Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

7 October 2004 [shall come into force on 27 October 2004];

17 July 2008 [shall come into force on 13 August 2008];

17 December 2009 [shall come into force on 1 January 2010];

21 April 2022 [shall come into force on 17 May 2022].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Public Benefit Organisation Law**

**Section 1. Purpose of this Law**

The purpose of the Law is to promote the public benefit activities of associations and foundations as well as religious organisations and the institutions thereof.

**Section 2. Public Benefit Activities**

(1) A public benefit activity is an activity which provides a significant benefit to society or a part thereof, especially if it is directed towards charitable activities, protection of civil rights and human rights, development of civil society, promotion of education, science, culture and health, and disease prophylaxis, support for sports, including high achievements in sports, environmental protection, provision of assistance in cases of catastrophes and emergency situations, and raising the social welfare of society, especially for groups of needy and socially vulnerable persons.

(2) The following shall not be deemed to be public benefit activities:

1) activity which is directed towards supporting political organisations (parties) or the election campaigns thereof;

2) activity of such a scope as it is directed only towards the satisfaction of private interests and needs of the members or founders of the association and foundation and persons associated with them, except for an activity performed by an association or foundation which is founded and is engaged in protecting the rights and interests of groups of socially vulnerable persons and needy persons and families;

3) activity which is directed towards the collection of donations for third parties, withholding payment therefor which exceeds the administration expenses.

(3) Within the meaning of this Law, needy persons shall be deemed persons the income and material circumstances of whom does not exceed the level specified by the Cabinet on the basis of the Law on Social Services and Social Assistance.

(4) Groups of socially vulnerable persons shall be determined by the Cabinet by analysing the socio-economic situation in the State and the influence thereof upon groups of individual persons.

[*17 July 2008; 21 April 2022*]

**Section 3. Public Benefit Organisations**

Public benefit organisations are associations and foundations the aim indicated in the articles of association, constitution or by-laws of which is public benefit activities and also religious organisations or the institutions thereof (hereinafter – the religious organisations) which perform public benefit activities if such associations, foundations, and religious organisations have been granted the status of a public benefit organisation and if they use their income for activities of non-commercial nature (except for the case referred to in Section 11, Paragraph seven of this Law) and directed towards ensuring public benefit activities, taking into account the restrictions referred to in Sections 11 and 12 of this Law.

[*17 July 2008; 21 April 2022*]

**Section 4. Tax Reliefs in Relation to the Activities of a Public Benefit Organisation**

(1) A public benefit organisation has the right to receive tax reliefs specified by law and it shall have other rights specified by law.

(2) Persons who donate to a public benefit organisation are entitled to receive tax reliefs specified by law, except for the cases when they recall their donation.

[*17 December 2009*]

**Section 5. Register of Public Benefit Organisations**

The Register of Public Benefit Organisations shall be kept by the State Revenue Service and published on its website. The following information shall be entered in the register:

1) the date of taking and publishing the decision on granting the status of a public benefit organisation and the decision on withdrawing the status of a public benefit organisation, the number allocated thereto;

2) the fields of the public benefit activities indicated in the decision on granting the status of a public benefit organisation;

3) the activity reports of the public benefit organisation for the previous years (starting from the activity report of the year when the status of a public benefit organisation has been granted);

4) a plan of further activities of the public benefit organisation.

[*17 December 2009*]

**Section 6. Public Benefit Commission**

(1) The Public Benefit Commission (hereinafter – the Commission) is a collegial institution which shall be comprised of equal number of authorised officials as well as representatives of associations and foundations.

(2) The Commission shall provide the State Revenue Service with a justified opinion on the conformity of activities of associations, foundations or religious organisations with the nature of activity of a public benefit organisation, as well as on the conformity of the use of property and financial means thereof with the provisions of this Law.

(3) The work of the Commission shall be ensured by the State Revenue Service.

(4) The Cabinet shall approve the by-law of the Commission and the composition of the Commission.

(5) The procedures by which representatives of associations and foundations are nominated and included in the composition of the Commission shall be determined by the Cabinet.

[*17 July 2008; 17 December 2009*]

**Section 7. Procedures for Granting the Status of a Public Benefit Organisation**

(1) An association, foundation or religious organisation wishing to acquire the status of a public benefit organisation shall file to the State Revenue Service a submission for granting the status of a public benefit organisation, indicating in the submission the preferable way of being notified by the State Revenue Service of the decision on granting the status of a public benefit organisation.

(2) An association, foundation or religious organisation shall append to the submission an activity report of the previous year and a plan of further activities in accordance with the form to be approved by the Cabinet.

(3) In order to take the decision on granting the status of a public benefit organisation, the following documents and information shall be assessed:

1) the decision of the Enterprise Register on entering into the relevant register and information included therein;

2) only for associations and foundations – the decision on founding of the association or foundation or, in the case of a testamentary foundation, the will;

3) only for religious organisations – information on officials of the religious organisation (members of management and audit commission), indicating their given name, surname, personal identity number, and position;

4) the articles of association, constitution or by-law;

5) the annual statement if the association, foundation or religious organisation has an obligation to prepare it in conformity with the requirements of laws and regulations;

6) a statement from the immovable property tax administration regarding payment of this tax;

7) a justified opinion of the Commission.

(4) The State Revenue Service shall take the decision on granting the status of a public benefit organisation to an association, foundation or religious organisation if the following conditions are met:

1) the aim indicated in the articles of association, constitution or by-law of the association, foundation or religious organisation is public benefit activities and the association, foundation or religious organisation performs the public benefit activities;

2) the association, foundation or religious organisation has no tax debts.

(5) The relevant field of public benefit activities shall be indicated in the decision on granting the status of a public benefit organisation.

(6) If the documents and information referred to in Paragraphs two and three of this Section do not provide a full representation of activities of the association, foundation or religious organisation as well as the use of property and financial means, the State Revenue Service has the right to request additional information and documents from the relevant State or local government institution and the association, foundation or religious organisation. When requesting additional information and documents, the State Revenue Service shall indicate the time period for the submission thereof.

(7) The decision on granting the status of a public benefit organisation shall be taken by the State Revenue Service within one month following the day of filing the submission. If additional information and documents are requested, the decision on granting the status of a public benefit organisation shall be taken by the State Revenue Service within one month following the day of receiving the additional information and documents.

(8) The State Revenue Service shall notify of the decision on granting the status of a public benefit organisation by sending it by post or by publishing the information on granting the status of a public benefit organisation on its website.

(9) If the State Revenue Service publishes the decision on granting the status of a public benefit organisation on its website, the status of a public benefit organisation shall be considered to be granted on the seventh day following the publishing of such a decision.

(10) If the State Revenue Service sends the decision on granting the status of a public benefit organisation by post, the status of a public benefit organisation shall be considered to be granted on the seventh day following the delivery of such a decision to the post.

[*17 December 2009*]

**Section 8. Refusal to Grant the Status of a Public Benefit Organisation**

(1) The State Revenue Service shall take the decision to refuse to grant the status of a public benefit organisation on the basis of a justified opinion of the Commission if:

1) the aims indicated in the articles of association, constitution or by-laws of the association or foundation or the activities of the association, foundation or religious organisation do not conform to the nature of public benefit activities;

2) the State Revenue Service, a prosecutor, another institution or a court has determined significant violations of laws and regulations in the activities of the association, foundation or religious organisation;

3) the association, foundation or religious organisation has tax debts;

4) the association, foundation or religious organisation has not submitted all of the information and documents referred to in Section 7, Paragraphs one, two, and six of this Law within 90 days following the first written request of the State Revenue Service.

(2) [17 December 2009]

(3) The decision to refuse to grant the status of a public benefit organisation shall be notified, sending it by post. The decision to refuse to grant the status of a public benefit organisation shall come into effect on the seventh day following its delivery to the post.

[*17 July 2008; 17 December 2009*]

**Section 9. Donation**

(1) Within the meaning of this Law, a donation is property or financial means which a person (donor), based upon a mutual agreement, gives to a public benefit organisation without compensation for the achievement of the aims indicated in the articles of association, constitution or by-laws thereof and to which tax reliefs may be applied.

(2) Property or financial means given to a public benefit organisation shall not be considered as a donation in such an amount as the public benefit organisation has been specified a corresponding obligation to perform activities which are of a compensatory nature.

(3) If a donation of a person (donor) for one public benefit organisation exceeds 10 minimum monthly wages or the total amount of donations in a calendar year exceeds 10 minimum monthly wages, such a person, in order to be entitled to use tax reliefs, shall conclude a written agreement with the public benefit organisation regarding those donations which exceed 10 minimum monthly wages. Within the meaning of this Law, the minimum monthly wage shall be the amount of the minimum monthly wage specified on 1 January of the relevant calendar year.

[*17 July 2008*]

**Section 10. Types of Donations and the Use thereof**

(1) Donations for a specific purpose are targeted donations and they shall be used only for the aims specified in the agreement. The transfer of property and financial means without compensation for purposes which do not conform to the aims indicated in the articles of association, constitution or by-laws of a public benefit organisation or which are not intended for the public benefit activities of the receiver of the donation shall not be deemed to be donations.

(2) A donation for which the aim of use is not specified or for the transfer of which a written agreement has not been concluded is a general donation and it shall be used for the aims indicated in the articles of association, constitution or by-laws.

(3) Donations may not be used to cover losses which have arisen as a result of the economic activities of the public benefit organisation.

[*17 December 2009*]

**Section 11. Restrictions on the Use of the Property and Financial Means of Public Benefit Organisations**

(1) A public benefit organisation has an obligation to use its property and financial means for the aims indicated in the articles of association, constitution or by-laws of the relevant organisation.

(2) If the total amount of donations received by a public benefit organisation in a calendar year exceeds 12 minimum monthly wages, such organisation has an obligation to use not less than 75 % of such total amount which is formed in the relevant calendar year from the used donations and income from their economic activities which are subject to tax reliefs only for such field of public benefit activities which is referred to in the decision on granting the status of a public benefit organisation to the relevant organisation.

(3) The Cabinet shall determine those types of expenses which, within the meaning of this Law, are deemed to be administrative expenses of a public benefit organisation, providing that expenses of a public benefit organisation which are not directly associated with the achievement of the aims indicated in the articles of association, constitution or by-laws are added to these expenses. A public benefit organisation may use for administrative expenses not more than 25 % of general donations used in the relevant taxation period (calendar year).

(4) A public benefit organisation has the right to establish savings of financial means in credit institutions if they are used in accordance with the articles of association, constitution, by-laws or the agreement with the donor.

(5) A public benefit organisation may not transfer donated property or financial means without compensation for the performance of commercial activities (except for the case referred to in Paragraph seven of this Section) as well as such activities which are associated with the activities of political organisations (parties) or the support of the election campaigns thereof.

(6) A public benefit organisation may transfer, without compensation, property or financial means donated to them only on the basis of a written agreement. The agreement shall also indicate:

1) the aim of the use of the property or financial means which is associated with those public benefit organisation activities which are referred to in the decision on granting the status of a public benefit organisation to the relevant organisation;

2) the liability of the person for the use of the property or financial means transferred to him or her in conformity with the provisions of the agreement who receives the property or financial means donated to the public benefit organisation;

3) the obligation of a public benefit organisation to supervise that the person to whom it has transferred property or financial means shall fully use them for the aims provided for in the agreement, and also the right of a public benefit organisation to recover the transferred property or financial means if the person does not use the property or financial means received from the public benefit organisation in accordance with the aims provided for in the agreement.

(7) A public benefit organisation has the right, in accordance with the procedures laid down in the Social Enterprise Law, to found the limited liability company to which the status of a social enterprise should be granted and to transfer to it the donated property or financial means without compensation.

[*17 July 2008; 17 December 2009; 21 April 2022*]

**Section 12. Restriction on the Activities of Public Benefit Organisations**

(1) It is prohibited for a public benefit organisation to divide its property and financial means between founders, members of executive boards or other administration institutions (if such are established) as well as to use it so that a benefit (guarantees, loans, promissory notes as well as other material benefits) is obtained directly or indirectly.

(2) The provisions of Paragraph one of this Section shall apply also to spouses, kin and affines, counting kin up to the second degree and affines up to the first degree, of the founders, members of executive boards or other administration institutions (if such are established) of the public benefit organisation.

(3) If a person receives remuneration for work in a public benefit organisation, such remuneration shall be reasonable and justified by the work performed and the financial standing of the public benefit organisation.

**Section 13. Supervision of the Activities of a Public Benefit Organisation**

(1) A public benefit organisation shall, every year by 31 March, submit to the State Revenue Service the activity report for the previous year (in a hard copy and electronically). If the abovementioned document is being submitted electronically and it has been drawn up in accordance with the requirements for drawing up electronic documents specified in the laws and regulations, it needs not be submitted in a hard copy.

(2) [17 December 2009]

(3) Every year, the Commission shall examine the annual account, the activity report for the previous year of a public benefit organisation as well as information of the State Revenue Service on the payment of taxes and the statement of the local government regarding payment of immovable property tax, shall assess the conformity of activities of the public benefit organisation with the nature of public benefit activities. If the Commission has substantiated suspicions of conformity of the use of donations received by the public benefit organisation with the requirements of this Law, the State Revenue Service shall, according to the competence thereof, carry out the relevant inspection and provide the Commission with information on the results of the inspection.

(4) [17 December 2009]

(5) The State Revenue Service shall, based on the changes made in the relevant registers of the Enterprise Register regarding the change of the name or address of a public benefit organisation, make the relevant amendments to the decision on granting the status of a public benefit organisation and in the Register of Public Benefit Organisations.

[*17 July 2008; 17 December 2009*]

**Section 14. Withdrawal of the Status of a Public Benefit Organisation**

(1) The State Revenue Service may take the decision on withdrawal of the status of a public benefit organisation if:

1) the public benefit organisation has not used its property or financial means for the field of public benefit activities which is referred to in the decision on granting the status of a public benefit organisation to the relevant organisation, for the aims indicated in the articles of association, constitution or by-law of this organisation, or has not complied with the restrictions specified in Sections 11 and 12 of this Law;

2) the State Revenue Service, a prosecutor, another institution or a court has determined significant violations of laws and regulations in the activities of the public benefit organisation;

3) the public benefit organisation does not make tax payments according to the procedures specified in laws and regulations;

4) the public benefit organisation has significantly violated the provisions of this Law in its activities;

5) the main activity of the public benefit organisation is not related to the aims indicated in the articles of association, constitution or by-law or they do not conform to the nature of public benefit activities, or such an organisation has submitted false information;

6) when examining the annual statement, the activity report for the previous year of the public benefit organisation, information of the State Revenue Service on the payment of taxes, and the statement of the local government on the payment of immovable property tax, as well as information on the results of inspection in the case referred to in Section 13, Paragraph three of this Law, when assessing the conformity of the activities of a public benefit organisation with the nature of public benefit activities, the Commission has provided a justified opinion on non-conformity of the activities of a public benefit organisation with the nature of public benefit activities;

7) the public benefit organisation has filed to the State Revenue Service a submission with a request to withdraw its status of a public benefit organisation.

(2) Prior to taking the decision on withdrawal of the status of a public benefit organisation, the State Revenue Service is entitled to request an opinion from the Commission on the violations of a public benefit organisation referred to in Paragraph one, Clauses 3 and 5 of this Section.

(3) The State Revenue Service shall take the decision on withdrawal of the status of a public benefit organisation due to the violations of the public benefit organisation referred to in Paragraph one, Clauses 3 and 5 of this Section if the public benefit organisation, after receipt of a written warning from the State Revenue Service, has not rectified the violations indicated therein within the specified time period.

(4) In the cases referred to in Paragraph one, Clauses 1, 2, 4, 6, and 7 of this Section, the State Revenue Service shall take the decision on withdrawal of the status of a public benefit organisation without prior warning.

(5) Appealing of the decision on withdrawal of the status of a public benefit organisation shall not suspend the operation thereof.

(6) The State Revenue Service shall publish information on the withdrawal of the status of a public benefit organisation on its website and send the decision on withdrawal of the status of a public benefit organisation by post. The status of a public benefit organisation shall be considered to be withdrawn on the seventh day following the delivery of the decision to the post.

(7) The State Revenue Service shall publish information on the withdrawal of the status of a public benefit organisation on its website within one working day following the day when the decision on withdrawal of the status of a public benefit organisation has been delivered to the post.

[*17 July 2008; 17 December 2009*]

**Section 15. Repeated Granting of the Status of a Public Benefit Organisation**

(1) If the status of a public benefit organisation has been withdrawn for an association, foundation or religious organisation, the submission thereof regarding granting the status of a public benefit organisation shall be examined on its merits not earlier than one year following the day when the decision on withdrawal of the status of a public benefit organisation came into effect.

(2) If the status of a public benefit organisation has been withdrawn for an association, foundation or religious organisation on the basis of Section 14, Paragraph one, Clause 3 or 7 of this Law, the submission thereof regarding granting the status of a public benefit organisation shall be examined on its merits not earlier than six months following the day when the decision on withdrawal of the status of a public benefit organisation came into effect.

(3) The decision on refusal to examine the submission referred to in Paragraphs one and two of this Section on its merits shall not deny repeated filing of such a submission following the end of the time period referred to in Paragraph one or two of this Section.

(4) The associations, foundations, and religious organisations referred to in Paragraph two of this Section for which the status of a public benefit organisation has been withdrawn on the basis of Section 14, Paragraph one, Clause 3 of this Law may be granted the status of a public benefit organisation repeatedly if the violations detected have been rectified and a confirmation of the competent authority regarding rectification of these violations has been received in accordance with the request of the State Revenue Service.

(5) If, when appealing the decision on withdrawal of the status of a public benefit organisation, the court finds that the application is substantiated, but during the proceedings the relevant association, foundation or religious organisation has been repeatedly granted and withdrawn the status of a public benefit organisation, such association, foundation or religious organisation shall not regain the status of a public benefit organisation and the submission thereof regarding repeated granting of the status of a public benefit organisation shall be examined in accordance with Paragraphs one, two and four of this Section.

[*17 July 2008; 17 December 2009*]

**Section 16. Status of a Public Benefit Organisation in the Case of Reorganisation of an Association or Foundation**

(1) In the case of reorganisation of an association or foundation, the status of a public benefit organisation shall not pass on to the acquiring association or foundation, except for the case when the reorganisation of the association or foundation is performed by way of incorporation and the association or foundation to be incorporated is a public benefit organisation at the moment of coming into effect of the reorganisation.

(2) In the case of separation of an association or foundation, the association or foundation to be divided shall retain the status of a public benefit organisation.

**Section 17. Division of Property of a Public Benefit Organisation to Be Liquidated**

(1) The liquidator of a public benefit organisation to be liquidated shall inform the State Revenue Service of commencement of the liquidation process and, prior to division of the remaining property thereof which has remained after satisfaction of the creditors’ claims and covering of liquidation costs, submit to the State Revenue Service the financial report for the closing of the public benefit organisation to be liquidated.

(2) On the basis of a justified opinion of the Commission, the State Revenue Service shall take the decision on transferring the remaining property of a public benefit organisation to be liquidated to a public benefit organisation that has a similar aim of activities. The Cabinet shall determine the criteria for specifying a public benefit organisation to which the property of the public benefit organisation to be liquidated or of the organisations referred to in Paragraph five of this Section shall be transferred as well as the procedures for the transfer of such property.

(3) If the property of a public benefit organisation to be liquidated cannot be transferred in accordance with Paragraph two of this Section, it shall pass to the State and the State shall use it as far as possible for the aims indicated in the articles of association of the public benefit organisation.

(4) The liquidator shall ensure the transferring of the remaining property of a public benefit organisation to be liquidated to the public benefit organisation specified in the decision of the State Revenue Service or to the State.

(5) The provisions of Paragraphs one, two, three, and four of this Section shall be applicable also to such association, foundation or religious organisation to be liquidated for which the status of a public benefit organisation has been withdrawn and which has received donations as a public benefit organisation in the previous year.

(6) The provisions of this Section shall be applicable only to such religious organisations which are not religious associations (Churches) registered in compliance with the procedures prescribed by law.

[*17 December 2009* / *The new wording of the Section shall come into force on 1 July 2010. See Paragraph 7 of Transitional Provisions*]

**Transitional Provisions**

1. Section 4 of this Law shall come into force on 1 January 2005.

2. Up to 1 January 2005, the Ministry of Finance may take the decisions referred to in Section 7, Paragraph five of this Law (in the wording of 17 June 2004) within two months from the day of the submission of all the documents.

[*17 December 2009*]

3. If the public organisation or company founded as a non-profit organisation which has a permit to receive donations and the donors of which are applied tax reliefs or granted other tax rebates specified by law is transformed into an association or foundation and entered into the Register of Associations and Foundations, the permits and tax reliefs which are granted to such public organisation or company shall be applied to the newly established association or foundation up to the acquisition of the status of a public benefit organisation, but not later than until 1 April 2005.

[*7 October 2004*]

4. [17 December 2009]

5. The amendment to Section 11, Paragraph three of this Law (in the wording of 17 July 2008) shall come into force on 1 January 2009.

[*17 July 2008; 17 December 2009*]

6. Until the day of coming into force of the Cabinet regulation referred to in Section 7, Paragraph two of this Law, but not longer than until 1 July 2010, Cabinet Regulation No. 1110 of 22 December 2008, Regulations Regarding the Sample Form for the Activity Report for the Previous Year and Plan of Further Activities of an Association, Foundation, Religious Organisation or Institution Thereof, shall be applicable, insofar as it is not in contradiction with this Law.

[*17 December 2009*]

7. The amendment to this Law regarding the new wording of Section 17 of this Law shall come into force on 1 July 2010. Until the day of coming into force of this amendment, the Cabinet shall issue the relevant regulations referred to in Section 17, Paragraph two (in the new wording).

[*17 December 2009*]

8. The liquidation of such public benefit organisations the liquidation process of which has been commenced prior to the day of coming into force of the amendment referred to in Paragraph 7 of these Transitional Provisions shall be completed in accordance with the laws and regulations in force until the day of coming into force of this amendment.

[*17 December 2009*]

The Law shall come into force on 1 October 2004.

The Law has been adopted by the *Saeima* on 17 June 2004.

President V. Vīķe-Freiberga

Rīga, 7 July 2004