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LAW ON AMENDMENTS TO THE LAW ON THE BUDGET SYSTEM OF REPUBLIKA SRPSKA

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LAW ON AMENDMENTS TO THE LAW ON THE BUDGET SYSTEM OF REPUBLIKA SRPSKA

Article 1

In the Law on the Budget System of Republika Srpska (“Official Gazette of Republika Srpska”, No. 54/08 – Consolidated Text and No. 126/08), Article 2 shall be amended to read:

“

1. *Budget* is a common expression for the budget of Republika and the budgets of municipalities and towns.
2. *The budget of the Republika* is an estimate of budget funds and of expenditures of Republika for the fiscal year.
3. *The budget of municipalities and towns* is an estimate of budget funds and of expenditures of the municipalities and towns for a fiscal year.
4. *Budget reserve* represents a part of planned budget revenues that is not allocated in advance, but based on special decisions of the Republika Government (hereinafter: Government), or of the relevant executive body of municipalities and towns.
5. *Document of the framework budget* (hereinafter: the Document) is an act that contains a review of the macroeconomic projections and forecasts of revenues and expenditures for the following fiscal year and for the subsequent two fiscal years.
6. *The fiscal year* is a 12 month period that starts from January 1, and ends on December 31 of the calendar year.
7. *The Decision on budget adoption* is an act by which the National Assembly (hereinafter: the Assembly), i.e. the municipal and town assemblies approve the budget for every fiscal year.
8. *Financial plan* is an act passed by the Funds that contains an estimate of revenues and expenditures for a fiscal year.
9. *Borrowing* means contracting loans, issuing securities and issuing guarantees in the course of a fiscal year.
10. *Debt* means obligation for repayment of borrowed funds including the financial leasing.
11. *Budget executor* is the Ministry of Finance (hereinafter: the Ministry), i.e. the municipal or town administrative body in charge of finance.
12. *Budget beneficiaries* are the bodies and institutions of the Republika, i.e. of municipalities and towns, and other beneficiaries financed from the budget in accordance with the Law.
13. *Funds* are legal entities financed from the special purpose (earmarked) contributions and they include:
 - Pension and Invalid Insurance Fund of the Republika Srpska,
 - Health Insurance Fund of the Republika Srpska,
 - Public Child Care Fund of the Republika Srpska,
 - Employment Bureau of the Republika Srpska.
14. *Budget resources* comprise of the total revenues and inflow into the budget.
15. *Budget revenues* comprise of public revenues and grants.

16. *Public revenues* are revenues realized on the grounds of taxes, contributions, fees and other revenues, which are financing the rights and obligations of the Republika, as well as the tasks and activities of municipalities, towns, and Funds established by the Constitution and Law.
17. *Grants* are non-repayable resources that represent the budget revenue for which there is no liability for repayment to domestic and (or) foreign donors.
18. *Financing* stands for the resources of long-term and short-term credits and borrowings to the Republika, municipalities and towns, the resources realized as proceeds from the sale of state owned capital, and received repayments of credits and loans extended in the country and abroad.
19. *Budget expenses* comprise of the total expenditures and other out-payments from the budget.
20. *Budget expenditures* comprise of current expenses for gross salaries and allowances, goods and services, grants to natural and legal persons, subsidies, transfers, other current expenses and capital expenses for permanent funds.
21. *Notions of budget revenues and budget expenditures* are not equivalent to notions of revenues and expenditures defined in the International Accounting Standards for Public Sector which is relevant for producing financial reports.
22. *Budget surplus* represents a positive difference between the revenues and expenditures at the end of a fiscal year.
23. *Budget deficit* represents a negatives difference between the revenues and expenses at the end of a fiscal year.
24. *Public Revenues Account* is the account to which all the payments of public revenue are made for the Republika, municipalities, towns and Funds, and out of which funds are distributed to single treasury accounts, special purpose accounts and accounts of other budget beneficiaries.
25. *Main Treasury Ledger* is a systematic bookkeeping records of all budget and financial transactions within the budgets of RS, of municipalities, towns and Funds, i.e. of revenues and expenditures, resources, funds sources, liabilities and inflows and out-payments in accordance with the prescribed Chart of Accounts and at the level of relevant classification.
26. *Debt repayment* means annual debt repayment as a portion of the overall debt and it equals the sum of the principal installments and interest paid in the current fiscal year.
27. *Single Treasury Account* is the account to which funds are paid for Republika, municipalities, towns and Funds from the public revenue accounts or directly, and out of which all payments are made on behalf of Republika, municipalities, towns and Funds. System of the Single Treasury Account comprises of the public revenue accounts, investment account, transaction accounts and, as required, special purpose accounts.
28. *Special purpose account* is the account opened by the RS Treasury or the Treasury of a municipality, town or Fund, at the request of a budget beneficiary, to which special purpose funds are paid and out of which all payments are maid for a respective purpose or project.
29. *Accounts of other beneficiaries* are the accounts of other beneficiaries of public revenue, which enjoy that right by law.
30. *Single Indirect Taxes Account* that is maintained by the Indirect Taxation Authority (hereinafter: Single Account of ITA) is the account to which funds for indirect taxes are paid to the Indirect Taxation Authority.”

Article 2

In Article 14, in paragraph 3, the words: “presents types of expenditures” shall be deleted.

Article 3

In Article 17, paragraph 3, in line 1, the word: “revenues” shall be replaced with word: “funds”.

Article 4

In Article 22, paragraph 2, in item 2, the word: “revenue” shall be replaced with word: “funds”.

In item 3, the word: “expenditures”, shall be replaced with words: “budget expenses”.

Article 5

In Article 25, in paragraphs 1, 2 and 3, the word: “revenue” shall be replaced with word: “funds”.

Article 6

In Article 26, paragraph 2, item 4, the word: “expenditures”, shall be replaced with words: “budget expenses”.

Article 7

In article 32, the word: “expenditures”, shall be replaced with words: “budget expenses” and the word: “revenue” shall be replaced with words: “budget resources”.

Article 8

In Article 34, paragraph 3, the word: “revenue” shall be replaced with words: “budget revenues decreased for the grants received.”

Article 9

Article 35 shall be amended to read:

“The funds shall prepare a financial plan that consists of:

- Revenues of Fund;
- Expenditures of Fund; and
- Financing.

The method of presentation of the revenues and receipts, expenditures and financing must be harmonized with the accounting regulations prescribed by the Chart of Accounts, and notions of revenues and expenditures of the Fund referred to in

paragraph 1 of this Article shall be equivalent to notions of budget revenues and expenditures.”

Article 10

In Article 42, paragraph 1, item 1, the word: “costs” shall be replaced with word: “expenses”.

Article 11

In Article 43, the words: “total revenues”, shall be replaced with words: “total planned budget revenues decreased for the grants received.”

Article 12

In Article 45, paragraph 2, the words: “by April 30” shall be replaced with words: “by 31 May”.

In paragraph 3, the words: “October 31” shall be replaced with words: “November 30”.

In paragraph 4, item 2, the words: “revenues, grants and financing” shall be replaced with words: “budget resources”.

Article 13

The title of Chapter VI shall be amended to read: “VI – BUDGET AND ACCOUNTING REGULATIONS, REPORTS, CONTROL AND REVIEW OF BUDGET”.

Article 14

In the title of section before Article 62, between the words “budget” and “accounting” the conjunction “and” shall be inserted.

Article 15

In Article 63, the words “Treasury Department” shall be deleted.

Article 16

The title of section before Article 64 shall be amended to read: “Development of financial reports of budget beneficiaries”.

In Article 64, paragraph 1, the words: “annual account statements by February 28th” shall be replaced with words: “annual financial report by the end of February”.

Article 17

Article 65 shall be amended to read:

“Ministries, municipalities, towns and Funds are obliged to develop a consolidated annual financial report for the budget beneficiaries within their competence, by March 31 of the current year for the previous fiscal year.”

Article 18

In Article 66, paragraph 1, the words: “consolidated annual statements” shall be replaced with words: “consolidated annual financial reports”.

In Paragraph 2, the words: “consolidated annual statements” shall be replaced with words: “consolidated annual financial reports”.

Article 19

In Article 67, the words: “consolidated statement of municipal and town budgets and consolidated statement of Fund budgets” shall be replaced with words: “consolidated annual financial reports of the beneficiaries of the Republika budget, consolidated annual financial reports of the beneficiaries of the municipal and town budgets and consolidated annual financial reports of the Funds”.

Article 20

In Article 68, the words: “consolidated statement of the budgets” shall be replaced with words: “comprehensive consolidated annual financial reports of the beneficiaries of the budgets”.

Article 21

This Law shall enter into force on the eighth day from the day of its publishing in the “Official Gazette of Republika Srpska”.