

**LAW**  
**No. 8788, dated 7.5.2001**

**ON NON-PROFIT ORGANISATIONS\***  
*(amended by Laws No. 9814, dated 4.10.2007 and No. 92/2013, dated 28.2.2013)*

*(updated)*

Pursuant to Articles 78 and 83 point 1 of the Constitution, upon the proposal of the Council of Ministers,

**P A R L I A M E N T**

**OF THE REPUBLIC OF ALBANIA**  
**D E C I D E D :**

**CHAPTER I**  
**GENERAL PROVISIONS**

Article 1

**Subject matter of the law**

This law sets out the rules for the establishment, registration, operation, organisation and activity of non-profit organisations, which pursue purposes for the benefit and in the interest of the public.

Article 2

**Definitions**

*(points 4/1, 7, 8 added by Law No. 92/2013, dated 28.2.2013)*

For the purposes of this law, the following terms have the following meanings:

1. "Public fundraising" means the raising of funds through large-scale public awareness campaigns.

2. "Competent state authority" means the state authority whose area of competence is the same as or similar to the area of activity of the non-profit organisation or the state authority designated by law.

3. "Non-profit organisation" means associations, foundations and centres, whose activities are carried out independently and without influence from the state.

4. "Non-profit activity" means any economic or non-economic activity provided that the income or property of non-profit organisations, where such exist, is used solely for achieving the objectives specified in the organisation's statute.

4/1. "Economic activity" means the activity organised by a non-profit organisation, for the purpose of generating income in exchange for the provision of services or goods offered, in order to enable the organisation's mission, provided that the economic activity does not constitute the primary purpose of the organisation, and that it is used to fulfil the objectives specified in the statute and the founding act.

5. "Temporary activity" means the activity carried out by a foreign non-profit organisation in Albanian territory for the achievement of specific concrete objectives during a calendar year, for a period of not less than 30 consecutive days and not more than six months.

6. "Activity for the benefit and interest of the public" means any activity that supports and

---

Law No. 8788, dated 7 May 2001, was published in the Official Gazette No. 28, dated 7 June 2001.

Law No. 9814, dated 4 October 2007, was published in the Official Gazette No. 138, dated 19 October 2007.

Law No. 92/2013, dated 28 February 2013, was published in the Official Gazette No. 36/2013, dated 19 March 2013.

develops in the individual and society spiritual and other humanitarian values, protects human life, health, ensures and provides public and social services, assistance and support in cases of disaster, protects the environment and develops culture and education about it, supports and develops cultural and historical values and traditions, science, education, physical and spiritual education, provides assistance in developing good habits and democratic values, as well as any other direction for the benefit and interest of the public.

7. “Grant” means the provision of funds or material resources through a contract or agreement, according to a specified competitive procedure, for the implementation of the activity of the non-profit organisation, in accordance with the purpose and field of its activity, as defined in the statute.

8. “Gift” or “donation” means the provision of funds or material resources through a contract or agreement to support the achievement of the purpose of the non-profit organisation.

### Article 3

#### **Subjects of the law**

Subjects of this law are the associations, foundations, and centres provided for in Article 2, point 1 of this law.

Not subject to this law are trade unions, political parties, and those other non-profit organisations whose activity, organisation, and functioning are regulated by a special law.

Everyone has the right to collective organisation, without the need to register this as a non-profit organisation.

## CHAPTER II

### GENERAL PRINCIPLES

#### Article 4

#### **The right to establishment and participation**

Every natural or legal person, local or foreign, has the right to establish a non-profit organisation, to be a member thereof, or to participate in the governing bodies or administrative staff of the non-profit organisation.

#### Article 5

#### **The principle of protection and respect for human rights**

Non-profit organisations base their activity on the principle of respect for, protection of, and implementation of the fundamental rights and freedoms of man, as provided for in the Constitution, laws, and international agreements ratified by law.

#### Article 6

#### **The principle of independence from the state**

Non-profit organisations carry out their activity independently from state bodies and interests.

#### Article 7

#### **The relations of non-profit organisations with state bodies**

The state supports and encourages the activity of non-profit organisations. The establishment by the state of the conditions and facilitation for non-profit organisations for the fulfilment of their purpose and object of activity is regulated by law.

State bodies do not interfere in the activity of non-profit organisations.

The prohibition or restriction of the activity of non-profit organisations is carried out only in the cases and manner determined by law.

Article 8  
**Civil rights and obligations**

Non-profit organisations have rights and fulfil obligations in accordance with the provisions of the Civil Code, except where otherwise provided in this law or in other legal provisions.

CHAPTER III  
NON-PROFIT ORGANISATIONS

Article 9  
**Forms of non-profit organisations**

The establishment, forms, organisation, functioning and scope of activity of non-profit organisations are regulated in accordance with the Civil Code and this law.

Article 10  
**Division of non-profit organisations according to organisation**

Depending on the manner of organisation, non-profit organisations are divided into:

1. non-profit organisation with membership:

Non-profit organisations with membership are associations.

Non-profit organisations with membership are established by the free will of natural or legal persons. The minimum number of founding members is 5 natural persons or at least two legal persons.

Each member has the right to leave the non-profit organisation for any reason. The statute may provide rules concerning the responsibility of the departing member, regarding the obligations and liabilities of the organisation towards third parties until the moment of their departure. The responsibility of the departing member is the same as that of the other members of the non-profit organisation for the activity carried out until the moment of departure.

The highest governing body of a non-profit organisation with membership is the general meeting or assembly of all its members. Other governing bodies are elected and answer to this highest body;

2. non-profit organisation without membership:

Non-profit organisations without membership are foundations and centers.

Non-profit organisations without membership are established by one or more persons or by testamentary act.

The highest governing body of non-profit organisations without membership is the board of directors.

Article 11  
**Center**

1. The Center is a legal person without membership, whose object of activity is the provision of services and implementation of projects for purposes in the public good and interest, with funds and income secured according to law. The Center is not allowed to carry out profit-making activities.

2. The Center is established by one or more natural or legal persons by notarial act.

3. The act for the establishment of the Center, at the request of its founder, is registered in court.

4. For the establishment, organization, and operation of the Center, the relevant legal provisions for the foundation shall apply, except where expressly provided otherwise in this law and other legal provisions.

Article 12  
**Classification of non-profit organisations according to law**

Depending on their country of registration, non-profit organisations are classified into:

1. domestic non-profit organisations:

Domestic non-profit organisations are those that are established, recognised, and registered as such according to Albanian law.

Domestic non-profit organisations may establish branches at the Center or in any other administrative-territorial unit of Albania. These branches are not separate legal persons, but part of the organisation.

Domestic non-profit organisations have the right to establish their branches, subsidiaries, etc., outside the territory of Albania;

2. foreign non-profit organisations:

Foreign non-profit organisations are those organisations that are established, recognised, and registered as such according to the law of another state.

Foreign non-profit organisations are permitted to conduct one or several specific activities in the territory of Albania, provided that they do not conflict with the Constitution and Albanian legislation.

Foreign non-profit organisations are permitted to carry out their activity in Albanian territory also through the establishment and registration under Albanian law of a branch or of a new non-profit organisation.

## CHAPTER IV

### ESTABLISHMENT AND REGISTRATION OF NON-PROFIT ORGANISATIONS

#### Article 12

#### **Founding entities**

Non-profit organisations are established by natural or legal persons, domestic or foreign.

#### Article 13

#### **Registration of non-profit organisations**

Non-profit organisations, subjects of this law, acquire legal personality after being established and registered with the court, in accordance with the conditions and procedures provided by law. The same registration procedures apply also to the branches of foreign non-profit organisations.

The founders of the non-profit organisation convene and approve the act of establishment and its statute, and may authorise one or more persons to carry out the registration procedures.

The conditions set out in the second paragraph of this Article do not apply to foundations established based on a testamentary act. These foundations, if they meet the legal criteria, must be registered in compliance with the general juridical-civil rules for the execution of the testament.

The procedures for the registration of non-profit organisations with the court and for the filing of their acts in the relevant register are regulated by a special law.

#### Article 14

#### **Legal personality**

The non-profit organisation is recognised as a legal person on the day the court decision for its registration becomes final.

The non-profit organisation, after acquiring legal personality, is liable to third parties for obligations and damages caused during its activities.

The legal personality of the non-profit organisation ceases on the day the court decision for its deregistration becomes final.

#### Article 15

#### **Duration of non-profit organisations**

Non-profit organisations are established with or without a fixed term.

The duration of the activity of the non-profit organisation and the rules for its amendment are determined in its statute.

## Article 16 **The act of establishment**

The act of establishment is the act by which its founders express their will to establish the non-profit organisation.

The foundation may also be established through a testamentary act. In this case, the will constitutes the act of establishment of the foundation.

The act of establishment is drawn up in writing and contains, in a summarized manner: the type, name, seat, identity of the founders, the purposes and scope of activity, duration, the name of the person authorized to carry out the necessary procedures for the registration of the non-profit organisation and for its legal representation with third parties.

In the case of a foundation, the act of establishment must indicate the nature, source, and value of the property necessary for the achievement of the purpose and scope of activity of the foundation.

In the case of the establishment of the foundation by will, its contents may not provide for all of the matters indicated in the third and fourth paragraphs of this Article.

Decisions regarding amendments to the act of establishment, which relate to the name, symbol, subject matter, purposes, or scope of activity of non-profit organisations, as well as decisions to transform such an organisation into another form of non-profit organisation, must be submitted to the court within 30 days from the date the decision is made. Amendments to the act of establishment are subject to the same procedure as that used in the initial registration of the organisation.

## Article 17 **Statute**

The detailed regulation of matters relating to the organisation, functioning, and activities of the non-profit organisation is provided for in its statute.

The statute of the non-profit organisation is drafted by the founders and approved at the founding meeting of the organisation. In the case of the establishment of a foundation by will, the statute may be drafted and approved by the executor of the will, except in cases where the will determines otherwise.

The statute of the non-profit organisation must contain:

- a) the form of organisation;
- b) the name, acronym, and unique symbol of the organisation;
- c) the founders;
- ç) the purpose and scope of activity of the organisation;
- d) the prohibition of profit distribution;
- dh) the duration;
- e) the governing bodies and their competences;
- ë) the composition of the initial governing bodies, as provided for in the statute;
- h) procedures and methods for the selection or replacement of the governing bodies;
- i) rules regarding the holding of meetings, participation, and the manner and procedure of voting for decision-making;
- j) criteria for the administration of property;
- k) the manner of approving amendments to the statute, the act of establishment, and the internal rules;
- l) rules regarding the merger and division of the non-profit organisation;
- ll) the manner of legal representation;
- m) rules regarding liquidation and the allocation of property following the dissolution of the organisation.

Except as mentioned in the third paragraph of this article, for the association, the statute must also provide for:

- a) rules regarding the admission and exclusion of members;
- b) the rights and obligations of the members;
- c) rules regarding membership fees.

Except as mentioned in the third paragraph of this article, for foundations and centers, the statute must also provide for the financial and material resources secured by the founder and the manner of their use.

#### Article 18 **Amendment of the statute**

The amendment of the statute of the association is made by the general meeting of its members. If the statute does not provide for a higher voting majority, amendments to the statute are made by a simple majority of the members of the association.

In the case of foundations and centers, their highest decision-making body, in accordance with the procedures set out in the statute, has the authority to make amendments to the statute. In cases where a foundation is established by a testamentary act, changes to the will of the testator cannot be made when this is expressly prohibited in the testament.

The decision of the general meeting or of the highest decision-making body of the non-profit organization to amend the statute shall be deposited in the Register of Non-Profit Organizations, according to the procedures established by law.

### CHAPTER V ORGANIZATION AND FUNCTIONING

#### Article 19 **Decision-making bodies**

The highest decision-making body of a non-profit organization without membership is the board of directors, which may take different names, whereas for those with membership it is the general meeting of its members.

In accordance with the procedures established by law or in its acts, the highest decision-making body of the non-profit organization convenes no less than the number of meetings provided for in the statute, and within the period specified for their holding, but in any case no less than once a year.

#### Article 20 **Duties of the highest decision-making body** *(amended by Law No. 92/2013, dated 28.2.2013)*

The highest decision-making body of the non-profit organization, in addition to other matters it considers should be examined by it, has the following duties:

- a) decides on changes to the statute;
- b) determines the fields and programs of activity, as well as regularly supervises and controls their implementation;
- c) examines economic, financial and administrative matters;
- ç) approves the financial statements submitted by the executive body, which specify in detail the material and financial resources, their use and the assets of the organization;
- d) approves the most important acts related to the budget of the non-profit organization and the expenditures for the following year;
- dh) controls on a case-by-case basis the financial expenditures carried out by the organization during the implementation of its activities, including those incurred for joint activities with other organizations;
- e) issues regulations for the organization's activity, organization and structure;
- è) elects or appoints and dismisses the members of the highest executive body;
- f) establishes special committees;
- g) supervises the activity of the non-profit organization, with the aim of preventing the use of the organization's resources for terrorist purposes, in accordance with the applicable legislation on prevention of money laundering and terrorist financing;

gj) also decides on other matters expressly provided by law or by the statute.

#### Article 21

##### **Remuneration of the members of the highest decision-making body**

Members of the highest decision-making body, as a rule, exercise their function without remuneration.

The non-profit organization, in compliance with the principle of the best interest of the organization, depending on its conditions, the number and duration of meetings, may reimburse expenses and reasonably remunerate the members of the highest governing body for their participation in its meetings.

They are also remunerated in cases where they fulfill specific tasks.

#### Article 22

##### **Executive bodies**

*(added paragraphs after the second paragraph by Law No. 92/2013, dated 28.2.2013)*

The non-profit organization has a highest executive body, either individual or collegial, which depending on the case may be called executive director, president, executive council, etc.

The daily activity and execution of the programs established by the highest decision-making body of the non-profit organization are carried out by the highest executive body.

Executive body:

a) ensures the financial management of the organization and the conduct of its activities in accordance with its stated purpose;

b) represents the organization in relations with entities, private or public, such as donors, client suppliers or other private entities, as well as with all levels of governance that regulate the activity of the organization;

c) cooperates with the General Directorate for the Prevention of Money Laundering to ensure that partner organizations and those providing financing, services, and material support are not used or manipulated for terrorist purposes.

The rules of operation of the highest executive body are determined by the statute and the acts of the highest governing or decision-making body.

#### Article 23

##### **Remuneration of the members of the highest executive body and the employees of the non-profit organization**

The member or members of the highest executive body and the employees of the non-profit organization, for the work performed, are entitled to a salary, remuneration, and reimbursement for expenses incurred during the exercise of their duties and powers.

#### Article 24

##### **Number of members of the highest decision-making body**

The highest decision-making body of a non-profit organization without membership may not have fewer than three members, except in cases where the statute provides otherwise. The highest decision-making body convenes with the participation of more than half of its members and makes decisions by a majority of the members present.

The highest decision-making body of a non-profit organization with membership may not have fewer than five members, except in cases where the statute provides otherwise. The highest decision-making body convenes with the participation of more than half of its members and makes decisions by a majority of the members present.

The highest decision-making body may establish other decision-making, executive, or advisory

bodies, both when the statute allows it and when the statute does not expressly prohibit it.

#### Article 25

### **Civil and criminal liability of non-profit organizations**

*(amended by Law No. 92/2013, dated 28.2.2013)*

The non-profit organization has civil and criminal liability as a legal person.

Members of the decision-making and executive bodies, as well as employees of the non-profit organization, are not liable for its obligations to third parties, except in cases where, in the course of performing their duties, through intent or gross negligence, they have caused harm to third parties.

The criminal liability of non-profit organizations is determined in accordance with the legislation in force regarding the criminal liability of legal persons.

#### Article 26

### **Conflict of interest and prohibited agreements**

Conflict of interest between the non-profit organization and a member of the decision-making body, executive body, or its employee is not permitted. Cases of conflicts and the procedures for resolving them are provided for in the statute and in other legal acts.

Agreements between the non-profit organization and a member of the decision-making and executive bodies or one of its employees may be permitted only if they are entered into for the purpose of accomplishing an aim or object of the activity of the non-profit organization, and only if they are fair and in accordance with the real market value. Such agreements may be permitted only if they are reviewed in advance by the governing bodies. Interested persons must be excluded from the discussions and voting on the agreement.

In the event of a conflict of interest or a prohibited or consummated agreement, and if the above procedures have not been followed, the non-profit organization may annul such agreement and file a lawsuit for damages in court.

#### Article 27

### **Resolution of conflict of interest**

Each member of the highest decision-making or executive body of the non-profit organization must withdraw from the review and decision-making on any matter in which he or his family members have direct or indirect economic or personal interests.

Any financial transaction on behalf of the non-profit organization, between a member of the decision-making body, the executive body or an employee of the non-profit organization, as well as any other legal or natural person, where the member of the decision-making body, the executive body, or employee of the non-profit organization has a financial interest, may be concluded only if the highest decision-making body authorizes it and if this transaction contains more favorable terms for the non-profit organization.

Paid employees cannot be members of the decision-making body of the non-profit organization. They may attend its meetings without the right to vote.

#### Article 28

### **Settlement of disputes**

Disputes between members, between them and the decision-making and executive bodies, or between them and the employees, are resolved amicably and in accordance with the statute and rules of the non-profit organization; otherwise, the matter is settled by the court.

## CHAPTER VI FOREIGN NON-PROFIT ORGANIZATIONS

#### Article 29

### **The activity of foreign non-profit organizations**

*(added a paragraph after the first paragraph by Law No. 92/2013, dated 28.2.2013)*

Foreign non-profit organizations have the right to carry out temporary or permanent activities in the Republic of Albania, in compliance with Albanian legislation and good customs, and under the same conditions as domestic non-profit organizations.

Foreign non-profit organizations are subject to supervision by the competent domestic authorities and those of foreign jurisdiction, which have the obligation to exchange information between themselves whenever necessary.

Foreign non-profit organizations, for the exercise of their activity in the Republic of Albania, may establish and register non-profit organizations or their branches in accordance with Albanian law.

#### Article 30

### **Permission for temporary activity**

Except where otherwise provided in bilateral or multilateral agreements, foreign non-profit organizations, in order to carry out temporary activities, upon their request, obtain only prior approval from the state authority that exercises activity in the same field or in a field similar to that of the foreign non-profit organizations.

The decision of the relevant state authority for the granting of temporary activity permission is issued no later than one month from the date of submission of the application. Otherwise, approval is considered as granted. Rejection of the application may be challenged in court within 30 days from the date of notification.

Temporary activities that last no more than 30 consecutive days do not require temporary permission.

#### Article 31

### **The application and accompanying documents for obtaining the permit for temporary activity**

Foreign non-profit organizations seeking to carry out temporary activities, in addition to meeting other requirements provided by this law, as well as obtaining the approval of the relevant state authority that exercises activity in the same field or in a field similar to that of the foreign non-profit organization, must submit the following documents together with the application:

- a) Document proving their status as a legal person in their country of origin.
- b) Declaration by the foreign non-profit organization itself that the activity it intends to carry out in Albania is in accordance with the purpose for which it was established and with the legislation of that country.

Accompanying documents issued in other countries must be authentic or regularly certified by the competent authority of the country where the document is issued and translated and notarised in the Albanian language.

#### Article 32

### **Necessary documents for the registration of a branch of a foreign non-profit organization foreign non-profit**

Foreign non-profit organizations that seek to establish a branch in Albania, in addition to fulfilling other legal requirements, must submit with the registration application the act of establishment, the statute, together with the decision of its competent body for opening the branch in Albania.

Accompanying documents issued in other countries must be authentic or regularly certified by the competent authority of the country where the document is issued and translated and notarised in the Albanian language.

Article 33  
**Rights and obligations**

Foreign non-profit organizations, in the exercise of their activity, have all the legal rights, facilities, and obligations as do domestic ones, except where otherwise provided by law or international agreement.

CHAPTER VII  
LICENSING, REVENUES AND ECONOMIC ACTIVITY

Article 34  
**Licensing**

Non-profit organizations, for the achievement or support of the purpose and the subject matter of the activity provided in the statute, have the right to carry out any kind of lawful activity.

When the exercise of an activity requires the prior obtaining of a permit or license, the non-profit organization submits a request to the competent authority, which, upon confirming that it meets all the relevant legal criteria and procedures, issues it the corresponding permit or license.

In the registration decision, the judge must also state the fulfillment of the obligation to obtain and benefit from the corresponding permit or license as a condition for the non-profit organization to carry out an activity that is subject to permit or licensing. A copy of the permit or license obtained by the non-profit organization, certified according to the law, is deposited in the relevant register of the court.

Article 35  
**Sources and use of income**

The sources of income of a non-profit organization are membership fees, when applicable, funds, grants and donations provided by private or public entities, local or foreign, as well as income from economic activity and properties owned by the non-profit organization.

Non-profit organizations secure income from sources recognized by this law and make expenditures only for the realization of the purpose and objective of the activity for which they were established, as well as for the management and maintenance of their property.

No form of profit distribution or financial and material gain from the income and profits of the non-profit organization is permitted for persons who are subjects of the statute or founding act, except for obligations in the form of salaries, wages, payments, rewards and compensations arising from the employment contract or other similar contracts, or for covering expenses incurred on behalf of and for the account of the non-profit organization.

Associations, in special cases, may provide financial assistance to their members, external persons or other entities. Associations may also provide such assistance from funds donated or made available, when donors have expressly determined such a right.

Article 36  
**Economic activity**

The non-profit organization, for the realization of its purpose and the subject matter of its activity, has the right to carry out economic activity.

The non-profit organization may carry out economic activity without the need to establish a separate entity for this purpose, provided that this activity is in accordance with the purposes of the non-profit organization, is declared as one of the sources of income, and provided that this activity does not constitute the primary purpose of the organization's activity.

If the non-profit organization, through the exercise of economic activity, realizes profits, they must be used for the fulfillment of the purposes specified in the statute and in the founding act.

Article 37

**Fundraising**

*(added a paragraph by law no. 92/2013, dated 28.2.2013)*

Non-profit organizations have the right to carry out fundraising activities, in order to use them for the fulfillment of their purposes and the subject matter of their activity, or to support the purposes and activities of other non-profit organizations.

The rules for public fundraising are determined by a special law.

The funds of non-profit organizations are held in bank accounts and any transfer or financial transaction related to these funds is carried out through the banking system, in accordance with the provisions of the legislation in force.

Article 38

**Relations with donors**

*(added a paragraph by law no. 92/2013, dated 28.2.2013)*

Financial relations, mutual rights and obligations with donors are carried out in accordance with the relevant agreements, but by respecting the requirements of the statute of the non-profit organization and of this law.

Material or financial assistance granted for illegal purposes or obtained through illegal sources is prohibited.

Requests for donations shall reflect in detail the purpose for which the donations are being collected. Non-profit organizations are obliged to verify that such funds are used for the declared purpose.

Article 39

**Donations and contracts with state bodies**

Non-profit organizations have the right to participate, like all other legal persons, in the field of entrepreneurship, tendering and procurement of grants, contracting and sale-purchase by state bodies of public services, goods and public property, as well as in the transfer of public services and the respective property from the public sector to non-profit organizations.

Article 40

**Facilitation and exemption from fiscal obligations**

*(amended by Law No. 9814, dated 4.10.2007 and by Law No. 92/2013, dated 28.2.2013)*

Non-profit organizations, regardless of their forms of organization, the purpose they pursue and the activities they undertake, are exempt from income tax on income received from donations, grants, bank interests and membership fees.

Non-profit organizations that carry out economic activities in accordance with Article 36 of this law are subject to income tax only if the income generated is not intended for activities for which the organization is registered.

Article 40/1

**Retention of tax records**

*(added by Law No. 92/2013, dated 28.2.2013)*

Non-profit organizations have the obligation to retain tax records in accordance with the rules set forth by the applicable legislation for tax procedures in the Republic of Albania.

Article 40/2

**Publication of financial statements**

*(added by Law No. 92/2013, dated 28.2.2013)*

The financial statements of non-profit organizations are published in accordance with the rules set

forth by the applicable legislation on accounting and financial statements.

#### Article 41

##### **Supervision of non-profit organizations**

*(a paragraph added by Law No. 92/2013, dated 28.2.2013)*

The competent state authorities have the right to supervise non-profit organizations regarding the implementation of tax, customs, social insurance legislation, the granting of authorization for the exercise of economic activity, the contracting of public and social services, as well as the fulfillment of their activities with State Budget funds.

The supervisory body of NGOs, within the meaning of the law covering the prevention of money laundering and terrorist financing, is considered to be the tax authorities. The accounting reports prepared by NGOs regarding the use of donor funds, as well as the financial statements, are subject to control by the tax authorities, as well as the General Directorate for the Prevention of Money Laundering whenever necessary. The detailed rules for the supervision of NGOs by the tax authorities are determined by a guideline of the Minister of Finance, which is approved within 3 months from the entry into force of this law.

### CHAPTER VIII

#### TRANSFORMATION, MERGER, TERMINATION OF ACTIVITY AND DISSOLUTION

#### Article 42

##### **Transformation and merger**

Non-profit organizations have the right to be transformed or merged by a decision of the competent body according to the founding act and are considered dissolved upon the registration of the new entity.

The transformation of a non-membership organization, merger with another non-profit organization, or their division may be carried out only when provided for in the statute.

The transformation and merger of foundations and centers into associations or of associations into a foundation is not permitted.

#### Article 43

##### **Voluntary dissolution**

The non-profit organization is dissolved on its own initiative.

#### Article 44

##### **Dissolution by court decision**

The court may decide on the dissolution of the non-profit organization upon the request of its members, its decision-making bodies, or the competent state body in cases where:

- a) the activity of the non-profit organization is contrary to the Constitution;
- b) the non-profit organization engages in unlawful activity;
- c) the non-profit organization is not established in accordance with the requirements of the law;
- c) the non-profit organization has become insolvent according to the insolvency law.

Except in cases where the activity of the organization poses a serious threat to the public, the court must notify the organization in writing of the violation of the law and grant it 30 days to correct its activity.

#### Article 45

#### **Method of reviewing the request**

The review of the request for the dissolution of a non-profit organization is conducted in the presence of representatives of the non-profit organization, the supervisory body, and, where applicable, in the presence of the members who have submitted the request.

When the court, upon the request of interested parties, as provided in Article 44, first paragraph, deems appropriate, it preliminarily recommends to the non-profit organization to take measures to align its program or activity with the Constitution and with this law, within a specified period, suspending the review of the case.

When the recommendations are implemented regularly, the court decides to dismiss the proceedings. Otherwise, it reviews the case upon expiration of the specified period.

#### Article 46

#### **Liquidation**

When the dissolution is decided by the non-profit organization itself, liquidation is carried out by one or more liquidators, appointed according to the statute and always prior to deregistration by the court.

When the dissolution is decided by the court, it also appoints the liquidator, granting him the necessary powers to conduct the liquidation procedure.

In all cases, the liquidators have authority and responsibility over the assets, property, and representation of the non-profit organization, from the date of their appointment until the completion of the liquidation.

#### Article 47

#### **The activity of the liquidators**

The liquidators assess the financial situation of the non-profit organization and its property at the moment the decision for its dissolution is made, and identify all potential creditors and debtors.

After paying the obligations that the organization owes to the state and other creditors and receiving obligations from third parties, the liquidator evaluates the remaining property and ensures that this property goes to the destination specified by the statute, its competent body, the court, or the law.

In no case is distribution or disposal allowed in favor of the members or other persons who are subjects of the statute or the founding act of the organization or their relatives.

In cases where the non-profit organization has benefited from exemption from taxes or fiscal reliefs, donations from the public, or state grants, any remaining property after the payment of obligations is distributed to other non-profit organizations pursuing the same or similar purposes as the liquidated organization. In cases where a non-profit organization is dissolved voluntarily, the organizations benefiting from the remaining property are determined in the statute or by a decision of the highest decision-making body. Where such determination has not been made, the beneficiary organizations are designated by the court.

#### Article 48

#### **Deregistration**

Where the dissolution is decided by the non-profit organization itself, the competent body, pursuant to the statute, approves the final report of the liquidator and requests the deregistration of the non-profit organization from the court.

In cases where the competent body of the non-profit organization does not approve the final report of the liquidator or where the dissolution and liquidation have been decided by the court; at the judicial hearing, in the presence of the representatives of the non-profit organization and the liquidator, it reviews the final report of the liquidator and decides on its deregistration.

CHAPTER IX  
TRANSITIONAL AND FINAL PROVISIONS

Article 49

**Supplementary actions of non-profit organizations**

Foreign non-profit organizations with temporary activities in Albania must submit an application for approval to the competent state authority that operates in the same or a similar field as that of the foreign non-profit organization within 6 months from the entry into force of this law. Otherwise, foreign non-profit organizations with temporary activities in Albania shall cease their activities.

Foreign non-profit organizations that have permanent activities through independent branches or subsidiaries in Albania and are not registered under Albanian law shall continue their activities. Within one year from the date of entry into force of this law, they must submit an application and register in court, otherwise they lose their legal entity status and their activity is considered unlawful.

Article 50

**Regulation of the required form for existing non-profit organizations**

In cases where the activities of existing non-profit organizations do not comply with the provisions of this law, within one year from the entry into force of this law, they must submit the necessary adjustments to the court.

The court shall only intervene in cases where the submitted amendments do not comply with the provisions of this article.

The adjustments made in accordance with the first paragraph of this article shall be considered as amendments and not as re-registration.

Article 51

**Repeal**

Law No. 7695, dated 7.4.1993 "Për fondacionet" is repealed.

Article 52

**Entry into force**

This law enters into force 15 days after its publication in the Official Gazette.

**Promulgated by decree no. 3016 dated 18.5.2001 of the President of the Republic of Albania,  
Rexhep Meidani**