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On the basis of Article 89 of the Constitution of Republic of Croatia, I am bringing the

**DECISION
ABOUT PROCLAIMING OF THE
TRUSTS AND FOUNDATIONS LAW**

I am proclaiming the Law on Trusts and Foundations passed by the Croatian Parliament on its session of May 16th, 1995.

No. 01-95-1001/1
Zagreb, May 23rd, 1995

President
of the Republic of Croatia
Dr. Franjo Tuđman

**LAW
ON TRUSTS AND FOUNDATIONS**

I. GENERAL REGULATIONS

Article 1

This Law regulates the creation, organization, activities and cessation of trusts and foundations, and control of their work.

Article 2

In the sense of this Law trust is the property intended to be used continually, either itself or the income that it makes, for achievement of some commonly beneficent or charitable purposes.

In the sense of this Law foundation is the property intended to be used during a certain period for achievement of some commonly beneficent or charitable purposes.

Common benefit applies in the sense of this Law to that purpose the achievement of which is generally promoting cultural, educational, scientific, spiritual, ethical, sports, health, ecological or some other social activity, or purpose, or generally material state of the society.

Charitable applies in the sense of this Law to such purpose the achievement of which is securing relief for persons who need help.

The purpose of the trust is considered to be of common benefit or charitable also when it concerns only the persons belonging to a certain class or profession or national, linguistic, cultural, scientific or religious group, or similarly to a certain circle,

i.e. persons who live in a certain area or persons included into activity of certain association, institution or other legal entity.

Administration connected with creation and activity of trusts, as well as with other issues regulated by this Law is being carried out by the Ministry of Administration (further referred to as: the Ministry).

Both, trust and foundation are legal entities.

II. CREATION, REGISTRATION AND ACTIVITY OF TRUSTS

1. *Creation of trusts*

Article 3

Trust can be created by native or foreign private person or legal entity (further: founder).

Person or persons intending to create a trust will prepare the official document (a deed) about creation of trust wherewith they assign certain property to a certain purpose.

If the Ministry, on the basis of the deed and after carried out procedure, establishes that the legal requirements for creation of trust have been satisfied, it will bring the decision by which it will permit the creation of trust and its registration in the trust register.

Before bringing the decision from paragraph 3 of this Article, the Ministry is bound to obtain the agreement of those ministries relevant to the realization of trust purpose.

If the ministry from paragraph 4 of this Article does not react and give its consent within 30 days upon receipt of the request, it will be assumed that the consent is given.

A trust is regarded as created after its registration into the trust register. On the date of registration into the trust register the trust acquires the attribute of a legal entity.

Trust can begin its activity only after the Ministry ratifies its statute.

Article 4

If trust is created by one founder, then the creation is made by a statement about creation of trust (decision, statement of last will and similar). If trust is created jointly by several persons, the deed about creation of trust is made in a form of contract.

Deed about creation of trust must contain:

1. declaration of the will of the founder to assign in perpetuation certain property to the creation of trust,
2. information specifying the property assigned to trust purpose (basic property), with an estimate of its value and foreseeable income that might be derived from it given by a sworn court expert.
3. definition of beneficent or charitable purpose of trust.

Deed of creation of trust must be made in a written form and can contain also the provision about the trustee, as also other provisions that have to be included into the trust statute.

If trust is created during the life of the founder, the founder's signature on such statement must be certified by court or notary public.

If trust is created for the case of death of the founder, the statement about its creation must be in a form of last will statement (testament, legacy).

The provisions in the trust creation deed by which certain property is assigned to the trust must be indisputable, so that the property could be directly transferred to the trust in certain registers, on the basis of such deed and the decision permitting creation of trust.

Article 5

The founder can revoke the deed about creation of trust until the moment of receipt of decision permitting creation of trust.

The heirs of the founder can contest his statement of last will about creation of trust in accordance with the relevant regulations. The heirs have to give their statement about contestation at the latest at the occasion of giving of the inheritors' statement, or immediately after they have found out about the statement of last will of the founder about creation of trust.

If the deed about creation of trust is made by several persons, individual founder can contest this deed by petition to the court for reasons which make it contestable according to the general regulations of contract law. The petition can be filed until the trust creation deed is delivered to the Ministry.

If the trust creation deed is contested on time, or if the procedure for its annulment is started on time, the Ministry cannot bring the decision permitting creation of trust until the end of the court procedure. If the request for contestation of the trust creation deed is validly rejected, the Ministry will bring the decision permitting creation of trust.

The trust creation deed can be contested also by founder's creditors in accordance with general statutory regulations about contestation of legal acts. Starting of legal proceedings for contestation does not prevent creation of trust.

In order to protect the rights of the trust or other co-founders, the court can order temporary security measures during the lawsuit, in the line of its official duty or at the request of the Ministry or other co-founders.

Article 6

Creation of trust is permitted:

1. if the trust creation deed is made in accordance with provisions of Article 4 of this Law;
2. if the purpose of the trust is beneficent or charitable, and
3. if the trust property is sufficient for continual realization of the trust purpose.

Trust property is not sufficient for continual realization of the trust purpose if its foreseeable income would continually or for longer period of time enable only the preservation of this property, particularly real estate property and not also the realization of the direct purpose of trust.

Creation of trust is not permitted:

1. if trust purpose is impossible, legally or morally not permissible,
2. if there is no rational reason for creation of trust or when the purpose of trust would be evidently trivial.

Article 7

If the founder of trust is legal entity or private person who at the time of creation of trust is alive, the trust creation deed and request for its creation have to be delivered to the Ministry. The request for creation of trust is submitted in two copies on a special form. The person submitting the request has to enclose with the request all necessary documents proving that he satisfies the conditions from Article 4 of this Law.

The enclosed documents are submitted as originals, transcripts or photocopies. If they are submitted as transcripts or photocopies which are not verified, an official will establish whether they are identical with the originals.

The request form and documents that have to be enclosed with the request from paragraph 1 of this Article are prescribed by regulations brought by minister of administration.

Article 8

If the trust creation statement is given in a last will the court will inform the Ministry about this statement and the Ministry will, after establishing that the conditions for creation of trust are satisfied, issue the permission for creation of trust on the basis of the statement of last will. If the Ministry refuses to issue such permission, the provision about creation of trust will be regarded as of no legal effect.

Article 9

Upon receipt of trust creation deed or upon issue of permit for trust creation on the basis of last will statement, the Ministry shall, without delay, appoint the temporary trustee who shall perform his duty until the trustee is appointed.

The temporary trustee can be the person nominated for trustee in the trust creation deed, but if the deed does not contain such provision, the temporary trustee shall be appointed by the Ministry.

The temporary trustee can be also one of the Ministry officials.

Article 10

The decision about creation of trust is brought by the Ministry as described in Article 3, paragraph 3 of this Law.

The Ministry is bound to bring the decision from paragraph 1 of above Article within 60 days upon receipt of correctly filed request for trust creation.

The decision about trust creation issued by the Ministry contains: the name and the seat of the trust, purpose of trust with the indication of beneficiaries, i.e. those persons who will or may benefit under the trust, christen name and last name of the person or name of the trust body authorized to represent the trust, and other information stipulated by provisions of this Law, as also the proviso that the trust cannot enter into any legal affairs before trust statute is approved by the competent ministry.

After the decision about trust creation becomes valid, the Ministry shall in the line of its official duty register the trust into the trust register.

Against the decision which prohibits the trust creation the founder or temporary trustee may start the administration action at the Administrative Tribunal of the Republic of Croatia.

Upon registration of the trust into the trust register, the Ministry will publish a notice in "Narodne novine", giving the name, address and the purpose of the trust. The cost of such notice will be borne by the trust.

Article 11

The following persons are authorized to participate in the process of deciding about creation of trust:

1. if the founder is a legal entity or if the trust is created while the founder-private person is alive, the founder and after the death of founder-private person, his heirs.
2. if the trust is created for the case of death of the founder, the heirs of the founder and the executor.

2. Trustee

Article 12

Upon legal validity of the decision permitting the trust creation, the Ministry shall issue a decision by which it shall appoint the trustee. Before bringing such decision about appointment of trustee, the Ministry shall acquire his agreement.

The appointed trustee will be the person nominated for trustee in the trust creation deed, unless the Ministry determines that that person cannot perform the duty of trustee.

If the person nominated for trustee in the trust creation deed rejects the offered office and there are no other persons who could hold this office nominated in the deed, the Ministry shall appoint the person who in its judgement will be able to perform this duty successfully, with regard to the purpose, size and type of property and characteristics of the trust.

Article 13

The trustee has a particular duty to:

1. take in charge or collect the trust property and to administer and represent the trust if undertaking of certain actions or legal affairs in connection with the trust is not reserved for the Ministry, either by this Law, the trust creation deed or by the writ issued by the Ministry;
2. propose the statute of the trust, and
3. propose to the Ministry the persons for first appointment of administrative and representative body of the trust.

If the trustee is not correctly exercising his duties, the Ministry shall revoke his appointment and appoint replacement trustee.

The trustee is entitled to an adequate remuneration for his work and to restitution of expenses. Such remuneration and expenses are paid out of the trust funds and until the administrative and representative body of the trust is appointed, the Ministry will be deciding about that matter, and after the appointment, the administrative and representative body.

In the case of dispute regarding the right of the trustee to remuneration and expenses, the decision will be brought by the competent regular court.

3. The name of the trust

Article 14

The name of the trust is determined by the founder in the trust creation deed. If the founder has not determined the name of the trust in the deed or if that name according to the provisions of this Article is unacceptable, the name of the trust will be determined by the Ministry in the writ wherewith it permits the creation of trust, respecting in that, as much as it is possible, the wishes of the founder.

The name of the trust should be such as to be clearly different from the names of other, already registered trusts. In the name of the trust should be incorporated the word: "trust".

The name of the trust can contain also the name of a certain private person or legal entity, and an indication of the trust purpose.

If the private person or legal entity whose name is contained in the name of the trust is not the founder, that name can be incorporated into the trust name only by the agreement of that person or that person's heirs. Such agreement must be in a form of written and certified statement.

If for registration of the certain name of trust an agreement is needed of the third person or competent governmental body, the trust can be given such name only with such consent. The third person gives his consent in a form of written, certified statement and the competent governmental body through its decision.

In its business correspondence the trust must use its name.

To the name of trust apply in an adequate manner the provisions about the firm from the Law on Trading Companies, if it's not otherwise stipulated by the provisions of this Law.

4. The seat of the trust

Article 15

The seat of the trust must be inside Republic of Croatia. As a seat is regarded the location determined in the trust creation deed. If the deed does not contain provision about the seat of the trust, the Ministry is bound to determine the place where the seat of the trust will be located.

The seat of the trust is also the seat of its administrative and representative body.

5. Trust property

Article 16

The basic trust property is the property assigned to the trust by the founder in the trust creation deed and the value of this property must not be diminished or lost through the process of realization of the trust purpose. That property becomes trust property by registration of the trust into the trust register. The Ministry may directly or through the temporary trustee and before registration of trust into trust register undertake before competent authorities the measures for protection of the basic property.

The trust property is also the property accrued by the trust through management and use of its property (i.e. lease, rent, interests, dividends, income from copyright, patents, licenses and similar, revenues from agricultural lands, woodlands and other lands), by contributions, donations and similar. The trust may organize certain activities for the purpose of acquiring of the property (charity shows, special lotteries, production and sale of the occasional printed material, signs, badges, and similar).

Trust property may also be in foreign countries.

Monetary funds that make part of the trust must be brought into Republic of Croatia and deposited into trust account.

Trust property can be used solely for realization of the purpose for which the trust is created.

Immovables transferred into the trust as its capital or purchased for interest on deposited money for the object of realization of trust purpose and enlargement of its financial basis, must not be alienated (sold, exchanged) to the detriment of already achieved financial basis and the purpose of the capital.

Article 17

The State promotes and facilitates the work of trusts by adequate regulations.

The State can be the founder or co-founder of a trust only on the basis of a special law.

Trust property and the income drawn from this property enjoy special tax reliefs.

The questions of type and height of tax reliefs and privileges for founders, donors and beneficiaries of trusts will be regulated by special laws.

Such special laws can determine also obligatory contributions to the certain trusts from the games of chance revenues or from the profits of certain trading companies owned by the State.

6. Statute of the trust

Article 18

The statute of the trust must particularly contain:

1. the name and the seat of the trust;
2. information about creation and basic property of the trust;
3. provisions concerning purpose of the trust, the use of trust income or the group of persons who will be helped by the trust and the manner in which this support will be granted;
4. provisions concerning administrative and representative bodies of the trust (further: trust bodies) and provisions concerning procedure of their appointment and release, as also responsibility for work of their members;
5. provisions regulating the decision making if trust bodies are composed of several persons and the announcement of these decisions;
6. provisions regulating authority of trust bodies, as also their right to remuneration for their work and recompense for expenses;
7. provisions concerning submitting of reports about the work of the trust and rendering of accounts to the Ministry of Administration and Ministry of Finances about the state of trust property and finances;
8. provisions regarding legal affairs for which is necessary to obtain an agreement or subsequent agreement of the Ministry;

9. provisions regulating the reassignment of remaining property if the trust should cease to exist;

10. other provisions in accordance with trust creation deed or such which will be regarded as purposeful for successful organization and activity of the trust.

The statute of the trust can provide for possibility that the trust is administrated by the bodies of some institution, citizens associations or other legal entities, provided that prior written and certified consent is obtained of competent body of that legal entity or if that legal entity is the founder.

The statute of the trust is approved by the Ministry.

The trustee is bound to submit the trust statute to the Ministry for approval within thirty days from the date of his appointment.

Article 19

The founder or his heirs and the trustee are authorized to participate as parties in the procedure of trust statute approval.

The Ministry may refuse to give its approval to the statute only if the trust statute is not in accordance with provisions of this Law or other laws or if its provisions are contradictory to the provisions of the trust creation deed. By the trusts created on the basis of will it will be regarded that there are no such contradictions in relation to the trust creation deed if the statute contains such divergences from the provisions of the trust creation deed for which can be presupposed that they would correspond to the wishes of the founder if he would have been alive at the time of bringing of the statute and which are indisputably purposeful. If the founder is alive, his consent is needed for any divergence from the provisions of trust creation deed.

If the Ministry refuses to give its approval to the trust statute, the trustee is bound to submit the new statute within one month from the date of legal validity of the decision of approval refusal.

The Ministry shall certify one copy of the approved statute and give it to the trustee. One copy of the statute remains with trust register wherein the bringing of statute will be recorded.

Article 20

The trust bodies may alter and amend the trust statute in accordance with the trust creation deed, the statute and the law.

The decision about modifying of the trust statute must be submitted for approval to the Ministry. The Ministry shall bring the decision regarding modifications of the statute and deliver it to the founder or his heirs and to the trustee. The valid writ about approval of modification of the statute will be sent to the trust register for filing.

The Ministry will order modifications and amendments to the trust bodies if it is necessary to fulfil the wishes of the founder or the purpose of the trust in changed conditions. If the trust bodies do not act in accordance with that order within thirty days, the Ministry will itself decree adequate changes of the statute.

The modifications of the statute are taking effect when the decision of the Ministry becomes valid.

In the procedures from paragraphs 2 and 3 of this Article the trust as party is represented by the person who had the capacity of the representative before beginning of the procedure for statute changes. The founder or his heirs also have the position of a party in these procedures.

The Ministry will announce the modifications and amendments to the statute in "Narodne novine", if those changes include the change of name, address (seat) or purpose of the trust. The expenses connected with such announcement will be borne by the trust.

7. The trust bodies

Article 21

At the occasion of delivery of the statute to the Ministry for approval the trustee is bound to propose by name the members of provisioned trust bodies, taking into consideration the persons mentioned in this sense in the trust creation deed. The persons foreseen as members of trust bodies have to give prior to the appointment their written and certified consent, must be capable and deserving of confidence with regard to their expertise, previous work and behaviour, and cannot belong to the intended beneficiaries of the trust, nor can they be the Ministry officials or members of the Trust Council.

The Ministry shall appoint the first time trust bodies and their members from the persons proposed by the trustee, if they satisfy the requirements from paragraph 1 of this Article. If this is not the case, the Ministry shall order the trustee to propose within one month other suitable candidates.

With the legal validity of the decision regarding appointment of trust bodies ends the authority of the trustee. At the same time, the appointed bodies take over the administration and representation of the trust.

A special protocol will be made about taking over of administration of the trust from the trustee by the newly appointed trust bodies and initial balance of accounts will be prepared on the basis of the trustee's report and the revision of authorized persons. The decision about release will be given to the trustee by the Ministry.

The Ministry will deliver valid decision about appointment of trust bodies to the trust register for filing.

The trustee and the founder or his heirs can participate as parties in the appointment procedure of trust bodies.

Article 22

The members of the trust bodies, apart from having to satisfy the requirements from Article 21, paragraph 1 of this Law, must perform their duty conscientiously, in accordance with the law and other regulations, the statute and other general ordinance of the trust.

As a rule, the work in the trust bodies is regarded as an honour and is performed voluntarily.

The members of trust bodies are entitled to remuneration or wages adequate to their work only from the income of the trust and if it is expressly provisioned by the statute of the trust, and if the trust income permits such payments.

The members of trust bodies are entitled to recompense of absolutely necessary expenses in connection with exercising of their duties.

The securing of rewards, wages or expense account for the members of trust bodies must not affect essentially the realization of the trust purpose.

The general regulation or if there is no such regulation then the separate decision about reward and wages for members of trust bodies must be approved by the Ministry.

The Ministry has to be informed about every appointment or recall of the members of trust bodies within fifteen days, as also of the name and address of that person.

For the members of trust bodies who are not exercising their duties properly and in accordance with the law or statute, the Ministry will give the appropriate time-limit for fulfilment of their duties.

The Ministry is bound to recall those members of trust bodies who do not satisfy the requirements from Article 21, paragraph 1 of this Law or do not act in accordance with the order from paragraph 8 of this Article.

The trust may have a professional service if there is a need for it and if the trust income permits it, what is regulated by the statute.

Article 23

The Ministry will appoint by warrant its commissioner to a trust:

1. if appointed administrative bodies are no longer able or willing to perform their duties and the Ministry or other competent bodies did not in accordance with the law or statute and in appropriate time undertake necessary measures for their replacement,

2. if one or more of trust bodies, acting contrary to its duties, jeopardizes continual preservation of the basic property or the realization of the trust purpose.

The commissioner takes over all authority of administrative and representative trust bodies from the moment of his appointment.

If it is not otherwise regulated by the statute of the trust, the trust commissioner is bound to submit to the Ministry his proposal for appointment of new trust bodies within thirty days from the date of his appointment.

In appointment of the new trust bodies the Ministry will act in accordance with the Articles 21 and 22 of this Law.

The trust commissioner is entitled to adequate reward and recompense of expenses from the trust.

The Ministry may, according to the circumstances, recall the appointed trust commissioner and appoint the new one.

8. Change of the trust's name, seat, purpose, property and statutory provisions regarding trust bodies

Article 24

The name of a trust can be changed only if one of the elements for determination of its name has changed (the name of the private person or legal entity whose name the trust is carrying, the purpose or part of property after which the trust was named, and similar).

The seat of the trust can be changed.

The trust purpose and beneficiaries of the trust may be changed, with consent of the Trust Council, only if the trust without such change cannot fulfil its duty determined by the statute or if without such change the purpose of the trust would stop being of common benefit or charitable.

The basic trust property listed in the statute can be changed only if this change would not diminish its value and would not jeopardize the realization of the trust purpose.

Statutory provisions concerning trust bodies may be changed if the bodies mentioned in the statute are no longer existing, if they do not exercise their duties or if the proposed change in administration is purposeful and is not inconsistent with the trust creation deed.

III. CESSATION OF THE TRUST

Article 25

The trust ceases to exist:

1. if it loses its property;
2. if its property has become insufficient for continual realization of the trust purpose and there is no possibility for transformation into a foundation, but it is possible to achieve the trust purpose by its cessation and the transfer of the trust property to another trust serving the same or similar purpose, and
3. if the trust purpose ceases to be commonly beneficent or charitable, or if its realization has become impossible, legally or morally impermissible, and if it is not possible to change its statute in accordance with provisions of Article 24, paragraph 3 of this Law.

Article 26

The decision about cessation of the trust is brought and effected by the Ministry at the suggestion of competent bodies authorized to represent the trust or in the line of its official duty. The parties in the trust cessation procedure are the founder or his heirs and the representative of the trust.

In the official writ about cessation of the trust the Ministry will appoint the commissioner who will immediately take over the administration and representation of the trust. The trust commissioner will carry out the procedure of taking over from the former trust bodies the trust property, account books and other records and documents, of which procedure the special protocols will be made. If former trust bodies refuse to participate in that procedure or do not respond when summoned by the commissioner, the commissioner will prepare the above mentioned protocols without them. One copy of such protocol will be delivered to the Ministry.

The Ministry will, at the suggestion of the commissioner or in the line of its official duty decide whether or not it is necessary to start legal or other proceedings against the members of former trust bodies.

In the trust cessation decision it can be determined that the trust should cease its activity even before the legal validity of the cessation decision.

The competent representative trust body can start an administrative litigation suit against the cessation decision at the Administrative Tribunal of Republic of Croatia.

The valid decision about cessation of the trust will be delivered to the competent court for starting of the bankruptcy procedure or liquidation of the trust.

When the decision about conclusion of the bankruptcy or liquidation procedure becomes legally valid, the court will in the line of its official duty send the copy of this decision to the Ministry and to the trust registrar for striking out of the trust from the trust register.

Inspection and control of the work of trusts is carried out by the Ministry of Administration, Ministry of Finances and State Office for Revision.

Ministry of Administration's control is concerned with preservation of basic trust property, with realization of trust purpose and with proper administration of the trust in accordance with the regulations.

Ministry of Finances and State Office for Revision control financial transactions of the trust.

Inspection and control of the trust is done by inspectors and government officials and administrative bodies from paragraph 1 of this Article who are authorized to perform such control.

If it is found that the law or some other regulation has been violated, the inspector and other government official authorized to perform the control has in accordance with law and other regulations the right and obligation to:

1. to order that discovered faults and irregularities should be corrected within certain period of time;
2. file the report with the competent governmental body for criminal act or make a petition for starting of the legal action;
3. undertake also other measures or take other steps for which he is authorized under special regulations.

If the said faults and irregularities are not corrected within ordered time period, Ministry of Administration will act in accordance with Article 26 of this Law.

The inspector and other government official appointed by the administrative body from paragraph 1 of this Article, authorized to carry out the inspection, must not be appointed for the representative or the member of administrative body of the trust.

Article 31

The trust property should be managed in a manner provisioned by the trust creation deed or trust statute. Complete and fully documented reports of all transactions undertaken in connection with trust property (investments, dealings with bonds, etc.) should be submitted to the Ministry of Administration and Ministry of Finances.

Changes in the manner of use of trust property are allowed under conditions from paragraph 1 of this Article and provided that they will not diminish the trust property value. All changes in the manner of use of trust property must be immediately reported to the Ministry, and when it is a question of legal affairs through which the trust immovables and particularly valuable movable property making up the trust property are being encumbered or alienated, to make those legal affairs legally valid the prior consent of the Ministry is required. The Ministry will give its consent or approval only if that certain legal affair guarantee the continuation of the trust purpose realization.

Trust bodies are obliged to submit every year, at the time when legal entities submit such reports to the financial control bodies, the balance sheet for the past calendar year to the Ministry of Administration, Ministry of Finances and to State Revisory Office. The balance sheet must contain among other things the list of all incomes and expenditures over the past accounting period and the present state of the trust property.

Ministry of Administration, Ministry of Finances and State Revisory Office may request at any time the inspection of the use of the trust property and the management of the trust.

V. FOUNDATIONS

Article 32

Foundation is the property assigned to serve during a set period of time, but not longer than five years, the realization of some commonly beneficent or charitable purpose.

To foundations apply, implemented in an adequate manner, the provisions of this Law related to trusts.

The property assigned for the one time only realization of some commonly beneficent or charitable purpose.

Article 33

The trust will be transformed into a foundation when trust income is no longer sufficient for continual realization of trust purpose, even under modified statute, but when with the use of the basic trust property it is foreseeably possible to continue the realization of its purpose for at least another ten years, provided that the founder does not decide to choose some other solution.

Transformation of trust into a foundation is carried out through the change of statute as provisioned by this Law and the notice about that transformation is published in "Narodne novine".

VI. TRUST COUNCIL

Article 34

The Trust Council is the highest expert and advisory body which:

1. discusses the state of trusts and foundations in the Republic and establishes the suggestions and directions in connection with them;
2. discusses and gives suggestions and opinions about questions brought before the Trust Council by the competent ministers;
3. gives its opinions and suggestions regarding regulations brought for the purpose of implementation of this Law, and regarding other regulations regulating the questions of trusts and foundations, and
4. decides on other questions foreseen by this Law.

Article 35.

The Trust Council has one president and six members, who are appointed from among experts in certain fields in which the trusts and foundations are created, and among prominent public figures and benefactors.

The President and the members of the Trust Council are appointed by the Government of the Republic of Croatia (further: Government) for the period of four years.

The inner organization and work of the Trust Council, as also the question of remuneration and compensation for expenses for its members will be regulated by the Trust Council Regulations brought by the Government.

The Trust Council is holding its sessions when it is necessary, but minimally once in every three months. Decisions are brought by majority of votes of all members of the Trust Council.

Professional jobs for the Trust Council are carried out in the manner ordered by the Government.

VII. TRUST REGISTER

Article 36

The trust register is kept by the Ministry.

The foundations are also entered into the trust register.

The register consists of the trust or foundation book and the dossiers.

A separate entry is kept in the trust and foundation book about each trust and foundation, and a separate dossier.

Trust or foundation entries and dossiers are established and are given the ordinal number according to the time of receipt by the registry office of the decision permitting the creation of a trust or foundation.

The register books and dossiers are kept continually.

The trust and foundation register books and dossiers must be handled in such a way as to protect them from misuse, destruction or damaging.

Article 37

The registers are public records and every interested person can have the access to them. The person wishing to look through the register books may do so only in the presence of the registrar.

Every interested person can request the extracts from the trust or foundation register book and the copy of the documents from the dossier.

Article 38

The following information is entered in the trust or foundation entry: the date and the number of the decision by which the creation of trust or foundation is permitted; name, seat and address of the trust or foundation, information about the trust or foundation purpose, about the group of persons whom the trust or foundation intends to help; names and addresses of persons authorized to represent the trust or foundation; information about changes in the trust or foundation statute and the information about transformation or cessation of the trust or foundation.

Entering of information into sections of the entry is made by inscription of appropriate information indicated under the number of the section.

The sections are filled in legibly, in ink, starting at the beginning of the empty section.

Text entered into the register must not be erased, corrected or otherwise made illegible. Exceptionally, minor errors may be corrected by drawing across a horizontal line and adding a paraph of the registrar and the date of correction. If the bigger error is in question, then the whole entry is cancelled by drawing over the register page a slanting line in red ink and the entry is inscribed on the first free page.

Changes occurring after the first entry in the register book will be entered into the section reserved for changes of that information. After new information has been entered, the section containing old information is struck out by the slanting red line.

Exceptionally, when the subject of entry is changing its name or status, that information is entered into the first available new free entry. All other still valid information from appropriate sections of the old entry are then transferred into the new entry. After all still valid informations are copied, the old entry is struck out by a slanting red line. In that case, in the new entry the section "transfer of registration" is also filled in with information about the register number of the previous entry.

Article 39

Trust and foundation book is also kept by electronic data processing.

The information entered into the computer must correspond to that entered into the trust and foundation register books.

Extracts from trust and foundation register book are issued as a rule in a form of computer print-out. Only at the special request of the interested person the extract from the register book will be issued on the basis of direct inspection into the trust register.

In the extracts from the trust or foundation register entry the obsolete information will be given only at the express request or if it is required by the circumstances.

Article 40

On each trust or foundation dossier the name of the subject of entry will be written, as also the entry number under which the subject is entered into the trust or foundation register book.

The trust or foundation dossier contains all collected documents on the basis of which or by reason of which the entries were made into the trust or foundation register, particularly: the copy of the decision permitting the creation of trust or foundation; copy of the trust or foundation creation deed, copy of statute, changes and amendments to the statute and all annexes or documents on the basis of which the entry or the change of data was entered into the register.

Article 41

The form and contents of the trust and foundation register books and trust and foundation dossiers will be regulated by the minister of administration.

VIII. PROVISIONAL AND CONCLUSIVE CLAUSES

Article 42

Trusts and foundations created on the basis of legal regulations regarding creation of trusts before this Law takes effect are obliged to submit within six months from its coming into force their applications for entry into the trust register, provided they satisfy the requirements for creation of trust or foundation prescribed by this Law.

Trust and foundations which do not submit their applications for entry into the trust register will cease to exist with the expiration of the period set in the paragraph 1 of this Article.

Exceptionally, the trusts entered into the trust register of the former Ministry of Culture and Education are not obliged to act in accordance with paragraph 1 of this Article, but they are bound to bring their statutes and other general regulations in accordance with this Law within three months from the date on which this Law becomes operative and to deliver within this same period of time their statutes to the Ministry. For the trusts which fail to do so, the Ministry will issue the writ about their striking out from the trust register.

In the procedure of statute approval from paragraph 3 of this Article the Ministry will in adequate way implement the provisions of the Article 19 of this Law and after certifying the statute, the Ministry will in the line of its official duty bring the decision about the entry of the trust into the trust register.

The existing legal entities which in their name have the word "trust" and do not send their request for entry into the trust register according to paragraph 1 of this Article, are obliged to start the procedure for removal of this word from their name.

Article 43

The Ministry will in the line of its official duty, as also at the request of the founders, within two years after the law on denationalization is passed and becomes operative, start the procedure for determination of the property of trusts active before 1945 and will in accordance with this Law reestablish those trusts for which will be determined that their property can ensure the realization of the trust purpose which was the object of the trust before its cessation.

Article 44

The minister of administration will bring the regulations provisioned by this Law within forty-five days from the date when this Law takes effect.

Ministry of Administration will take over the trust register from the Ministry of Culture within 30 days from the date when this Law takes effect.

Article 45

The Government will appoint the members of the Trust Council within two months from the date on which this Law becomes operative.

Article 46

With coming into force of this Law the provision of Article 18 of the Law on adoption of the Law on basic proprietary relationships ("Narodne novine" No.53/91) in the segment relating to the trusts ceases to be valid.

Article 47

This Law takes effect on the eighth (8th) day from the day of its publishing in "Narodne novine".

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Zagreb, May 16th, 1995

HOUSE OF REPRESENTATIVES OF THE
PARLIAMENT OF THE REPUBLIC OF CROATIA

President
of the House of Representatives
of the Parliament

dr. Nedjeljko Mihanović
(autograph)