

**TITLE 18 - COOPERATIVES AND NON-PROFIT CORPORATIONS
CHAPTER 2 - NON-PROFIT ENTITIES ACT 2020**



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

NON-PROFIT ENTITIES ACT 2020.

Index

Section	Page
§201. Short title.	3
§202. Interpretation.	3
§203. Purpose.	5
§204. Application of the Non-Profit Entity Act.....	5
§205. Requirement to Hold a Bank Account.....	6
PART II –NON-PROFIT STATUS	
§206. Non-Profit Activity	6
§207. Non-Profit Tax Exemption.....	7
PART III – FORMATION & GOVERNANCE	
§208. Formation of Domestic Non-Profit Entity.	7
§209. Incorporators.....	9
§210. Directors.....	9
§211. Officers.....	9
§212. Liability of Directors and Officers.....	10
§213. Articles of Incorporation.	10
§214. Bylaws.....	11
§215. Fees.....	11
§216. Standard of Care for Directors and Officers.....	12
§217. Non-Profit Entity Records.....	12
§218. Annual Disclosure.....	13
PART IV – MEMBERS	
§219. Admission.	14

§220.	Rights and Obligations of Members.....	14
§221.	Resignation and Termination.....	15
§222.	Distributions Prohibited.....	15
§223.	Meetings of Members.....	16
§224.	Members' Inspection Rights.....	16
PART V – DISSOLUTION & SANCTIONS		16
§225.	Voluntary Dissolution.....	16
§226.	Involuntary Dissolution.....	16
§227.	Sanctions for Violations.....	17
§228.	Distribution of Assets.....	17
PART VI – FOREIGN NON-PROFIT ENTITIES		18
§229.	Authorization of Foreign Non-Profit Entities.....	18
§230.	Termination or Revocation of Authority.....	18
§231.	Rights and Liabilities of Unauthorized Foreign Non-Profit Entity.....	19
§232.	Actions or special proceedings against foreign entities.....	19
§233.	Applicability of Other Provisions.....	19
§234.	Sanctions for Violations.....	19
PART VII - RULES & REGULATIONS		20
§235.	Regulations.....	20
§236.	Repeal.....	20
§237.	Effective Date.....	20
SCHEDULE		21
ISTANBUL PRINCIPLES ON DEVELOPMENT EFFECTIVENESS		21

TITLE 18 - COOPERATIVES AND NON-PROFIT CORPORATIONS
CHAPTER 2 - NON-PROFIT ENTITIES ACT 2020



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

NON-PROFIT ENTITIES ACT 2020.

AN ACT to repeal the Non-Profit Corporation Act, Title 18 of the MIRC, Chapter 2 and replace it with a new Act to provide for the creation, registration, governance and dissolution of non-profit entities engaging in activities in the Republic of the Marshall Islands.

Commencement:

May 14, 2021

Source:

P.L. 2021-29

§201. Short title.

This Act may be cited as the Non-Profit Entities Act 2020.

§202. Interpretation.

- (1) In this Act, unless the context otherwise requires, the term:
- (a) “articles of incorporation” means the original articles of incorporation, articles of formation, or articles of organization required to be filed with the Registrar in order to form a domestic non-profit entity under this Act, or any instrument filed or issued under any statute to form a foreign non-profit entity, and all amendments thereof.
 - (b) “board” means board of directors.
 - (c) “Business Corporations Act” or “BCA” means the Business Corporations Act (52 MIRC Part I).
 - (d) “bylaws” mean the rules that describe and govern a legal entity’s conduct and engagement in activities.

- (e) “corporate charter” means a legal document issued by the Registrar showing the entity has complied with the requirements of incorporating an entity to conduct business or engage in activities in the Republic of the Marshall Islands.
- (f) “director” means a member of the board of directors.
- (g) “dissolution” means the closing down, termination, or dismissal of legal entity or official body either voluntarily or involuntarily.
- (h) “domestic non-profit entity” means a non-profit entity incorporated under this Act or formed under any other law of the Republic and existing on the effective date of this Act.
- (i) “entity” as used in this Act refers to a group of individuals, a society, organization or association, organized, formally or informally, to engage in an activity or activities in the Republic of the Marshall Islands.
- (j) “fit and proper person” means an individual who can ensure or is likely to ensure, that charitable or other funds of similar nature, and tax reliefs are used only for its stated purpose(s).
- (k) “foreign non-profit entity” means a non-profit entity organized in a foreign jurisdiction which has been granted authority to engage in non-profit activities related to its Charter and Articles of Incorporation in the Republic of the Marshall Islands.
- (l) “incorporate” means the act or process of forming or creating a corporation or legal entity.
- (m) “incorporator” means any person or entity incorporating or forming legal entity under this Act.
- (n) “inure” for the purposes of this Act means, to take effect or to come to the benefit of a person or to fix an interest therein.
- (o) “member” means a person in whose name a membership is registered on the records of the non-profit entity and who has the right to select or vote for the election of directors or to vote on any type of fundamental transaction.
- (p) “membership” means the rights and any obligations of a member in a non-profit entity.

- (q) “officers” means officers of the entity, including the president, vice-president, secretary and treasurer who shall be elected or appointed by the board of directors in a manner prescribed by the bylaws.
- (r) “person” means an individual, company, corporation, partnership or any body incorporated or unincorporated and includes every director, manager, agent or secretary of such person.
- (s) “non-governmental organization” or “NGO” means a voluntary group of individuals or organizations, independent of government involvement or approval, formed to jointly discuss ideas or common interests, or to provide a service(s) to the public, or to advocate a public policy.
- (t) “non-profit activity” means any activity set forth in §106 of the Act.
- (u) “non-profit entity” or “NPE” means a domestic or authorized foreign entity, non-governmental organization, non-profit corporation, or any other non-profit association engaging in non-profit activities in the Republic that is not a cooperative association organized under the Cooperatives Act of 1993 (18 MIRC Chapter 1).
- (v) “Registrar” means the Registrar of Corporations responsible for resident domestic and authorized foreign entities.
- (w) “Republic” means the Republic of the Marshall Islands.

§203. Purpose.

The purpose of this Act is to provide for the administration of non-profit entities in the Republic, including their creation, registration, governance, dissolution and other related matters.

§204. Application of the Non-Profit Entity Act

- (1) This Act shall apply to every non-profit entity registered to engage in, or otherwise engaging in, non-profit activities in the Republic, including those in existence on the effective date of this Act. However, this Act shall not alter or amend the articles of incorporation of any non-profit entity in existence on the effective