

REPUBLIC OF LITHUANIA
LAW
ON FUNDING OF POLITICAL PARTIES AND POLITICAL CAMPAIGNS, AND
CONTROL OF FUNDING

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CHAPTER I
GENERAL PROVISIONS

Article 1. Purpose of the Law

1. The purpose of this Law – to ensure democracy of political campaigns, legality and publicity of funding of political parties and political campaigns, to lay down the procedure for funding political parties and political campaigns, and to establish efficient and transparent control of funding of political parties and political campaigns.

2. This Law shall not regulate the funding of the political parties which, according to Article 2 and 3 of Regulation (EC) No 2004/2003 of the European Parliament and of the Council on the regulations governing political parties at European level and the rules regarding their funding, are considered to be political parties at European level and whose seat is not located in the Republic of Lithuania, as well as control of this funding.

Article 2. Definitions used in this Law

1. **Representative participant of political campaign** means a candidate who is entitled to act only on behalf and in the interest of a political party, and for whose benefit the political party accepts and accounts for donations, acquires obligations and cover political campaign expenditure.

2. **Donations** means cash donations (cash as well as money market securities transferred without return consideration to beneficiaries) and non monetary donations (equities and commodity securities, movable or immovable things, information, property rights, results of intellectual activities, as well as other material and non-material values

transferred without return consideration, actions and voluntary works carried out without return consideration, as well as results of these actions) intended for funding activities of political parties or political campaign of an independent participant of political campaign.

3. **Donor** means a person who, in the manner prescribed by this Law, has the right to donate and who has donated for the benefit of a political party or an independent participant of political campaign.

4. **Entries in a donation accounting register** means entries by which the received donations are registered in an accounting record of political party or political campaign funding.

5. **Donation sheet** means a document form possessing technological security features and a series and number assigned during the production, and intended for confirming the transfer-acceptance of a donation.

6. **Candidate** means a person who is registered in accordance with the procedure laid down by law as a person nominated as a candidate for President of the Republic or as a candidate for President of the Republic, a candidate in a single-member constituency at elections to the Seimas, and as a candidate in a multi-member constituency.

7. **Annual financial statement of the political party** means a document in which political parties declare the received income during one financial year, donations and their donors, borrowed funds and other funds received legally, incurred expenditure, repaid debts, indicate how the state budget appropriations have been used. If during that calendar year a political party participated in the political campaign, total rates of a political campaign funding report must be indicated separately in an annual financial statement of the political party. If a political campaign ends in the year following the year it started, total rates of a political campaign funding report shall be indicated in a financial statement of the succeeding year.

8. **Political campaign** means activities of political campaign participants, voters and other natural and legal persons during the period determined by this Law, related to elections to the Seimas, Presidential elections, elections to the European Parliament, elections to municipal councils or referendums, designated for election (referendum) campaign, political advertising and financing thereof.

9. **Political party** means a public legal person, registered and operating in accordance with the Law of the Republic of Lithuania on Political Parties.

10. **Political advertising** means information disseminated publicly on behalf and (or) in the interest of a state official, political party, its member, political campaign

participant, in any form and through any means for payment or any other remuneration, or as a donation. Such information is intended for influencing motivation of electors when voting at elections or referendum, or dissemination of which is intended for propagating a political party, its member or a candidate.

11. **Political campaign participant** means an independent or representative participant of political campaign who seeks to be elected or seeks that an issue of the referendum would be adopted or would not be adopted.

12. **Political campaign funding report** – a document in which political campaign participants indicate donations or their sums according to the groups of donors, received for a political campaign, other funds used for a political campaign, donors (present a list of donors) as well as incurred expenditure and assumed liabilities (according to expenditure groups).

13. **Political campaign expenditure** means expenditure specified in paragraph 5 of Article 16 of this Law, intended for a period of election or referendum political campaign, irrespective of the day on which a transaction, the carrying-out of which incurred expenditure, was concluded. Maximum amounts of political campaign expenditure of political campaign participants shall be set in this Law.

14. **Political campaign treasurer** means a natural person acting on behalf and in the interest of an independent participant of political campaign on the basis of a property trust agreement and having the rights and duties determined by this Law.

15. **Political campaign period** means a period which starts upon the announcement of an election date in accordance with the procedure laid down by law or upon registration at the Central Electoral Commission of a citizens' initiative group for a referendum, or upon submission to the Seimas of a proposal by a group of the Seimas members to call a referendum, and ends after 45 days from the day of proclamation of the final results of elections (run-off elections) or referendum or upon adoption by the Central Electoral Commission in accordance with the procedure laid down by law a decision to declare an initiative to call a referendum terminated and (or) to declare the collecting of signatures terminated.

16. **Political campaign advertising** means political advertising disseminated during political campaign and in the interest of this political campaign. Dissemination and funding of political campaign advertising shall be defined by this Law.

17. **Accounting record of the political party or political campaign funding** means an accounting register of revenue and expenditure of a political party or political

campaign. An accounting record of political party or political campaign funding shall register all received donations or donations received for political campaign within a year, also inadmissible, own funds used for political campaign, political campaign expenditure or assumed financial obligations.

18. **Nominee** means a natural person who satisfies the requirements of laws for standing as a candidate and is able of being an independent participant of political campaign during the period from the start of a political campaign to the end of submission of application documents, who has declared that he will stand as a candidate, has concluded an agreement with the political campaign treasure and has received in accordance with the procedure laid down by the Central Electoral Commission an authorization to participate in a political campaign as an independent participant of political campaign.

19. **Initiators of a referendum** means members of an initiative group of citizens of the Republic of Lithuania, who are registered at the Central Electoral Commission in accordance with the procedure laid down by law, or a group of Seimas members which has submitted a proposal to call a referendum.

20. **Opponents of a referendum** means persons registered at the Central Electoral Commission in accordance with the procedure laid down by law – citizens of the Republic of Lithuania, their groups, as well as political parties opposing initiators of a referendum.

21. **Election (referendum) campaign** means activities for dissemination of political advertising during the period of election campaign. Election campaign shall be intended for influencing electors' motivation when voting at elections or referendum.

22. **Independent participant of political campaign** means a participant of political campaign who is entitled to act in his own name and interest, who accepts donations and registers them in accounting, acquires obligations relating to political campaign expenditure.

23. **Special bank account** means an account in a bank registered in the Republic of Lithuania, which it is mandatory to open in the cases provided for by this Law or which has already been opened, and in which funds designated for funding political campaign are accumulated and from which expenditure is covered.

24. **State budget appropriations** means overall total of funds assigned to political parties, fixed in the Law of the Republic of Lithuania on the Approval of Financial Indicators of the State Budget and Municipal Budgets for the corresponding.

25. Declaration of the public information producer or disseminator means a statement which must be submitted to the Central Electoral Commission. In this statement a public information producer or disseminator declares political campaign advertising disseminated during the political campaign period, specifies the price, fee rates of disseminated political advertising, time (space) of dissemination and a political campaign participant in whose interest political campaign advertising has been disseminated, as well as the person who commissioned preparation or dissemination of political campaign, and the person who has paid for dissemination of political advertising.

Article 3. Independent and representative participants of political campaign

1. Political campaign participants may be independent and representative according to the right to receive donations and assume political campaign expenditure.

2. Only the following shall be entitled to register as an independent participant of political campaign:

- 1) a political party;
- 2) a nominee;
- 3) a candidate who has nominated himself;
- 4) referendum initiators;
- 5) referendum opponents.

3. A candidate nominated by a political party in a single-member constituency of Seimas election or a list of candidates in elections to municipal councils (hereinafter referred to as a candidate or a list of candidates), when there is a proposal (application) of the political party which nominated them, may be registered as an independent participant of political campaign.

4. The following shall be entitled to be registered as a representative participant of political campaign:

- 1) a candidate nominated by a political party, entered on the list of candidates;
- 2) a candidate or a list of candidates, when there is no proposal (application) of the party which nominated them to register as an independent participant of political campaign.

5. The Central Electoral Committee shall register independent participants of political campaign, announce in its website a list of registered political campaign participants and persons whose registration as political campaign participants has been refused.

6. Only political parties, nominees, a candidate or a list of candidates, as well as candidates who nominated themselves, referendum initiators or opponents (their groups), who have been registered as independent political campaign participants and announced as independent participants of political campaign in the website of the Central Electoral Commission, may accept donations, acquire obligations in property relating to political campaign expenditure.

7. Lists of representative participants of political campaign may be announced by a political party on behalf and in the interest of whom they act or by the Central Electoral Commission at the request of such party.

8. When fulfilling the requirements of this Law a political party may set for its representative participants of political campaign the limits of their political campaign expenditure – the limit of expenses the political party takes to cover and the limit of expenses the political party does not cover, such expenditure for a candidate shall be possible only upon coming into existence of its funding source.

Article 4. Stages of a political campaign period

1. A political campaign period shall consist of the following stages: an initial state, election (referendum) campaigning period and final (accounts) period.

2. An initial period shall be a constituent stage of the political campaign period, which begins on the polling day announced in accordance with the procedure laid down by law and ends after the announcement of candidates (lists of candidates).

3. An election campaigning period shall be a constituent state of the political campaign period, which begins after the announcement of candidates (lists of candidates) and ends upon the commencement of a time limit set by law during which election campaigning is prohibited. A referendum campaigning period shall begin upon registration in the Central Electoral Commission a citizens' initiative group for a referendum or upon submission to the Seimas a proposal of a group of Seimas members to call a referendum, and end upon the commencement of a time limit set by the Law on Referendums during which referendum campaigning is prohibited.

4. A final (accounts) political campaign period shall be a constituent stage of the political campaign period which begins on the day of proclamation of the final results of elections (run-off elections) or referendum and ends after 45 days from the day of proclamation of the final results of elections (run-off elections) or referendum. A stage of the period of making donations into the special bank account according to the agreements

concluded prior to the end of an election campaigning period, and payment of political campaign funding expenditure shall end after the lapse of 25 days from the day of proclamation of the final results of elections (run-off elections) or referendum.

Article 5. Registration of a natural person or a political party as an independent participants of political campaign

1. Following the start of political campaign, the natural persons and political parties specified in paragraphs 2 and 3 of Article 3 of this Law shall have the right to apply to the Central Electoral Commission for their registration as independent participants of political campaign. It shall be possible to apply for registration with at least 12 days remaining before elections or referendum. Political parties shall be registered (re-registered) as independent participants of political campaign annually prior to the 1st of May. Upon the beginning of political campaign the registration of political parties as an independent participant of political campaign shall continue.

2. Those wishing to register as independent participants of political campaign must conclude an agreement with the political campaign treasurer, have an account in a bank registered in the Republic of Lithuania, which will be used as the special bank account.

3. A political party which wishes to be registered or re-registered, to register a candidate or a list of candidates, nominated by it, as an independent participant of political campaign:

1) must submit to the Central Electoral Commission a proposal (application) for registration (re-registration) as an independent participant of political campaign and may submit an application (applications) for registration of a candidate or a list of candidates, nominated by it, as an independent participant of political campaign;

2) must submit to the Central Electoral Commission in accordance with the procedure laid down by this Law a copy of the property trust agreement signed by the political party with the political campaign treasurer, and may submit a copy of the audit contract with the political campaign auditor;

3) must submit to the Central Electoral Commission the document confirming that the political party has a bank account which will be used as the special bank account, and the document about the funds in this account;

4) if an application (applications) for registration a candidate or a list of candidates as an independent participant of political campaign has been submitted, the Central Electoral Commission must be provided with a copy of the appropriate agreement with his

political campaign treasurer and the document confirming the presence of a bank account which will be used as the special bank account, the document about the funds in this account; a copy of the audit contract with the political campaign auditor may also be submitted to the Central Electoral Commission;

5) may submit to the Central Electoral Commission a list of representative participants of political campaign, in which the expenditure limits for a representative participant of political campaign may be indicated.

4. A natural person who wishes to be registered as a political campaign participant must submit to the Central Electoral Commission the following:

1) an application for registration as an independent participant of political campaign;

2) a document confirming his identity;

3) a copy of the property trust agreement with the political campaign treasurer, signed in accordance with the procedure laid down by this Law, and may submit a copy of the audit contract with the political campaign auditor;

4) a document confirming that a bank account has been opened in his name, which will be used as the special bank account, and a document about the funds in this account.

5. A decision on registration as an independent participant of political campaign shall be taken by the chairman of the Central Electoral Commission or the Commission member authorised by him not later than within 3 working days from the day of receipt of all the documents referred to in this Article.

6. Refusal to register a person as an independent participant of political campaign must be justified. If a person does not agree with the adopted decision, he shall have the right to appeal against the said decision to the Central Electoral Commission. The Commission must examine the decision within 3 working days. The decision of the Central Electoral Commission may be appealed against to the Supreme Administrative Court of Lithuania not later than within 5 working days from its adoption.

7. The following shall be announced in the website of the Central Electoral Commission:

1) the name or the first name and surname of an independent participant of political campaign, its/his status in political campaign (nominee, candidate, referendum initiator or opponent), contact phone number, e-mail address;

2) the first name, surname, telephone number, e-mail address of the political campaign treasurer;

3) the first name, surname, telephone number, e-mail address of the political campaign auditor (if such has been contracted), and if the political campaign auditor is a legal person – the business name, code of the undertaking, telephone number, e-mail address of the legal person;

4) political campaign participants represented by the political party, the limits of expenditure set for them by the political party, if so requested by this political party.

Article 6. Forfeiture of the status of political campaign participant

1. A political party shall forfeit the status of an independent participant of political campaign in the following cases:

- 1) at its own request;
- 2) upon imposition of a penalty on the political party under the court sentence (during the period of execution of the sentence);
- 3) after termination of the political party in the cases laid down by the Law on Political Parties.

2. Another independent participant of political campaign shall forfeit the status of political campaign participant in the following cases:

- 1) at his own request;
- 2) when after the expiration of the time limit for registration of candidates fixed in election laws, a nominee has not been registered as a candidate, who is entitled to be registered as an independent participant of political campaign under Article 3 of this Law;
- 3) upon revocation of candidate's registration.

3. Forfeiture of the status of political campaign participant shall not excuse from the duty to fulfil the obligations, arising from this and other laws, of the person who has lost the status of political campaign participant.

CHAPTER II

SOURCES OF FUNDING OF POLITICAL PARTIES AND POLITICAL CAMPAIGNS. POLITICAL CAMPAIGN EXPENDITURE

Article 7. Sources of funding of a political party and political campaign

1. Political parties and political campaigns shall be financed with funds received from the sources specified in this Law. Funds of a political party, designated for funding of a political party and political campaign must be kept in the account of the bank

registered in the Republic of Lithuania. All expenses designated for funding of political campaign shall be paid only with the funds kept in this account.

2. Sources of funding of political parties shall be permanent (sources of funding traditional for this political party during the period between political campaigns and during a political campaign) and political campaign funding sources.

3. Permanent sources of funding of political campaign:

1) membership fees of the political party;

2) state budget appropriations and reimbursement of a part of political campaign expenditure;

3) funds received by the political party from its other activities referred to in Article 14 of this Law;

4) appropriations paid political parties by international organisations whose member the Republic of Lithuania or the political party is;

5) donations set by this Law;

6) credits of the banks registered in the Republic of Lithuania for the political party.

4. Statutes of the political party shall fix the amount of the membership fee, the procedure of payment and use thereof. Membership fees shall be as follows:

1) an initiation fee;

2) a periodic membership fee.

5. The statutes of the party may set other membership fees which are not specified in paragraph 4 of this Article.

6. Sources of funding of political campaign of the political party shall be as follows:

1) own funds of the political party, received from the sources of funding of the political party and used to fund political campaigns of the party, lists of candidates nominated by the party and candidates nominated by the party;

2) donations received by the political party during the period of political campaign;

3) credits received by the political party from the banks registered in the Republic of Lithuania during the period of political campaign.

7. It shall be prohibited to fund political parties or political campaigns with the funds which are not specified in this Article.

Article 8. Sources of funding of political campaign of other independent participants of political campaign (with the exception of political parties)

1. Political campaigns of other independent participants of political campaign (with the exception of political parties) shall be funded:

- 1) with the donations of natural and legal persons who have the right to donate;
- 2) with own (personal) funds.

2. All expenses designated for funding of political campaign of other independent participants of political campaign may be reimbursed only with the funds kept in the special bank account of this participant.

Article 9. Source of funding of representative participants of political campaign

1. Political campaigns of representative participants of political campaigns shall be funded with funds of the political party, without exceeding the limits set by the political party, as specified in paragraph 8 of Article 3 of this Law.

2. All expenses designated for funding of political campaign of representative participants of political campaigns may be reimbursed only with the funds kept in the special bank account of the political party on behalf and in the interest of whom the participants act.

Article 10. Donations

1. One natural person, referred to in Article 12 of this Law may, during a calendar year, donate for one political party a donation not exceeding 300 minimum living standards. If a political campaign takes place the same year, a natural person may donate to one independent participant of political campaign during this political campaign a donation not exceeding 300 minimum living standards. If one natural person has donated to a political campaign participant (participants) during one political campaign more than 10 per cent of the revenue received during the last year, such donor and his donation (donations) must be declared in the opinion of the State Tax Inspectorate under the Ministry of Finance (hereinafter referred to as the State Tax Inspectorate).

2. Natural persons who have donated a donation in the amount of LTL 100 and more, as well as all legal persons who have donated must be made public. When accepting a donation, the donation sheet must be filled in. The donor's first name, surname and municipality in which he resides, the legal person's business name, municipality in which

his registered office is located, must be announced by the political campaign treasurer not later than within 5 working days during the period of political campaign and at the end of the quarter during another period, in the public list of donors announced in the website of the Central Electoral Commission. In the case of a natural person who has donated a donation in the amount not exceeding LTL 100 and does not wish that his name be made public, the donation sheet shall be also filled out, in which the personal data of the donor shall be indicated: the first name, surname, personal number, place of residence. If a natural person who has donated a donation in the amount not exceeding LTL 100 and does not consent to his personal data being, it shall be prohibited to make the personal data public.

3. Cash donations of natural persons that exceed LTL 1000 and all cash donations of legal persons must be donated by bank transfer.

4. One legal person, referred to in Article 12 of this Law, may, during a financial year, donate for one political party a donation in the amount not exceeding 300 minimum living standards. If during the same year a political campaign takes place, a legal person may donate to one independent participant of political campaign during this political campaign a donation in the amount not exceeding 300 minimum living standards.

5. It shall be taken that a donation has been accepted when, upon verifying if the received donation satisfies the requirements of this Law, the political campaign treasurer records the donation and hands in (sends) a donation sheet to the donor. The political campaign treasurer may apply the Central Electoral Commission and shall have the right to obtain information which is necessary for taking a decision on the compliance of a donation with the requirements of this Law.

6. Accepted donations shall be recorded in the donation sheets. These sheets must be drawn up on the day of transfer-acceptance or not later than the next day, upon receipt of the bank transfer. Donation sheets must indicate the value of cash donations, non-monetary donation and its market value, the first name and surname, personal number, place of residence of the donor-natural person; the business name, code, address of the registered office of the donor-legal person. Donation sheets shall be drawn up in three copies, the first copy shall be given to the donor, the second – the Central Electoral Commission, the third copy shall be left with the beneficiary.

7. The party shall declare all donations received during one calendar year, and any other independent participant of political campaign - the donations received during political campaign in the accounting record of the political party or political campaign funding.

8. The procedure for appraising and estimating non-monetary donations shall be laid down by the Government or an institution authorised by it.

Article 11. Inadmissible donations

1. It shall be prohibited to use for political parties or political campaigns the received donations that do not meet the requirements of this Law. If such donations have been received and the donor is identifiable, he must, within 5 working days of receipt of such donation, be offered in writing to withdraw the donation, by indicating to him the reason to accept his donation. If the donor is unidentifiable or if the identifiable donor does not take the donation back within 3 working days from the written notification about the offer to withdraw the donation, a political campaign participant must, within 5 working days, transfer it to a legal person who has the right to provide charity and the said person must use these funds for charity.

2. It shall be prohibited to fund political parties and political campaign participants through the third persons.

Article 12. Donors

1. The following shall have the right to make donations to political parties and political campaign participants:

1) the citizens of the Republic of Lithuania – to participants of all political campaigns and political parties; permanent residents of the Republic of Lithuania who are citizens of any other member state of the European Union – to participants of campaigns and political parties linked to elections to the European Parliament and elections to municipal councils; permanent residents of the Republic of Lithuania who are not citizens of any other member state of the European Union or stateless persons – to participants of political campaigns of elections to municipal councils;

2) the private legal persons registered in the Republic of Lithuania whose authorised capital does not comprise state or municipal capital and whose share of the authorised capital and (or) voting rights, granting the right to control activities of the legal person, belongs only to the natural persons referred to in subparagraph 1 of paragraph 1 of this Article, the legal persons registered in the Republic of Lithuania or the private legal persons of the member states of NATO and the European Union.

2. Political parties shall enjoy the right to make donations only for political campaigns of candidates or lists of candidates.

3. Political campaign funding agreements which confirm property and non-property (political) obligations of a political campaign participant (donor) and beneficiary must be drawn up in writing. They must be signed by a political campaign participant (donor), the political campaign treasurer and the donor. Political campaign funding agreements must be announced publicly and may not contradict public policy or good morals. It shall be prohibited to make secret obligations. A copy of the agreement must be delivered to the Central Electoral Commission together with the election campaign financial report; the Commission must announce the text of the agreement in the website of the Central Electoral Commission.

4. Agreements between donors and beneficiaries, related to commitments to personal, private or group interests, shall be prohibited.

5. Persons elected to state or municipal institutions shall be prohibited from representing donors' personal or group interests and taking decisions which are exceptional favourable to them.

Article 13. Procedure for calculating, distributing, paying and using state budget appropriations

1. Political parties shall be entitled to receive in accordance with the procedure laid down by law appropriations from the state budget of the Republic of Lithuania.

2. The amount of an appropriation allocated from the state budget for a political party shall be determined in the following manner:

1) by summing up only those votes of electors which have been cast for the candidates of those political parties for whom a state budget appropriation may be allocated under paragraph 3 of this Article, the number of all votes is determined;

2) a six-month financial coefficient of one elector's vote is established by dividing the half of the state budget appropriation by the number of votes of all electors;

3) the six-month appropriation of the state budget allocated for a political party is established by multiplying a six-month financial coefficient of one elector's vote by the number of votes of the electors who cast their votes for the candidates of this political party.

3. A state budget appropriation shall be distributed to those political parties which have received not less than 3 per cent of votes of all electors cast for the candidates of the political parties in those elections to the Seimas, elections to municipal councils according to the results of which the state budget appropriation is distributed and for which the

entitlement to state budget appropriations has not been suspended in accordance with the procedure laid down by law.

4. State budget appropriations shall be distributed according to the valid results of the elections to the Seimas, elections to municipal councils (run-off elections, new elections and repeat vote) in which the powers of the elected candidates have not been terminated or upon their termination a vacant place has been occupied without holding elections:

1) according to the results of the last elections to the Seimas, elections to municipal councils in multi- member constituencies. In the event, when the nominated list of candidates is coalitional, the received number of votes shall be distributed to political parties in proportion to the number of candidates on the coalition list;

2) according to the results of the last elections, run-off elections, last new elections to the Seimas in single-member constituencies. If several political parties have nominated a candidate, the votes received by the candidate shall be equally distributed among the political parties which have nominated him;

3) according to the results of the last repeat voting in single-member constituencies of elections to the Seimas. If repeat voting, upon election of Seimas member at the election, run-off election or new election, has not been held, then the results of the last elections, run-off elections or new elections in this single-member constituency shall be taken instead of the results of repeat voting. If several political parties have nominated a candidate, the votes received by the candidate shall be distributed equally among the political parties which have nominated him.

5. The amount of a state budget appropriation for a political party shall be determined by the Central Electoral Commission in accordance with the procedure laid down by this Article; the Commission shall, before 15 April and 15 November of each year, submit certificates about it to the Ministry of Finance.

6. Invoking the provisions of this Law, the Ministry of Finance shall provide for appropriations for political parties in a draft law on the approval of financial indicators of the state budget and municipal budgets of each year. On the basis of the certificate submitted by the Central Electoral Commission, the Ministry of Finance shall transfer a part of the state budget appropriation designated for a political party to its account not later than within 15 days from the end of the time limits specified in paragraph 5 of this Article.

Article 14. Other activities of political parties

Political parties shall enjoy the right to engage in publishing, distribution of printed matter and party symbols, management, use and disposal of the property belonging by the right of ownership, organisation or political and cultural events (lectures, exhibitions, etc.) and other activities; money received from such activities may be used only for pursuance of the purposes of the political party as specified in the statutes of the party. Parties shall also be entitled to the interest on bank deposits.

Article 15. Compensation of part of expenditure linked to political campaign

1. Political parties shall be entitled to compensation of part of the expenditure linked to political campaign.

2. After the end of political campaign, the Central Electoral Commission shall, having verified political campaign funding reports according to the opinion of the State Tax Inspectorate as well as political campaign funding reports and other information, determine, within 15 days from the receipt of these reports and other information, the number of candidates and lists of candidates nominated by political parties, who of them each received not less than 3 per cent of votes of the electors participating at the elections in the appropriate constituencies, and funding which political campaigns no gross violations have been established, the total amount of the funds spent to finance political campaigns; it shall also determine whether or not debt obligations related to political campaign remain. Up to 25 per cent of political campaign-related expenditure may be compensated for the political parties which meet these conditions. The sum of appropriations designated to compensate part of political campaign-related expenditure shall be set in the state budget of the Republic of Lithuania. The sum of compensation set in the state budget shall be distributed among the political parties which are entitled to compensation of political campaign-related expenditure in proportion to the expenditure of their political campaign.

3. Inappropriate activities referred to in paragraph 5 of Article 22 of this Law, other activities because of which it is impossible to determine whether or not the financial statement of a political party is accurate, failure to submit the documents which must be submitted or loss of the documents which must be preserved as well as other activities recognised by the Central Electoral Commission as grossly violating the requirements of this Law shall be regarded as gross violations under paragraph 2 of this Article.

Article 16. Expenditure linked to funding of political campaign

1. Political campaign shall be funded from the sources of funding referred to in Articles 7 and 8 of this Law; the funds of such sources shall be accumulated in the account of the political party or in the special bank accounts opened in the cases specified in this Article.

2. A special bank account (hereinafter referred to as the bank account) must be opened by each independent participant of political campaign, with the exception of the political party if it decides to keep political campaign funds in the political party's bank account which is being used as a special bank account.

3. In the cases when the constituency covers the whole territory of the Republic of Lithuania, the maximum amount of expenditure of one political campaign participant for political campaign shall be calculated in the following manner: the number of voters entered on the electoral roll of the Republic of Lithuania shall be multiplied by LTL 1.5 and the received product shall be rounded up within the accuracy of the first two significant digits.

4. In the cases when the constituency covers the part of the territory of the Republic of Lithuania, the maximum amount of expenditure of one political campaign participant for political campaign shall be calculated in the following manner: the number of voters of one constituency shall be multiplied by LTL 2 and the received product shall be rounded up within the accuracy of the first two significant digits. If the received product is less than LTL 20 000, the maximum amount of political campaign expenditure shall be LTL 20 000. At elections to municipal councils a political party which nominated a list (lists) of candidates may spend for this political campaign not more than 10 per cent of the maximum sum of the expenditure of political campaign of the lists of candidates nominated by this party.

5. Liabilities and expenditure of the political campaign period shall be recognised as political campaign funding expenditure, when such liabilities and expenditure are designated for:

- 1) production or distribution of political advertising or any other campaign material through any means of the mass media or in any other public mode;
- 2) remuneration of the political campaign treasurer and performance of his functions;

3) payment of rental charges for movable or immovable things, payment for meetings, concerts or other events as well as organisation of social functions, parties or banquets;

4) payment for vehicles used for political campaign needs;

5) payment for communications, meals, provision of accommodation and transport of political campaign volunteers, political party's or candidate's representatives for elections or election (referendum) observers;

6) payment for other expenditure defined in this Law.

6. Expenditure, designated for the purpose indicated in paragraph 5 of this Article, incurred during the period other than a political campaign period, if the things and other assets specified in that paragraph are intended for use or if services were received during the political campaign period, shall be recognized as expenditure linked to political campaign funding. In this case political campaign participants must inform the Central Electoral Commission about this, attaching copies of the documents justifying the expenditure. When necessary, the Central Electoral Commission may request additional information.

7. The amount of every political campaign participant's expenditure referred to in paragraphs 5 and 6 of this Article may not exceed the maximum amounts of expenditure set in paragraph 3 or 4 of this Article.

8. The maximum amount of expenditure for political campaign shall not be reduced:

1) by funds of political parties, nominees, candidates, referendum initiators, referendum opponents, paid under legal services contracts;

2) by funds designated for payment of the election deposit;

3) by funds intended for nominee's, candidate's travelling to a constituency;

4) by funds for payment for facilities of the political party and for activities of the staff, when such expenditure is incidental to this political party during the period other than the political campaign period.

9. If during the political campaign period a political campaign participant (with the exception of the political parties, candidates or lists of candidates nominated by them) has accrued more funds than were used for covering the political campaign expenditure, unused funds must, in accordance with the procedure laid down by law, be transferred to a legal person who is entitled to give charity, and the said person must use these funds for

charity. Funds that have not been used by political parties, candidates or lists of candidates may be used only for funding political activities.

CHAPTER III

POLITICAL ADVERTISING AND POLITICAL CAMPAIGN ADVERTISING

Article 17. Marking of political advertising

1. Political advertising must be marked in accordance with the procedure laid down by law by indicating the source of funding and visibly separated from other disseminated information.

2. Besides the special requirements laid down in this Law, the principles and requirements for advertising set out in the Law on Provision of Information to the Public shall apply to political advertising within the scope defined by legal acts.

3. Dissemination of unmarked advertising shall impose liability established by law.

Article 18. Dissemination of political advertising in the media

1. Producers and disseminators of public information shall be prohibited from disseminating political advertising:

- 1) free of charge;
- 2) by audio and visual works (promos, infomercials) over the radio, on television;
- 3) on the front page of a periodical;
- 4) if the dissemination of such advertising is in violation of the Constitution and laws of the Republic of Lithuania.

2. Producers and disseminators of public information may disseminate political advertising only at the rates and conditions equal for all political campaign participants; such rates and conditions must be, not later than 45 days before elections or referendum, presented to the Inspector of Journalist Ethics. The latter shall forthwith announce the rates in the website of the service of the Inspector of Journalist Ethics. The rates and conditions may be altered only with the consent of the Inspector of Journalist Ethics. Commissions for political advertising may be taken not earlier than 5 working days after the submission of rates and conditions to the Inspector of Journalist Ethics.

3. Producers and disseminators of public information may refuse to disseminate political advertising which contains the material compromising other candidates and

political parties, if it is refused to bear potential expenses related to dissemination of a counter opinion.

4. Requirements for the content of political advertising and other requirements for political advertising may be laid down by other legal acts.

5. The following shall not be regarded as political campaign advertising:

1) information reports of usual character disseminated during the period of political campaign about activities of state politicians, political parties, candidates, with the exception of the cases when such reports agitate to vote in the interest of the party or candidate, or remuneration is provided for such reports, or remuneration is envisaged;

2) information reports of usual character disseminated free of charge during the period of political campaign about activities of state politicians, political parties, candidates, as well as discussion and talk shows.

6. The declaration of a producer or disseminator of public information shall be submitted to the Central Electoral Commission two (three) times: 10 days remaining before an election or referendum day (5 days remaining in the event of repeat voting) and 25 days after the establishment of election results. Declarations shall be announced in the website of the Central Electoral Commission.

7. Dissemination of political advertising through national broadcasters during the period of election campaign shall be financed with state budget funds from the appropriations allocated for the Central Electoral Commission. National broadcasters, which will disseminate political advertising, shall be selected by the Central Electoral Commission in accordance with the procedure laid down by law.

8. Political advertising of candidates and parties through national broadcasters during the period of election campaign shall be disseminated in accordance with the principle of proportional equality, in proportion to the electors' votes received at the last elections to the Seimas, elections to the European Parliament and elections to municipal councils, to the number of politicians elected from the party to the Seimas, the European Parliament, municipal councils, and to the number of the candidates nominated by the party in accordance with the procedure laid down by the Central Electoral Commission.

9. The provisions of paragraphs 7 and 8 of this Article shall not apply to the National Radio and Television of Lithuania.

CHAPTER IV

ACCOUNTING OF FINANCIAL ACTIVITIES OF POLITICAL PARTIES

AND FUNDING OF POLITICAL CAMPAIGNS

Article 19. Accounting of financial activities of political parties

1. Accounting of a political party shall be handled in accordance with the procedure laid down by this Law and the Accounting Law.

2. An annual financial statement of the political party must be approved by the governing body of the political party. The annual financial statement of the political party must be accompanied by an attested copy of an accounting journal, and at the request of the Central Electoral Commission – also by the documents justifying the data contained in the financial statement. After inspection or making a copy, they shall be returned to the political party.

Article 20. Financial accounting of political campaigns

1. Independent participants of political campaign shall handle financial accounting of political campaign in accordance with the procedure laid down by this Law.

2. Financial accounting of political campaign shall be handled by the political campaign treasurer with whom an independent participant of political campaign must sign a political campaign funding agreement which meets the requirements listed in Chapter L of Book 6 of the Civil Code and applied to the property trust agreement.

3. Only a citizen of the Republic of Lithuania or a permanent resident of the Republic of Lithuania shall enjoy the right to be political campaign treasurer.

4. The following persons may not be the political campaign treasurer:

- 1) a nominee or a candidate;
- 2) an electoral or referendum committee member;
- 3) an auditor appointed in accordance with the procedure laid down by this Law;
- 4) a natural person who has been declared by the court legally incapable or with limited competence, or has not completed serving a court-imposed sentence;
- 5) a civil servant.

5. A copy of an agreement concluded between the political party and political campaign treasurer must be submitted to the Central Electoral Commission, and the Commission shall announce in its website the person's consent to be the political campaign treasurer, his name, surname, address and contact telephone number.

6. The political campaign treasurer shall:

1) sign donation sheets, the accounting record of the political party or political campaign funding, the political campaign funding report, the audit report on political campaign if it is mandatory, and submit them in accordance with the procedure laid down by this Law to the Central Electoral Commission and the State tax Inspectorate;

2) manage and store accounting-related documents of political campaign in accordance with the procedure laid down by this Law and the Accounting Law;

3) within 5 working days announce in the website of the Central Electoral Commission the data about donations received and contracts concluded during the period of political campaign (or within 30 days – during the period other than political campaign and upon having submitted the political campaign funding report);

4) control the amount of funds spent for political campaign and look after that the sum of funds spent for political campaign would not exceed the sum fixed in paragraphs 3 and 4 of Article 16 of this Law;

5) open and close the special bank account in the cases provided for by this Law.

7. A political campaign participant shall have no right to use cash donations accepted for funding political campaign but not registered in donation sheets, as well as non-monetary donations if the political campaign treasurer has not filled out a donation sheet.

8. When the political campaign treasurer terminates the agreement, cannot hold his office due to the circumstances referred to in paragraph 4 of this Article or dies, the political party or an independent participant of political campaign must, upon concluding an agreement, instruct another person who satisfies the requirements of this Law to be the political campaign treasurer.

Article 21. Debts of political parties and political campaign participants and reimbursement thereof

Each political party or independent participant of political campaign must, not later than within 6 months from the end of political campaign, fulfil the debt obligations to providers of election campaign services, which occurred during political campaign or are related to political campaign. Each year before the first of February, until the reimbursement of debts, a former political campaign participant must inform the Central Electoral Commission about the fulfilment of debt obligations and sources of fulfilment. A political party shall have the right to reimburse debt obligations only from the assets

belonging to the party by the right of ownership and from received donations, and political campaign participants-natural persons – only with private (personal) funds.

CHAPTER V
CONTROL OF FUNDING OF POLITICAL PARTIES
AND POLITICAL CAMPAIGNS.
AUDIT OF POLITICAL PARTIES AND POLITICAL CAMPAIGNS

Article 22. Control of financial activities of political parties and political campaigns

1. Financial activities of political parties and funding of political campaigns shall be controlled by the Central Electoral Commission, the State Tax Inspectorate and other institutions in accordance with the procedure laid down by law.

2. The Central Electoral Commission shall:

1) control how political parties, nominees, candidates, referendum initiators or opponents as well as other political campaign participants adhere to the requirements of this Law;

2) create conditions and be responsible for the announcement of financial statements of political parties, political campaign funding reports, declarations of information producers or disseminators, initial and final political campaign funding reports in its website right after the receipt of report data, for the renewal of the said documents and for the conformity of these data with the received information;

3) control the implementation of this Law and propose to hold liable for violations of this Law or appeal to other institutions whose competence granted by law permit to inspect the compliance with the requirements laid down by law;

4) annually set maximum amounts of political campaign expenditure in concrete constituencies and announce them prior to the beginning of a financial year;

5) register donation sheets, issue them and control their usage;

6) issue accounting records of political parties or political campaigns.

3. The State Tax Inspectorate shall:

1) inspect whether the data of annual financial statements of political parties, political campaign funding reports, accounting records of the political party or political campaign are in conformity with the available data on the person's declared income;

2) inspect whether financial activities of political parties, funding of political campaigns are handled in accordance with the procedure laid down by the Accounting Law and other legal acts;

3) present inspection findings to the Central Electoral Commission.

4. The prosecutor shall have the right to request the court to appoint experts so that they investigate whether a political party, its governing bodies or their members, political campaign participants have acted adequately.

5. The following actions shall be considered inadequate when:

1) a political party, political campaign participants make decisions to use for political campaign the donations received from the persons who have no right to fund political campaigns, or from unallowable sources of funding of a political party or political campaign;

2) a political party, its governing bodies or their members, political campaign members conclude transaction of political campaign funding, by violating the requirements of this Law.

6. Investigation of activities of a political party or political campaign participant shall be performed in compliance with the provisions of Chapter Political campaign of Book 2 of the Civil Code which shall apply in so far as investigation of a political party or political campaign participant is not regulated otherwise by this Law.

7. An application concerning investigation of activities of a political party or political campaign participant shall be submitted to the regional court according to the location of the seat of the political party or the permanent place of residence of the political campaign participant.

8. If it is established that activities of a political party, its governing bodies or members, political campaign participants are inadequate, the court may impose one of the following measures:

1) to temporarily suspend the powers of the members of the political party's governing bodies or to exclude the person from membership of the party's governing bodies;

2) to obligate the political party, its governing bodies or their members to carry out specific actions or not to carry out them;

3) to revoke registration of a political party.

9. Each year political parties shall, not later than before the first of March of the coming year, submit to the State Tax Inspectorate and the Central Electoral Commission an annual financial statement of the political party for the past year.

10. A member of the political party shall have no right to the property of the political party and shall not be held liable for the debts of the political party.

Article 23. Accounting of funds and control during the period of political campaign

Use of funds designated for political campaign shall be controlled by the State Tax Inspectorate and the Central Electoral Commission. The political campaign treasurer must submit reports on sources of funds and their use for political campaign to the Central Electoral Commission not later than within 25 days after the proclamation of the election of referendum results. The Central Electoral Commission shall announce these reports in the supplement *Informaciniai pranešimai* to the official gazette *Valstybės žinios*, as well as in its website.

Article 24. Audit of political parties and political campaigns

1. Political parties must carry out an independent audit of its activities, if a political party has received during a calendar year the sum of income exceeding 3000 minimum living standards, and submit the report of the independent audit to the Central Electoral Commission and the State Tax Inspectorate within 3 months from the end of the financial year.

2. An independent participant of political campaign must, if during political campaign he has received donations in the amount of more than 1000 minimum living standards, conclude an audit contract of political campaign in compliance with the procedure laid down by the Law on Audit and submit to the Central Electoral Commission a copy of this contract not later than within one month from the date of proclamation of the election or referendum results; the Commission shall announce in its website the consent of the auditor (firm of auditors) of political campaign to carry out audit, the name, surname of the auditor (the business name of the form of auditors), the address.

3. The auditor:

1) must inspect financial and general activities of a political party, carry out audit funding of political campaign of an independent participant of political campaign;

2) must check the data contained in political campaign funding reports, accounting records of political parties or political campaigns as well as the data of declarations of producers and disseminators of public information;

3) shall be entitled to obtain from the political campaign treasurer and political campaign participant all necessary documents for carrying-out of audit of political campaign;

4) shall be entitled to obtain information necessary to exercise control of political parties and political campaigns from the State Tax Inspectorate and the Central Electoral Commission and to present the audit report to the said institutions.

Article 25. Monitoring of political campaigns

1. Monitoring of political campaign of all political campaign participants shall be carried out. The Central Electoral Commission may organize open invitation to tender monitoring services during the period of political campaign in compliance with the procedure laid down by the Law on Public Procurement.

2. Upon summarising monitoring data the Central Electoral Commission must constantly announce in its website. The State Tax Inspectorate must constantly announce in its website. The State Tax Inspectorate must be provided with explicit monitoring data and a political campaign participant must be provided only with the data on his political campaign.

3. When necessary, the Central Electoral Commission may conclude a contract regarding political campaign audit services.

Article 26. Political campaign funding reports

1. Independent participants of political campaign must, not later than 10 calendar days prior to the polling day, submit to the Central Electoral Commission initial political campaign funding reports. Reports of representative participants of political campaign shall be submitted by the political parties on behalf and in the interest of whom the participants act.

2. Independent participants of political campaign shall, not later than within 25 calendar days from the proclamation of election or referendum results, submit to the Central Electoral Commission the final political campaign funding report. Reports of representative participants of political campaign shall be submitted by the political parties on behalf and in the interest of which the participants act.

3. The reports shall specify all income received and all expenditure incurred during the political campaign. When announcing political campaign funding reports in its website, the Central Electoral Commission shall not announce the data on the natural persons who have given a donation in the amount less than LTL 100 and the data on those who have wished that the data on them would not be made public.

Article 27. Final verification of the reports

1. The State Tax Inspectorate must verify the submitted political campaign funding reports not later than within 45 calendar days from the day of proclamation of the final election (run-off election) or referendum results. After coordination with the Central Electoral Commission, this time limit may be extended 30 calendar days.

2. Officers of the State Tax Inspectorate shall have right to familiarise themselves with accounting of political campaign donations and other funds of political parties, candidates and nominees for candidates, referendum initiators, referendum opponents, to request additional documents and explanations.

Article 28. Publication of political campaign funding reports

1. The political campaign treasurer must submit information about political campaign income and expenditure as well as events to the Central Electoral Commission and the latter must announce this in its website.

2. The Central Electoral Commission shall publish the final political campaign funding reports, verified by the State Tax Inspectorate, together with the findings of the Tax Inspectorate in the supplement *Informaciniai pranešimai* to the official gazette *Valstybės žinios* as well as in its website not later than within 90 calendar days after the proclamation of the final election or referendum results.

Article 29. Publicity of funding

Annual financial statements of the political party, declarations of public information producers and disseminators and political campaign funding reports, political campaign agreements with donors, producers of advertising, broadcasters, daily newspapers shall be open to the public. Every person who under this Law can fund political parties, or a representative of the public information producer or disseminator shall, upon presentation of an confirmative document, have the right to familiarise at the Central Electoral Commission himself with an annual financial report of any political

party or a political campaign funding report of a political party, candidate, nominee for candidate, referendum initiator, referendum opponent and to publish through the mass media their data, with the exception of the data on the natural persons who have donated the amount less than LTL 100 and who have wished that such data would not be made public.

CHAPTER VI LIABILITY

Article 30. Liability

1. Upon having established that a political party has made a gross violation of this Law, the state budget appropriations due for the half-a-year period shall not be allocated by the decision of the Central Electoral Commission. Its part shall be distributed among other political parties. The political party shall have the right to start receiving the state budget appropriations due for the half-a-year period only the next half a year following the elimination of the violation.

2. Person shall be held liable for violations of this Law in accordance with the procedure laid down by this Law, the Code of Administrative Violations of Law and the Criminal Code.

Article 31. Disputes regarding violations of this Law

Disputes with regard to violations of this Law shall be resolved in accordance with the procedure laid down by law.

CHAPTER VII FINAL PROVISIONS

Article 32. Proposals to the Government

1. The Government shall, by 10 September 2004, adopt legal acts necessary for the implementation of this Law.

2. The Government shall, by 1 January 2005, draw up drafts of legal acts defining the prohibition to broadcast political advertising in radio and television programmes.

Article 33. Assignment to the Central Electoral Commission

By 10 September 2004 the Central Electoral Commission shall:

- 1) approve the form of a donation sheet;
- 2) after consultation with the State tax Inspectorate, approve the form of an annual financial statement of the political party and the form of a political campaign funding report as well as the procedure for filling them out;
- 3) after consultation with the State Tax Inspectorate, approve the form of an accounting record of the political party or political campaign as well as the procedure for filling them out;
- 4) after consultation with the Inspector of Journalist Ethics, set the form of a declaration of the public information producer or disseminator, as well as the list of those filing such declaration;
- 5) establish the procedure for marking political advertising by specifying the source of payment or by indicating that political advertising is being disseminated free of charge: political advertising in the television and radio – on the recommendation of the Radio and Television Commission of Lithuania, political advertising in periodicals – on the recommendation of the Inspector of Journalist Ethics.

Article 34. Entry into force and implementation of the Law

1. This Law, except subparagraph 1 of paragraph 4 of Article 20, Articles 32 and 33, shall enter into force on 10 September 2004.
2. Subparagraph 1 of paragraph 4 of Article 20 of this Law shall enter into force on 1 January 2005.
3. Independent participants of political campaign who prior to the entry into force of this Law were not obligated to conclude agreements with political campaign treasurers shall acquire this duty from 1 January 2005.
4. Upon entry into force of this Law, if less than 45 days remain before a polling day, the time limit of 45 days shall be reduced to 25 days by applying paragraph 2 of Article 18 of this Law.

Article 35. Invalid laws

Upon entry into force of this Law, the following legal acts shall become invalid:

1) the Law of the Republic of Lithuania on Control of Funding of Political Campaigns;

2) the Law of the Republic of Lithuania on Funding of Political Parties and Political Organisations;

3) the Law of the Republic of Lithuania Amending and Supplementing Articles 2 and 7 of the Law on Funding of Political Parties and Political Organisations.

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

PRESIDENT OF THE REPUBLIC

VALDAS ADAMKUS