprise register by the registrar of the enterprise register.

(14) The depositary of the documents of a liquidated association shall be responsible for the preservation of documents during the retention period prescribed by law and is required to enable persons with a legitimate interest in the matter to examine such documents.

(15) The Minister of Justice may, by a regulation, establish a specific procedure for carrying out compulsory dissolution specified in this section and establish the procedure for remuneration of liquidators and the maximum amounts of remuneration.

(17.06.98 entered into force 10.07.98 - RT I 1998, 59, 941)

§ 96. Name of non-profit association

(1) Upon entry of a non-profit association in the register, the registrar shall make an inquiry to the registrar of the enterprise register concerning the existence of the same or a similar name in the enterprise register.

(2) A name being applied for shall not be entered in the register if the name or a misleadingly similar name is registered in the enterprise register by another non-profit association, alliance of non-profit associations or other non-profit association before the applicant.

§ 97. (Repealed - 05.06.2002 entered into force 01.07.2002 - RT I 2002, 53, 336)

§ 98. Entry in register of associations which possess weapons, are militarily organised or perform military exercises

Non-profit associations which possess weapons, are militarily organised or perform military exercises may be entered in the register only with the consent of the Government of the Republic. The conditions and procedure for granting consent shall be provided by law.

§ 99. Association of activities of employees' associations

(1) Until passage of an Act providing for activities of employees' [töötajate] (employees' [töövõtjate]) associations, the provisions of the Estonian SSR Trade Unions Act (ENSV Teataja³ 1989, 40, 623; RT 1992, 35, 462) which are not contrary to this Act apply.

(18.08.99 entered into force 04.09.99 - RT I 1999, 67, 658)

(2) To trade unions, their federations and central federation in the enterprise register which have not submitted petitions for entry in the register or the petitions of which for entry in the register have been denied, § 95 of this Act applies as of 1 December 1999. Such associations may submit petitions for entry in the register until 1 December 1999.

(18.08.99 entered into force 04.09.99 - RT I 1999, 67, 658)

(3) If a term for elimination of deficiencies in a petition for entry in the register has been granted to an association specified in subsection (2) of this section pursuant to § 54 of the Commercial Code, the running of the term is suspended until 1 December 1999.

(18.08.99 entered into force 04.09.99 - RT I 1999, 67, 658)

(4) Liquidation proceedings shall not be conducted with regard to associations specified in subsection (2) of this section which are deemed to have undergone compulsory dissolution on the basis of § 95 of this Act.

(18.08.99 entered into force 04.09.99 - RT I 1999, 67, 658)

§ 100. Amendments to State Fees Act

The State Fees Act (RT 1990, 11, 118; RT I 1995, 36, 465; 57, 981; 58, 1005; 61, 1028; 87, 1540; 1996, 3, 56; 38, 752; 40, 773) is amended as follows:

1) clause 2 7) is amended and worded as follows:

"7) entries in the commercial register and the non-profit associations and foundations register, and certification of copies by the commercial register and the non-profit associations and foundations register;"

2) subsection 4 9) is amended and worded as follows:

"(9) Upon entry of a non-profit association or a foundation in the non-profit associations and foundations register, non-profit associations and foundations registered in the enterprise register before 1 October 1996 are exempt from the state fee.";

3) Annex 1 is added to clause 9) worded as follows:

"9. For registry entries of the register of non-profit associations and foundations:

1) entry of non-profit association or foundation in register 300 kroons;

2) entry of changes in register 100 kroons;

3) copy of page of card register or file 2 kroons.

Notice. If the making of an entry simultaneously in several columns is applied for, state fee shall be paid for one entry."

§ 101. Amendments to Courts Act

The Court Act (RT 1991, 38, 472; 1993, 1, 2; RT I 1993, 24, 429; 65, 922; 1994, 81, 1382; 86/87, 1487; 94, 1609; 1995, 29, 358; 87, 1540; 1996, 31, 631; 42, 811; 51, 967; 1998, 4, 62; 2000, 35, 219; 51, 321; 2001, 21, 113; 43, 240; 48, 264) is amended as follows:

1) subsection 7 2¹) is amended and worded as follows:

"(2¹) A judge sitting alone decides on making of a judgment on entry order or imposition of fine pursuant to the procedure provided for in the Commercial Code, Non-profit Associations Act and Foundations Act.";

2) subsection 17 3) is amended and worded as follows:

"(3) The chairman of a county or city court or one or several judges or on his or her appointment decide on the making on commercial registry entries and imposition on fines concerning associations which fall within the territorial jurisdiction of the court, and on the making of non-profit associations and foundations registry entries and imposition of fines concerning non-profit associations and foundations which fall within the territorial jurisdiction of the court.";

3) subsection 37³ 2) is amended and worded as follows:

"(2) The registration department maintains a commercial register concerning undertakings within the territorial jurisdiction of the registration department and a non-profit associations and foundations register concerning non-profit associations and foundations within the territorial jurisdiction of the registration department."

4) subsection 37³ 4) is amended and worded as follows:

"(4) The procedure for maintenance of the commercial register is provided for by the Commercial Code and the procedure for maintenance of the non-profit associations and foundations register is provided for by the Non-profit Associations Act and the Foundations Act."

§ 102. Amendment to Number and Membership of Courts and Number of County and City Lay Judges Act of the Republic of Estonia

Subsection (3) is added to § 1 of the Number and Membership of Courts and Number of County and City Lay Judges Act of the Republic of Estonia (RT 1993, 1, 1; RT I 1993, 24, 429; 43, 622; 65, 922; 76, 1131; 1994, 81, 1382; 1995, 29, 358; 97, 1664; 1996, 31, 631; 42, 811; 1999, 88, 809; 2000, 102, 678) worded as follows:

"(3) In connection with the maintenance of the non-profit associations and foundations register the number of county and city court judges is increased by four in addition to the provisions of subsections (1) and (2) of this section. The distribution of additional judges

between county and city courts is decided by the Minister of Justice in concordance with the Supreme Court."

§ 103. Amendment to Code of Civil Procedure

Subsection 27 (8) of the Code of Civil Procedure (RT I 1993, 31/32, 538; 1994, 1, 5; 1995, 29, 358; 1996, 3, 57) is amended and worded as follows:

"(8) A summons delivered at the seat of an undertaking entered in the commercial register is deemed to be delivered to the undertaking. A summons delivered at the address of a non-profit association or foundation entered in the non-profit associations and foundations register is deemed to be delivered to the non-profit association or foundation."

§ 104. Amendments to Political Parties Act

The Political Parties Act (RT I 1994, 40, 654; 1996, 37, 739; 42, 811; 1998, 59, 941; 1999, 27, 393) is amended as follows:

- 1) subsection 2 (2) is repealed;
- 2) subsection 6 1) is amended and worded as follows:

"(1) A political party shall be founded by a memorandum of association which shall also approve the articles of association of the political party and appoint the members of the leadership and other bodies prescribed in the articles of association.";

- 3) the words "approved by the foundation meeting and registered pursuant to the prescribed procedure" are omitted from subsection 7 (1) and the words " and their alliances" are omitted from subsection 7 (2);

4) subsection 8 is amended and worded as follows:

"§ 8. Application for entry in register

The following shall be appended to the application of a political party for entry in the non-profit associations and foundations register, in addition to that provided for in § 10 of the Non-profit Associations Act:

- 1) a platform signed by the members of the leadership;
- 2) a list of the members of the political party, indicating the names, residences and personal identification codes of the members;
- 3) a sample or sketch of the insignia of the political party if these are prescribed by the articles of association.";
- 5) subsection 9 (1) is repealed;
- 6) in subsection 10 (4), the words "the state agency which registered the political party" are substituted by the words "the registrar of non-profit associations and foundations"
- 7) in subsection 11 (2), the words "which registered the articles of association of the political party" are substituted by the words "designated by the Government of the Republic";
- 8) subsection 12 is amended and worded as follows:

"§ 12. Ensurance of legality of activities of political party, and merger, division and termination thereof

The legality of the activities of political parties shall be ensured and the merger, division and termination of political parties shall be effected pursuant to the procedure provided for in the Non-profit Associations Act."

9) in subsection 13 (2), the words "their articles of associations are registered" are substituted by the words "are registered".

§ 105. Amendments to Accounting Act

The Accounting Act (RT I 1994, 48, 790; 1995, 26-28, 355; 92, 1604; 1996, 40, 773; 42, 811; 49, 953; 1998, 59, 941; 1999, 55, 584; 101, 903; 2001, 87, 527) is amended as follows:

1) the words "and non-profit associations and alliances of non-profit associations" are omitted from subsection 2 (5);

2) the second sentence is added to subsection 2 (9) worded as follows:

" Foundations shall submit a copy of the annual report to the non-profit associations and foundations register. ";

3) subsection (11) is added to § 2 worded as follows:

"(11) Non-profit associations are not required to comply with the requirements provided for in clauses 22 (2) 3) and 4) and subsections 24 (1) and (2).";

4) clause 23 (1) 41) is amended by adding the words "non-profit association and" after the word "all".

§ 106. Amendments to General Principles of Civil Code Act

The General Principles of the Civil Code Act (RT I 1994, 53, 889; 65, # p. 1838; 89, 1516; 1995, 26-28, 355; 49, 749; 87, 1540; 1996, 40, 773; 42, 811; 1998, 30, 409; 59, 941; 1999, 10, 155) is amended as follows:

1) in subsection 6 (1), the words "non-profit association and their alliances" are substituted by the words "and non-profit associations";

2) subsection (5) is added to § 44 worded as follows:

"(5) At the request of an interested person, a court may declare a resolution of a body of a legal person which is contrary to law or the articles of association invalid if the request is filed within three months after adoption of the resolution.";

3) subsection 49 1) is amended and worded as follows:

"(1) (1) A legal person is dissolved by a court order at the request of the Minister of Internal Affairs, another person or agency so entitled by law or another interested person:

1) if the objective or activities of the legal person are contrary to the constitutional order, law or good morals;

2) if the law was violated upon the foundation of the legal person;

3) if the articles of association of the legal person are contrary to law to a significant extent;

4) if the legal person does not comply with the requirements established by law for the legal person;

5) on another basis provided by law.";

4) subsection (1¹) is added to § 49 worded as follows:

"(1¹) A court may set a deadline for elimination of the deficiencies specified in clauses (1) 1), 3) and 4)."

5) subsection (4) is added to § 52 worded as follows:

"(4) If in the case of liquidation of a legal person no persons are entitled to the assets of the legal person, the assets remaining after satisfaction of the claims of creditors and the deposit of money are retained by the state which shall use these assets according to their current purpose to the greatest possible extent."

§ 107. Amendments to Dwelling Act of Republic of Estonia

The Dwelling Act of the Republic of Estonia (RT 1992, 17, 254; RT I 1998, 71, 1199; 2000, 88, 576; 2001, 85, 509; 93, 565) is amended as follows:

- 1) subsection 13 (3) is repealed;
- 2) the words "(RT 1992, 36, 477; RT I 1995, 26-28, 335)" and "and their alliances" and "(RT I 1994, 28, 425; 49, 805; 1995, 23, 332)" are omitted from § 15.

§ 108. Amendments to Apartment Associations Act

The Apartment Associations Act (RT I 1995, 61, 1025; RT I 1999, 42, 498) is amended as follows:

- 1) in subsection 3 (1), the words "in chapters 2 and 3 of the Non-profit Associations and Their Alliances Act " are substituted by the words "in the Non-profit Associations Act";
- 2) the second sentence is added to subsection 3 (1) worded as follows:

"A memorandum of association shall not be entered into.";
- 3) in subsection 3 (2), the words "to the county government" are substituted by the words " to the registrar of the non-profit associations and foundations register.";

- 4) the words "and their alliances" are omitted from subsection 4 (2).

§ 109. Amendments to Foundations Act

The Foundations Act (RT I 1995, 92, 1604; 1996, 42, 811; 1998, 36/37, 552; 59, 941; 1999, 10, 155; 2000, 55, 365; 2001, 56, 336; 93, 565) is amended as follows:

- 1) subsection 3 (1) is amended by adding the words "and non-profit associations" after the word "foundations";
- 2) the words "unless otherwise provided by law" are omitted from subsection 18 (1);
- 3) in subsection 53 (2), the word "four" is substituted by the word "one";
- 4) the first sentence of subsection 80 (2) is amended by adding the words "and which have no members" before the words "for specific purposes" and the words "subsection 34 (4) and §§ 35–39" after the number "15", and the second sentence is amended by adding the words "specified in the first sentence of this subsection" after the words "for specific purposes";
- 5) the third sentence is added to subsection 80 (2) worded as follows:

"The provisions of §§ 16–32 and 40–42 apply to non-profit associations the objective of which is the accumulation and distribution of assets for specific purposes and which have no members in so far as their articles of association do not provide otherwise.";

- 6) subsections (3) - (5) are added to § 80 worded as follows:

"(3) The provisions of §§ 91-96 of the Non-profit Associations Act apply to non-profit associations founded before 1 October 1996 the objective of which is the accumulation and distribution of assets for specific purposes and which have no members.

(4) The annual report of non-profit associations specified in subsection (2) of this section shall be approved by the competent body set out in the articles of association. The provisions of § 24 of the Accounting Act do not apply to such associations.

(5) Until the entry into force of a corresponding Act, the bases and procedure for the activities of auditors and the requirements set for auditors shall be specified pursuant to the procedure established by the Government of the Republic."

7) subsection (4) is added to § 82 worded as follows:

"(4) Amendments to the articles of association of non-profit associations specified in subsection 80 (2) and to information subject to registration in the enterprise register shall be effected pursuant to the procedure effective before 1 October 1996."

8) in subsection 84 (2), the word "January" is substituted by the word "October".

§ 110. Repeal of Non-profit Associations and Their Alliances Act

The Non-profit Associations and Their Alliances Act (RT I 1994, 28, 425; 49, 805; 1995, 23, 332) is repealed.

§ 111. Implementing regulations

(1) The Government of the Republic may in accordance with this Act issue regulations for implementation of this Act.

(2) The Minister of Justice may issue regulations for organisation of the activities of registration departments.

§ 112. Entry into force of Act

This Act enters into force on 1 October 1996.

¹ RT = *Riigi Teataja* = *State Gazette*

² *Ametlikud Teadaanded* = *Official Notices*

³ *ENSV Teataja* = *ESSR Gazette*