

LAW ON CHARITY AND SPONSORSHIP, July 11, 2000, No. VIII–1811 (as amended by April 17, 2001. No. IX - 260) (official translation)

Article 1. Purpose of the Law

This Law shall establish the allocation and reception of charity and sponsorship, objectives of the allocation and reception thereof, dispensers and donees, supervision and accounting of the dispensing and reception, when the donors and or (donees) shall make use of the reliefs in taxes and customs duties.

Article 2. Concept of Charity and Sponsorship

1. Charity is the voluntary and non-compensated dispensing of charity goods by donors of charity to the donees of charity, stipulated in this Law in accordance with the objectives and measures established by this Law.

2. Sponsorship is the voluntary and non-compensated dispensing of sponsorship objects, except for the obligations of a donee allowed in Article 8 of this Law, dispensing of sponsorship objects to the donees of sponsorship according to the goals and means indicated in this Law, including those instances when the objects of sponsorship are dispensed anonymously or in another fashion, when a specific dispenser of sponsorship can not be determined.

Article 3. Goals of Charity and Sponsoring

1. Objects of charity shall be provided for the donees of charity in order to meet their minimal socially acceptable needs, ensure healthcare, assist in the liquidation of the consequences of war and natural disasters, fires, ecological catastrophes, outbreaks of communicable diseases and epidemics.

2. Objects of sponsorship shall be dispensed to the donees of sponsorship indicated in this Law for the purposes useful to society, indicated in their bylaws or regulations and stipulated in paragraph 3 of this Article, and to the budgetary institutions, for implementation of the tasks and functions stipulated in their regulations.

3. In this Law, the following shall be regarded as purposes beneficial to society: activities in international relations, protection of human rights, minority integration, nurturing of cultural, religious and ethical values, educational, scientific and professional improvement, informal and civic training, sport, social protection and labour, healthcare, national security and defence, law enforcement, crime prevention, adapting of the living surroundings and development of the dwelling, protection of authors' rights and of copyrights, protection of the environment, and in the other areas that are acknowledged as useful to society and unselfish.

Article 4. Objects of Charity and Sponsoring

1. The objects of charity and sponsorship include the dispenser's of charity and sponsorship :

- 1) monetary resources;
- 2) any other objects, including, manufactured and acquired goods;
- 3) services rendered;

2. The funds of the budgets of the Republic of Lithuania and municipalities, the State Social Insurance and Health Insurance Funds, and other monetary funds of State money resources and the money funds of the Bank of Lithuania funds and other money resources of the State and the municipalities, also, tobacco and tobacco products, ethyl alcohol and alcoholic beverages and items having a limited turnover may not be the objects of charity and sponsorship.

Article 5. Donors and Sponsors of Charity

1. Charity shall be acknowledged in accordance with this Law, when it shall be given only by the registered foundations of charity and sponsorship, associations, public institutions and, public organisations registered in the Republic of Lithuania, religious communities, associations and centres, branch offices of the international public organisations (sub-divisions), provided the dispensation of charity is stipulated in their bylaws and the legal acts regulating their activity and if they shall have the right to be sponsored according to the provisions of this Law. The monetary funds, objects (including the manufactured or acquired goods) and services provided dispensed to its members, by associations, public organisations or organisations operating on a basis of membership, shall not be recognised as charity under this Law.

2. Under this Law, sponsorship shall be recognised, if it shall be provided by:

- 1) the natural and legal persons and enterprises not having the rights of a legal person of the Republic of Lithuania, with the exception of political parties and political organisations, State and local government enterprises and enterprises in which the shares belonging to the State or local government by the right of ownership comprise over 50 percent of the votes at a general meeting of shareholders, and also the budgetary institutions and other State and municipal institutions and the Bank of Lithuania;

2) the foreign countries, natural and legal persons of foreign countries, international organisations.

Article 6. Donees of Charity

1. The following may become the donees of charity:

- 1) the handicapped (disabled);
- 2) the individuals who are ill;
- 3) the children who are orphaned and left without parental care;
- 4) the pensioners who are unemployed and have no other means of income, besides pensions or other social payments;
- 5) the unemployed;
- 6) the persons, who according to the procedure established by the laws of the Republic of Lithuania, have been recognised as having the status of victims;
- 7) the families (persons), whose incomes fail to meet their minimum socially-acceptable requirements, the extent whereof shall be established by the municipal governments;
- 8) the persons, who have been recognised as being the victims of war, natural catastrophes, fires, ecological catastrophes, epidemics, and outbreaks of infectious diseases, in accordance with the procedure established by municipalities.

2. The persons indicated in paragraph 1 of this Article shall be recognised as such in accordance with the individual laws and legal acts.

Article 7. Donees of Sponsorship

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

- 1) charity and sponsorship foundations;
- 2) budgetary institutions;
- 3) associations;
- 4) public organisations;
- 5) public institutions;
- 6) religious communities, associations and religious centres;
- 7) departments (sub-units) of international public organisations.;
- 8) other legal persons, whose activities are regulated by special laws and the purpose of the activity whereof is not profit-seeking, while the gained profit may not be allocated to the founders and (or) shareholders, and (or) members thereof.

2. The legal persons indicated in paragraph 1 of this Article shall become the donees of sponsorship and acquire the right to receive sponsorship only according to the procedure established by this Law, upon having acquired the status of a donee of sponsorship.

3. The Lithuanian communities abroad and other Lithuanian institutions or organisations and international charitable organisations indicated on a list approved by the Republic of Lithuania Government or an institution authorised by it, may become the donees of sponsorship.

Article 8. Obligations of Donee of Sponsorship

In providing sponsorship certain obligations by the donee of sponsorship to the donor of sponsorship shall be permitted according to the procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

Article 9. Ways of Dispensing Charity and Sponsorship

Charity and sponsorship shall be dispensed as follows:

- 1) by transferring financial non repayable funds;
- 2) providing objects on an operating agreement basis;
- 3) by leaving any type of assets by means of a testament;
- 4) in other ways, that are not prohibited by the laws of the Republic of Lithuania or international agreements.

Article 10. Use of Sponsorship

1. The donees of sponsorship may under this Law use the received sponsorship for purposes useful to society, charity (if under this Law they shall have a right to dispense charity) stipulated in their bylaws or regulations established in paragraph 3, of Article 3 of this Law, while the budgetary institutions may use it to implement the tasks and functions established in the provisions.

2. According to this Law the funds and other objects received, as sponsorship may not be:

- 1) used for the activities of political parties and organisations or sponsoring of political campaigns;

2) sold as a contribution to an enterprise, institution or organisation whose founder, shareholder, partner or member is a recipient of sponsorship.

Article 11. Taxation of the Dispensers and Recipients of Charity and Sponsorship

The Republic of Lithuania Tax Laws and Law on Customs Fines shall establish the taxation of the donors and recipients of charity and sponsorship in the Republic of Lithuania.

Article 12. Accounting of Charity and Sponsorship

1. The dispensers of sponsorship, except for natural persons and the persons indicated in paragraph 2 of this Article, must administer the accounting report of the sponsorship dispensed according to this Law: indicate therein the information concerning the specific recipients of sponsorship, item of sponsorship and value thereof. Each quarter, the dispensers of sponsorship must, according to the procedure established by the Government of the Republic of Lithuania or an institution authorised by it, submit to the local State tax inspectorate and the Department of Statistics under the Government of the Republic of Lithuania, accounting reports regarding the allocated sponsorship.

2. The legal persons, who under the provisions of this Law shall have the right to receive sponsorship, must according to the procedure established by the Government of the Republic of Lithuania or an institution authorised by it must separately administer the accounting (indicating therein the dispensers of the sponsorship, when the sponsorship has not been anonymously received, as well as its value and how it was used, i.e., to identify specific recipients, if the funds received as sponsorship had been transferred to another person) obtained for sponsorship received under this Law and also, an accounting (indicating therein information concerning specific sponsorship and (or) charity recipients, sponsorship and (or) charity object item or the value thereof) of the sponsorship and (or) charity dispensed by themselves, and each quarter must submit to the local State tax inspectorate and the Department of Statistics under the Government of the Republic of Lithuania, accounting reports on the sponsorship received and the use thereof, as well as the sponsorship and (or) charity dispensed by themselves. The Government of the Republic of Lithuania or an institution authorised by it shall also set forth the procedure of accounting for anonymously received sponsorship.

3. Legal persons, who under this Law shall have the right to receive sponsorship, who over the calendar year have received sponsorship according to the procedure set forth by this Law, have dispensed sponsorship, shall prepare annual accounting reports on its activities relevant to the implementation of the goals beneficial to society, indicated in paragraph 3 of Article 3 of this Law, in accordance with the procedure established by the Republic of Lithuania or its authorised institution.

Article 13. Control of Charity and Sponsorship

1. The State Tax Inspectorate shall control the allocation, receiving and use of charity and sponsorship, inasmuch as that shall concern the application of tax breaks.

2. The institutions and establishments of other state and local governments shall control the dispensing, reception and acquiring and use of charity and sponsorship within the limits of their competence, should this be provided for by the laws and other legal acts.

3. Upon establishing some violations in the dispensing, receiving or use of charity and sponsorship, the institutions of control (State Tax Inspectorate and (or) Customs Office) shall cancel the tax breaks and apply the sanctions established by laws.

Article 14. Import and Export of Objects Intended for Sponsorship

1. In importing objects intended for sponsorship, along with the customs declaration, a paper must be submitted by the sponsor for the customs inspection, attesting to the fact that the objects being imported are intended for sponsoring. When medicines or medical products are being imported, additional documents must be submitted according to the procedure set forth by the Ministry of Health.

2. The objects shall be exported as sponsorship only in instances if under this Law, they shall be intended for the Lithuanian communities abroad, other Lithuanian institutions or organisations and international charitable organisations, which are indicated on the list approved by the Government of the Republic of Lithuania or an institution authorised by it.

Article 15. Status of Sponsorship Recipient

1. The persons indicated in paragraph 1 of Article 7 of this Law may approach the administrator of the Register of Legal Persons regarding the granting of the status of a recipient of sponsorship. The status of a recipient of sponsorship must be accorded, if the bylaws (regulations) of these persons provide:

1) the activity beneficial to society stipulated in paragraph 3 of Article 3 (this requirement shall not apply to budgetary institutions);

2) receiving of sponsorship.

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

3. The administrator of the Register of Legal Persons annul the status of a recipient of sponsorship upon the recommendation of a control institution or based upon a request by the recipient himself, an institution shall contact the administrator of the Register of Legal Persons concerning an annulment of the status of a recipient of sponsorship accorded to a legal person, after determining within the limits of its competence that the person:

1) has committed a persistent violation of the tax law, as noted in the Law on Tax Administration;

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

3) has failed to prepare the accounting report stipulated in paragraph 3 of Article 12 of this Law in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it within two months after having been issued a warning concerning this violation;

4) is in constant violation of the requirements of the allocation, receiving and use of charity and sponsorship and therefore the institutions of control have already cancelled their tax breaks.

4. A legal person, whose recipient status has been annulled owing to at least one violation stipulated in paragraph 3 of this Article, may reapply for this status, to the administrator of the Register of Legal Persons no earlier than one year from the day of status annulment. The status of a donee of sponsorship shall be restored, provided that the legal person has paid all of the payable taxes, penalties and interest, and in the course of the year, no persistent violations of the tax laws or violations of the Law On the Prevention of Money Laundering have been noted.

Article 16. Liability for Violation of Law

For violations of this Law, the donors and donees of charity and sponsorship shall be liable according to the procedure established by the laws of the Republic of Lithuania.

Article 17. Resolution of Disputes

The disputes relevant to charity and sponsorship shall be resolved in accordance with the Republic of Lithuania laws.