



Memorandum

- *What are the potential registration options for nonprofits/NGOs in your jurisdiction?*
- *Is full registration required?*
- *If so, what are the necessary steps/time/costs? Or, Is it possible to get a very brief readout on:*
 - *whether a U.S. (or other international) nongovernmental/charitable organization can register as a branch office to operate in-country and*
 - *if so, a very brief overview of any limitations as well as administrative details such as costs, the time it takes, and necessary filings?*

Brief overview of NGOs in Romania

NGO legal forms

Under Romanian law, natural and legal persons that wish to carry out activities of general interest or activities for the benefit of certain collectivities can establish nonprofit entities (NGOs) in the form of *associations* or *foundations*.

Associations and foundations can also carry out economic activities, however, only to the extent such have an ancillary nature and are connected with and directed towards the main non-profit purpose of the relevant entity.

BUCHAREST

201 Barbu Vacarescu St.,
Globalworth Tower, 18th floor,
District 2, Bucharest, 020276,
Romania

T +40 21 201 1200, +40 31 225 3300
F +40 21 201 1210, +40 31 225 3310
E office@nndkp.ro, www.nndkp.ro

TIMISOARA

T +40 256 202 133
F +40 256 202 146
E office.timisoara@nndkp.ro

CLUJ-NAPOCA

T +40 264 433 527, +40 364 229 000
+40 364 229 005
E office.cluj@nndkp.ro

Differences between the two (2) legal forms of NGOs - selection:

- (i) Associations can be established with a minimum of three (3) members, while one (1) member is sufficient to establish a foundation.
- (ii) Both associations and foundations are required to have a patrimony. While no minimum initial patrimony value is provided by law for associations, a foundation is required to have a minimum initial patrimony equal to the equivalent of 10 times the minimum gross base salary guaranteed for payment (presently, RON 25,500 - approx. EUR 5,200).¹ The patrimony cannot be restituted to the members of the association/foundation and shall be permanently and irrevocably affected to the purpose thereof².
- (iii) Rules regarding the corporate bodies and attributions thereof are different for the two (2) types of nonprofit entities.

Two (2) or more associations or foundations can establish a federation.

Sources of founding

Associations and foundations can be founded via:

- member contributions (for associations only);
- interest and dividends resulted from the legal placement of available funds;
- dividends of the companies established by associations/foundations;
- income obtained from direct economic activities;
- donations and sponsorships;
- resources from the state or local budgets;
- other sources provided by law.

NGOs of public utility

Under certain conditions (including significant activity for an uninterrupted period of at least three (3) years), associations and foundations can be recognized of being of public utility via governmental decision. Such statute confers the relevant association/foundation certain rights and obligations (such as being granted with a right of free use over public property assets).

Establishment and registration of NGOs in Romania

Associations and foundations are required to be registered in the Registry of associations and foundations kept by the court having jurisdiction over the place where the headquarters of the NGO is located.

¹ By way of exception, if the foundation's exclusive purpose is to collect funds to be made available to other associations or foundations for programs carried out by the latter, then the initial patrimony can have a minimum value of 2 times the minimum gross salary guaranteed for payment (at the date hereof, RON 5,100 – approx. EUR 1,030).

² After dissolution, the remaining assets would generally be transferred to other nonprofit entities having an identical or similar purpose.

The main steps for the establishment and registration of an association/foundation entail:

1. Name: reservation of the name for the association/foundation shall be issued by the Ministry of Justice. Using certain terms such as “national”, “Romanian” or derivatives thereof would require an additional approval from the General Secretary of the Government.
2. Statute: the statute must comprise a set of information required by law (e.g., identification data for the members/founders, purpose and objectives of the entity, name, headquarters and duration thereof, initial patrimony, composition and attributions of management bodies, rights and obligations of members, categories of patrimonial resources). The statute can be concluded in simple form (i.e., under private signature), save for the case in which the initial patrimony of the association or foundation comprises immovable assets, in which case the statute is required to be concluded in authenticated form, before a notary public.
3. Court procedure: the court procedure requires the submission with the court having jurisdiction over the place where the headquarters of the NGO shall be located of the following main documents:
 - (i) registration request;
 - (ii) statute (see item 2. above);
 - (iii) documentation regarding the headquarters, as well as documentation regarding the initial patrimony (for associations, only in case of immovable assets contributed in kind);
 - (iv) copies of identity documents of the members/founders and, in the case of foundations, the members of the Board of Directors;
 - (v) sworn declaration of the person formulating the registration request regarding the ultimate beneficiaries of the association/foundation, as per the Romanian anti money-laundering legislation;
 - (vi) proof of availability of the name of the association/foundation issued by the Ministry of Justice or motivated refusal issued thereby, as the case;
 - (vii) in case a legal person shall be a member of the association/foundation, certain additional documents would be required, as follows: (a) an official excerpt regarding the relevant legal person issued by the trade/relevant registry from its jurisdiction of incorporation; (b) in case the statute of the association/foundation is signed on behalf of the relevant legal person by a person other than the representatives reflected in the excerpt mentioned under item (a) above, the resolution of its competent body approving the establishment of the association/foundation and the designation of a person to represent it;

- (viii) fiscal records of the members.

Documents in other languages than Romanian shall be presented in certified copy, together with a notarized translation. In practice, certain documents are also required to be submitted in electronic format, on a CD.

Recognition in Romania of foreign NGOs

Foreign NGOs may be recognized in Romania subject to reciprocity and provided the following conditions are met: (i) the foreign NGO is validly established in its country of jurisdiction; and (ii) its statutory purpose does not contravene Romanian public order.

Recognition would entail (i) approval via governmental decision; and (ii) registration in the Registry of associations and foundations kept by the Bucharest Tribunal.

Certified copies of the following documents, together with legalized translations thereof, would be required for registration purposes with the Registry of associations and foundations:

- (i) the establishment document of the foreign NGO;
- (ii) the statute of the foreign NGO (if applicable);
- (iii) the resolution of the competent body of the foreign NGO approving to request recognition in Romania;
- (iv) the statute of the future Romanian presence (representative office) of the foreign NGO, containing provisions related to the headquarters, legal capacity and persons representing the foreign NGO;
- (v) the governmental decision for the approval of the request to recognize the foreign NGO in Romania.³

The court decision approving the recognition shall be published in the Official Gazette of Romania and a widespread newspaper and may be challenged by any interested party within sixty (60) days as of the last publication.

Timing

An association or foundation acquires legal personality/is recognized in Romania by registration in the Registry of associations and foundations. According to the law, the registration is approved by the designated judge within three (3) days as of submission of all required documents and becomes effective on the date the court decision becomes final. In practice, due to the court's workload and administrative aspects beyond the parties' control, effectively establishing an association or foundation may take 1-6 months, while recognition of a foreign nonprofit entity may well take 9-12 months, due to the prior governmental approval required by law and lengthy term of appeal for the court decision approving the recognition.

³ The request for obtaining governmental approval is addressed to the General Secretary of the Government, however the law does not provide for a clear procedure to be followed. There is a likelihood that additional documents be required for the purpose of issuing this approval.

From a timing perspective, the procedure for establishing a new association/foundation in Romania is significantly more advantageous than that of recognizing an existing international NGO.

Costs

Administrative costs to be born in Romania for establishing/recognizing an association or foundation in Romania do not usually exceed EUR 200.