

**STATE BUDGET LAW**

**(No. 01/2002/QH11 of December 16, 2002)**

In order to exercise the unified management of the national finance, to increase the initiative and responsibility of agencies, organizations and individuals in managing and using the State budget, to enhance the financial discipline, to economically and efficiently use the State budget and property, to increase accumulation for national industrialization and modernization along the socialist orientation, to meet the requirements of socio-economic development, to raise the living standard of the people, and to ensure national defense, security and external relations;

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No.51/2001/QH10 of December 25, 2001 of the 10th National Assembly, the 10th session;

This Law prescribes the estimation, implementation, examination, inspection, auditing and settlement of the State budget, and the tasks as well as powers of the State agencies at various levels in the field of State budget.

**Chapter I**

**GENERAL PROVISIONS**

**Article 1.** The State budget comprises all revenues and expenditures of the State, which have been decided by the competent State agencies and implemented within one year in order to ensure the performance of the functions and tasks of the State.

**Article 2.**

1. The State budget revenues include revenues from taxes, charges and fees; revenues from economic activities of the State; contributions by organizations and individuals; aids and other revenues as provided for by law.

2. The State budget expenditures include spendings on socio-economic development, on ensuring national defense, security and operations of the State apparatus; on aids and other spendings as stipulated by law.

**Article 3.** The State budget is placed under the unified management on the principle of democratic centralism, publicity, transparency, management assignment and decentralization, association of powers with responsibilities.

The National Assembly shall decide the State budget estimates, allocate the central budget and ratify the State budget settlement.

**Article 4.**

1. The State budget comprises the central budget and the local budgets. The local budgets comprise the budgets of administrative units of various levels including the People's Councils

and the People's Committees.

2. The decentralization of revenue sources as well as spending tasks and the relationships between budgets of different levels shall be effected on the following principles:

a) The central budget and the budget of each local administration level shall be assigned specific revenue sources and spending tasks;

b) The central budget plays the leading role, ensuring the performance of strategic and important tasks of the country and support localities which have not yet been able to balance their budget revenues and expenditures;

c) The local budgets shall be assigned revenue sources to ensure their initiative in performing the assigned tasks; increase resources for the commune budget. The People's Councils of the provinces and centrally-run cities (referred collectively to as the provincial-level) shall decide on the decentralization of revenue sources and spending tasks among the budgets of various local administration levels in accordance with the decentralization of socio-economic, defense and security management and the managerial skills of each level in their respective localities;

d) The spending tasks of each budget level shall be ensured by such budget level; the promulgation and implementation of new policies and regimes leading to the increase of budget expenditures require solutions to ensure the financial sources suitable to the balance capability of each budget level;

e) Where the superior State management bodies authorize the subordinate State management bodies to perform their spending tasks, the funding for the performance of such tasks must be transferred from the superior budgets to the subordinate budgets;

f) The revenue sources shall be divided in percentage among the budgets of various levels and the additional allocations from the superior budgets to the subordinate budgets shall be effected in order to ensure fairness and balanced development among regions and localities. The revenue division percentages and the additional allocations from the superior budgets to the subordinate budgets shall be kept stable for 3 to 5 years. The additional allocations from the superior budgets shall constitute revenues of the subordinate budgets.

g) During the period of budget stability, localities are entitled to use the annual revenue increases they have enjoyed for socio-economic development in the localities; after each period of budget stability, they must increase their self-balance capability, develop their local budgets and gradually reduce the additional amounts from the superior budgets or increase the percentage of the amounts remittable to the superior budgets;

h) Besides the authorization for implementation of spending tasks and the addition of revenue sources prescribed at Points e and f, Clause 2 of this Article, the budget of one level must not be used for spending tasks of another level, except for special cases prescribed by the Government.

#### **Article 5.**

1. The State budget revenues must be collected according to the provisions of this Law and other law provisions.

2. The State budget expenditures shall be made only when the following conditions are fully met:

a) They have been already included in the assigned budget estimates, except for cases prescribed

in Article 52 and Article 59 of this Law;

b) They are made strictly according to the regulations, criteria and norms set by competent State bodies;

c) They have been decided by the heads of the budget-using units or the authorized persons.

In addition to the conditions prescribed in Clause 2 of this Article, for expenditures which require bidding, the bidding must be organized according to the law provisions on bidding.

3. Branches, levels and units must not institute revenues and/or expenditures contrary to the provisions of law.

4. The heads of the State budget-using agencies, organizations and units shall have to organize the practice of thrift and the combat against wastefulness and corruption.

**Article 6.** The State budget revenues and expenditures must be accounted and settled fully, in time and strictly according to regimes.

**Article 7.**

1. The State budget fund comprises all amounts of money of the State, including borrowed money, which have been credited on the accounts of the State budget at all levels.

2. The State budget fund is managed at the State Treasury.

**Article 8.**

1. The State budget shall be balanced on the principle that the total revenue from taxes, charges and fees must be larger than the total regular expenditure and help accumulate more and more for spending on development investment; in case of over-spending, the over-spent amount must be smaller than the development investment expenditure and eventually to achieve the balance between budget revenue and expenditure.

2. The State budget deficits shall be made up for with sources borrowed at home and abroad. Borrowings to make up for State budget deficits must ensure the principle that they must not be used for consumption, but only for development purposes and that the budget arrangement must be ensured to take initiative in repaying all debts when they turn due.

3. On principle, the local budgets shall be balanced with the total expenditure not exceeding the total revenue; where provinces or centrally-run cities need to invest in the construction of infrastructure projects which come under the scope of the provincial-level budgets and on the list of investment projects in the five-year plans already decided by the provincial-level People's Councils, but are beyond the balance capability of the provincial-level budgets in the estimation year, they shall be allowed to mobilize domestic capital and must balance the annual provincial-level budgets so as to take initiative in repaying all debts when they become due. The debit balance from the mobilized capital source must not exceed 30% of the provincial-level budget's annual investment capital for domestic capital construction.

4. The ministries, the ministerial-level agencies, the agencies attached to the Government, other central agencies, the People's Committees of all levels, organizations and units shall have to organize the implementation of budget estimates within their respective assigned limits; all cases of borrowing, lending and using of State budgets contrary to law provisions are strictly forbidden.

**Article 9.**

1. The expenditure estimates of the central budget and the budgets of the local administration of all levels shall be entitled to include a reserve of between 2% and 5% of the total expenditure for spending on prevention, combat and overcoming of consequences of natural calamities, fires, on the performance of important defense and security tasks and other urgent tasks, which arise beyond the estimates; the Government shall decide on the use of the central budget reserves and periodically report thereon to the National Assembly Standing Committee, to the National Assembly at its nearest session; the People's Committees shall decide on the use of local budget reserves and periodically report thereon to the Standing Boards of the People's Councils and to the People's Councils at their nearest sessions; for the commune level, the People's Committees shall decide on the use of commune budget reserves, and periodically report thereon to the chairmen and vice-chairmen of the People's Councils and to the People's Councils at their nearest sessions.

The Government shall stipulate the decentralization of the competence to decide on the use of central budget reserves and local budget reserves.

2. The Government and the provincial-level People's Committees may set up financial reserve funds from sources of revenue increases, budget remainders, include them in annual budget expenditure estimates and other financial sources according to the provisions of law. The financial reserve funds shall be used to satisfy spending demands when the revenue sources are not gathered in time and the repayment must be made right in the budget year; where the budget reserves are used up, the financial reserve funds may be used for expenditure under the regulations of the Government but such expenditure must not exceed 30% of the credit balance of the funds.

The maximum control level of the financial reserve fund at each level shall be prescribed by the Government.

**Article 10.** The State budget ensures enough funds for activities of the Communist Party of Vietnam and socio-political organizations. The funds for activities of political, socio-professional organizations, social organizations as well as socio-professional organizations shall be implemented on the principle of self-procurement, the State budget shall render support in a number of specific cases stipulated by the Government.

**Article 11.** All properties invested or procured with the State budget sources and other properties of the State must be strictly managed according to the prescribed regimes.

**Article 12.**

1. The State budget revenues and expenditures shall be accounted in Vietnam dong.
2. The State budget accounting and settlement shall be uniformly carried out according to the State's accounting regimes and the State Budget Contents.
3. The State budget revenue and expenditure vouchers shall be issued, used and managed according to the regulations of the Finance Ministry.

**Article 13.**

1. The estimation, settlement, the result of auditing of the State budget settlement, must be publicized by the budgets of all levels, the budget-estimating units, and organizations enjoying

the State budget supports.

2. The order and procedures for collection, payment, exemption, reduction and reimbursement of budget revenues, allocation and settlement must be clearly posted up at transaction places.

3. The Government shall specify the budget publicity.

**Article 14.** The budget year commences on January 1 and ends on December 31 of the calendar year.

## **Chapter II**

### **TASKS AND POWERS OF THE NATIONAL ASSEMBLY, THE STATE PRESIDENT, THE GOVERNMENT AND OTHER STATE AGENCIES, AND THE RESPONSIBILITIES AND OBLIGATIONS OF ORGANIZATIONS AND INDIVIDUALS REGARDING THE STATE BUDGET**

**Article 15.** The tasks and powers of the National Assembly:

1. To make laws and amend laws in the finance-budget field;
2. To decide on the national financial and monetary policies in order to ensure socio-economic development as well as State budget revenue and expenditure balance;
3. To decide on the State budget estimates:
  - a) The total State budget revenue, including domestic revenues, revenues from export and import activities, non-refundable aid revenues;
  - b) The total State budget expenditure, including central budget expenditure and local budget expenditures detailed according to the fields of development investment expenditure, regular expenditure, debt repayment and aid expenditure, expenditure on addition to financial reserve and budget reserve funds. The development investment expenditure and regular expenditure include the specific spending levels for education and training, sciences and technologies;
  - c) The State budget deficit and offsetting sources.
4. To decide on central budget allocations:
  - a) The total expenditure and level for each domain;
  - b) The expenditure estimate of each ministry, ministerial-level agency, Government-attached agency and other central agencies according to each domain;
  - c) The level of addition from the central budget to each local budget, including the addition for budget balance and the targeted additions.
5. To decide on important national projects and works with investment from the State budget sources;
6. To decide on the adjustment of State budget estimates in case of necessity;
7. To supervise the implementation of the State budget, national financial and monetary policies, the National Assembly's resolutions on the State budget, the national important projects and works, the socio-economic development programs, and other important capital construction projects and works;

8. To ratify the State budget settlement;
9. To annul documents of the State President, the National Assembly Standing Committee, the Government, the Prime Minister, the Supreme People's Court, the Supreme People's Procuracy in the finance-budget field, which are contrary to the Constitution, laws and resolutions of the National Assembly.

**Article 16.** The tasks and powers of the National Assembly Standing Committee:

1. To promulgate documents on the finance-budget field as assigned by the National Assembly;
2. To give its opinions on bills, reports and other documents on finance and budget, which are submitted to the National Assembly by the Government;
3. To base itself on the resolutions of the National Assembly on State budget estimates and central budget allocations in the first year of the budget stability period to decide on the percentages of division between the central budget and each local budget regarding the sources of revenue prescribed in Clause 2, Article 30 of this Law;
4. To promulgate the Regulation on making, verifying and submitting to the National Assembly for decision the State budget estimates, plans on central budget allocations and for approval the State budget settlement;
5. To supervise the implementation of the budget legislation, financial policies, the resolutions of the National Assembly and the National Assembly Standing Committee in the finance-budget field; to suspend the implementation of documents of the Government, the Prime Minister in the finance-budget field, which are contrary to the Constitution, laws, resolutions of the National Assembly and submit to the National Assembly for decision the annulment of such documents; to annul documents of the Government and the Prime Minister in the finance-budget field, which are contrary to the ordinances and resolutions of the National Assembly Standing Committee; to annul resolutions of the provincial-level People's Councils in the finance-budget field, which are contrary to the Constitution, laws and resolutions of the National Assembly, ordinances and resolutions of the National Assembly Standing Committee.

**Article 17.** The tasks and powers of the National Assembly's Economic and Budgetary Committee:

1. To examine bills, draft ordinances and other drafts on finance and budget as assigned by the National Assembly or the National Assembly Standing Committee;
2. To assume the prime responsibility for examining the State budget estimates, the plans on central budget allocations, the reports on State budget implementation and the State budget settlement, which are submitted to the National Assembly by the Government;
3. To supervise the implementation of laws and resolutions of the National Assembly, ordinances and resolutions of the National Assembly Standing Committee on finance and budget; to supervise the implementation of the State budget and the financial policies;
4. To supervise the legal documents of the Government, the Prime Minister, the ministers, the heads of the ministerial-level agencies, legal documents jointly issued by competent State bodies at the central level or jointly by competent State bodies and the central bodies of socio-political organizations in the finance-budget field;

5. To propose matters regarding the financial and budgetary management.

**Article 18.** The tasks and powers of the Nationality Council and Committees of the National Assembly:

1. Within the scope of their respective tasks and powers, to coordinate with the Economic and Budgetary Committee of the National Assembly in examining bills, draft ordinances, State budget estimates, plans on central budget allocations and other documents on finance and budget, which are submitted to the National Assembly or the National Assembly Standing Committee by the Government;
2. To supervise the implementation of the legislation on finance and budget and the implementation of the National Assembly's resolutions on finance and budget within the domains under their respective management;
3. To propose financial-budgetary matters in the domains under their respective management.

**Article 19.** The tasks and powers of the State President:

1. To promulgate laws, ordinances on finance and budget;
2. To perform tasks and exercise powers prescribed by the Constitution and laws in carrying out negotiations on and signing international agreements in the name of the State of the Socialist Republic of Vietnam with other heads of State; to submit to the National Assembly for ratification the international agreement he/she has directly signed; to decide on the ratification or accession to international agreements, except for cases of necessity to submit matters in the finance-budget field to the National Assembly for decision;
3. To request the Government to report on the financial-budgetary work when necessary.

**Article 20.** The tasks and powers of the Government:

1. To submit to the National Assembly or the National Assembly Standing Committee bills, draft ordinances and other drafts in the finance-budget field; to promulgate legal documents on financial and budgetary matters according to competence;
2. To make and submit to the National Assembly the State budget estimates and annual plans on central budget allocations; to estimate the State budget readjustment in case of necessity;
3. On the basis of the National Assembly's resolutions on State budget estimates and central budget allocations, to decide on the assignment of budget revenue and expenditure tasks to each ministry, ministerial-level agency, Government-attached agency and other central agency as provided for at Point b, Clause 4, Article 15 of this Law; the revenue and expenditure tasks and level of addition from the central budget to each province or centrally-run city as provided for at Points a and b of Clause 3 and Point c of Clause 4 of Article 15 of this Law; on the basis of the resolutions of the National Assembly Standing Committee, to assign the percentage of division between the central budget and the budget of each locality regarding the revenues divided according to the provisions in Clause 3, Article 16 of this Law; to define the principles for arrangement and direction of the implementation of local budget estimates regarding a number of expenditure domains decided by the National Assembly;
4. To exercise the unified management of the State budget, ensuring the close coordination between the branch-managing agencies and the localities in the implementation of the State

budget;

5. To organize and administer the implementation of the State budget decided by the National Assembly, to inspect the State budget implementation, to report to the National Assembly and the National Assembly Standing Committee on the situation of State budget implementation, key national projects and works, socio-economic development programs, other important capital construction projects and works;
6. To decide on the use of budget reserves; to stipulate the use of the financial reserve fund and other financial reserves of the State according to the provisions of this Law;
7. To set or assign the competent State agencies to set the allocation norms and the regulations, criteria and norms on State budget expenditures for use as bases for unified elaboration, allocation and management of the State budget throughout the country; for important State budget allocation norms and expenditure regimes, which cover a large sphere of influence and relate the socio-economic, defense and security tasks of the whole country, to report them to the National Assembly Standing Committee for its written comments before the promulgation thereof;
8. To examine the resolutions of the provincial-level People's Councils on budget estimates, budget settlement and other matters in the finance-budget field; where the provincial-level People's Councils' resolutions are contrary to the provisions of the Constitution, laws, resolutions of the National Assembly, ordinances and/or resolutions of the National Assembly Standing Committee and legal documents of superior State agencies, the Prime Minister shall suspend the implementation thereof and propose the National Assembly Standing Committee to annul them;
9. To make and submit to the National Assembly the State budget settlement, the settlements of important national projects and works, which are decided by the National Assembly;
10. To promulgate the Regulation on consideration and decision on local budget estimates and allocation, to ratify the local budget settlement.

**Article 21.** The tasks and powers of the Finance Ministry:

1. To prepare bills, draft ordinances and other drafts on finance and budget and draw up strategies and plans on borrowings and debt repayment at home and abroad for submission to the Government; to promulgate legal documents on finance and budget according to its competence;
2. To assume the prime responsibility and coordinate with the ministries, the ministerial-level agencies, the Government-attached agencies, other central agencies and the provincial-level People's Committees in the elaboration of allocation norms and the State budget expenditure regulations, criteria and norms, the accounting and settlement regime, the financial-budgetary reporting and publicity regimes and submit them to the Government for stipulations or stipulate according to the decentralization by the Government for unified implementation throughout the country;
3. To assume the prime responsibility and coordinate with the ministries, ministerial-level agencies, Government-attached agencies, other central agencies and the provincial-level People's Committees in making the State budget estimates and plans on central budget allocation; to organize the State budget implementation; to exercise the unified management and direction over the collection of taxes, charges, fees and other collections of the State budget, international aid



sources; to organize the implementation of State budget expenditures strictly according to the assigned estimates; to make the settlement of the central budget; to synthesize and make State budget estimates for submission to the Government; to organize the management and examination of the use of properties of the State;

4. To examine the regulations on finance and budget of the ministries, the ministerial-level agencies, the People's Councils, the People's Committees and the presidents of the People's Committees at the provincial level; where the provisions in such legal documents are contrary to the Constitution, laws, resolutions of the National Assembly, ordinances, resolutions of the National Assembly Standing Committee and documents of superior State management agencies, it is entitled to propose the ministers, the heads of the ministerial-level agencies to suspend the implementation or annul the regulations of ministries or ministerial-level agencies; propose the Prime Minister to suspend the implementation of the resolutions of the provincial-level People's Councils; to suspend the implementation or propose the Prime Minister to annul the regulations of the People's Committees and presidents of the People's Committees at the provincial level;

5. To exercise the unified State management over the Government's borrowings and debt repayment, the country's borrowings and debt repayment;

6. To conduct financial and budgetary inspection and examination, to handle or propose the competent authorities to handle according to law provisions the violations of the financial and budgetary management regimes committed by ministries, ministerial-level agencies, Government-attached agencies, other central agencies, localities, economic organizations, administrative units, non-business units and other subjects, that are obliged to make payment to the State budget and use the State budget;

7. To manage the State budget funds, the State reserve funds and other funds of the State according to law provisions.

**Article 22.** The tasks and powers of the Ministry of Planning and Investment:

1. To submit to the Government the draft plans on socio-economic development of the whole country and the major balances of the national economy, including the balances of finance, money, capital construction investment fund, for use as bases for the elaboration of financial and budgetary plans;

2. To coordinate with the Finance Ministry in making the State budget estimates. To draw up plans on allocation of the central budget in the domain under its management according to the Government's assignment;

3. To coordinate with the Finance Ministry and concerned ministries and branches in examining and evaluating the efficiency of capital invested in capital construction projects.

**Article 23.** The tasks and powers of the State Bank of Vietnam:

1. To coordinate with the Finance Ministry in drawing up strategies and plans on domestic and foreign borrowings as well as debt repayment, in elaborating and deploying plans on borrowings to make up for State budget deficits;

2. To make advance payment to the State budget to handle the temporary deficits of the State budget fund under the Prime Minister's decisions.

**Article 24.** The tasks and powers of ministries, ministerial-level agencies, Government-attached

agencies and other central agencies:

1. To elaborate annual budget estimates of their respective agencies;
2. To coordinate with the Finance Ministry in the process of making State budget estimates, plans on central budget allocations and settlement of budgets of their respective branches, domains;
3. To inspect and monitor the budget implementation situation in their respective branches or domains;
4. To report on the situation of implementation and the results of the use of budgets of their respective branches or domains according to the prescribed regimes;
5. To coordinate with the Finance Ministry in working out the regulations, criteria and norms of budget expenditures in their respective branches or domains;
6. To manage, organize the implementation of, and settle their allocated budgets; to ensure the efficient use of the properties assigned by the State.

**Article 25.** The tasks and powers of the People's Councils at all levels:

1. On the basis of the budget revenue and expenditure tasks assigned by the superior authorities and the practical situation in their respective localities, to decide:
  - a) The estimates of State budget revenues in their respective localities, including domestic revenues, revenues from export and import activities, revenues from non-refundable aids;
  - b) The estimates of the local budget revenues, including the budget revenues with 100% enjoyed by the localities, the budget amounts enjoyed by the localities from the revenues divided in percentage, revenues from additional allocations from the superior budgets;
  - c) The estimates of local budget expenditures, including the budget expenditure of their own levels and the local budget expenditures of the subordinate levels, detailed according to various domains of development investment expenditure, regular expenditure, debt repayment expenditure, expenditures on addition to the financial reserve funds and budgetary reserves. The development investment expenditure and regular expenditure include the specific levels of expenditures for the fields of education and training, science and technology;
2. To decide on the allocation of their own-level budget estimates:
  - a) The total expenditure and level for each field;
  - b) The budget expenditure estimate of each agency, unit of their levels according to each field;
  - c) The level of budget addition to each subordinate locality, including the balance addition and targeted addition;
3. To ratify the local budget settlement;
4. To decide on undertakings and measures to deploy the implementation of the local budgets;
5. To decide on the adjustment of local budget estimates in case of necessity;
6. To supervise the implementation of the budgets already decided by the People's Councils;
7. To annul the legal documents on finance and budget of the People's Committees of the same level and the People's Councils of the immediate subordinate level, which are contrary to the

Constitution, laws, resolutions of the National Assembly, ordinances, resolutions of the National Assembly Standing Committee and the legal documents of superior State agencies;

8. For the provincial-level People's Councils, in addition to the tasks and powers prescribed in Clauses 1, 2, 3, 4, 5, 6 and 7 of this Article, they shall also have the following tasks and powers:

- a) To decide on the assignment of revenue sources and expenditure tasks for each budget level in their respective localities according to the provisions at Point c, Clause 2, Article 4 of this Law;
- b) To decide on the percentage of budget division among the budgets of various local administration levels regarding the budget portions enjoyed by the localities from the revenue sources prescribed in Clause 2, Article 30 of this Law and the revenues divided among various local budget levels;
- c) To decide on charge and fee collection and contributions of people under the provisions of law;
- d) To decide on a number of specific budget allocation norms, regimes, criteria and the expenditure norms according to the Government's regulations;
- e) To decide on the levels of capital mobilization according to the regulations in Clause 3, Article 8 of this Law.

**Article 26.** The tasks and powers of the People's Committees of all levels:

1. To make local budget estimates and plans on allocation of the budgets of their respective levels according to norms prescribed in Clauses 1 and 2 of Article 25 of this Law; to estimate the local budget adjustments in case of necessity, submit them to the People's Councils of the same level for decision and report thereon to the immediate superior State administrative agencies and finance agencies.
2. To make local budget settlements and submit them to the People's Councils of the same level for ratification and report thereon to the immediate superior State administrative agencies and finance agencies;
3. To examine the financial-budgetary resolutions of the subordinate People's Councils;
4. On the basis of the resolutions of the People's Councils of the same level, to decide on the assignment of budget revenue and expenditure tasks to each attached agency, unit; the revenue and expenditure tasks as well as level of addition to the subordinate budgets and the percentage of revenues divided among local budgets of various levels; to prescribe the principles for arrangement and direction of the implementation of budget estimates for a number of expenditure domains decided by the People's Councils according to the provisions at Point c, Clause 1, Article 25 of this Law;
5. To organize and inspect the implementation of their local budgets;
6. To coordinate with the superior State agencies in managing the State budget in their respective localities;
7. To report on the State budget according to the provisions of law;
8. For the provincial-level People's Committees, in addition to the tasks and powers prescribed in Clauses 1, 2, 3, 4, 5, 6 and 7 of this Article, they shall also have the tasks of elaborating and submitting to the People's Councils of the same level for decision matters prescribed in Clause 8,

Article 25 of this Law;

9. To direct the local finance agencies to assume the prime responsibility and coordinate with concerned agencies in assisting the People's Committees to perform their tasks specified in Clauses 1, 2, 3, 4, 5, 6, 7 and 8 of this Article.

**Article 27.** The tasks and powers of the budget-estimating units:

1. To organize the elaboration of budget revenue and expenditure estimates within their management scope, to allocate budget estimates assigned by competent authorities to their attached units and readjust budget estimate allocation according to competence;
2. To organize the implementation of assigned budget revenue and expenditure estimates; to remit in full and on time amounts payable into the budget as provided for by law; to make expenditures strictly according to regulations, for the right purposes, for the right subjects and economically; to manage and use the State's properties for attached units strictly according to the prescribed regime;
3. To direct and examine the implementation of budget revenues and expenditures for attached units;
4. To strictly abide by the law provisions on accounting and statistics; to report on, settle and publicize budget according to the provisions of law; to approve the settlements for subordinate estimating units;
5. For estimating units being non-business units, in addition to the tasks and powers prescribed in Clauses 1, 2, 3 and 4 of this Article, they may take initiative in using the non-business revenue sources for developing, raising the quality and efficiency of, operation according to the Government's regulations.

**Article 28.** Organizations and individuals shall have the responsibilities and obligations:

1. To pay in full and on time various taxes, charges, fees and other payable amounts into the budget as provided for by law;
2. In cases where they are provided by the state with subsidies, support in capital and funds according to the assigned estimates, they shall have to manage and use those capital and fund amounts for the right purposes, strictly according to regulations, economically and efficiently, and settle them with the finance agencies;
3. To strictly abide by the law provisions on budget accounting, statistics and publicity.

**Article 29.** The ministers, the heads of the ministerial-level agencies, the Government-attached agencies and other central agencies, the presidents of the People's Committees of all levels shall organize the performance of assigned tasks and the exercise of delegated powers in the finance-budget field and be accountable for errors and violations within their management scope.

### **Chapter III**

#### **REVENUE SOURCES, EXPENDITURE TASKS OF THE BUDGETS OF ALL LEVELS**

**Article 30.** The central budget's revenue sources include:

1. The revenues enjoyed 100% by the central budget:

- a) The value added tax on import goods;
- b) The export tax, import tax;
- c) The special consumption tax on import goods;
- d) The enterprise income tax of the units applying the entire-branch accounting;
- e) Other taxes and revenues from oil and gas under the regulations of the Government;
- f) The retrieved money of central budget capital at economic organizations, the retrieved money of central budget loans (both principal and interest), revenue from the central financial reserve fund, income from the State's contributed capital;
- g) Non-refundable aids of the Governments of other countries, international organizations, other organizations and individuals in foreign countries, to the Vietnamese Government;
- h) Amounts of charges and fees remittable into the central budget;
- i) Central budget remainder;
- j) Other revenues as prescribed by law.

2. Revenues divided in percentage between the central budget and the local budgets:

- a) The value added tax, excluding the value added tax on import goods as provided for at Point a, Clause 1 of this Article;
- b) The enterprise income tax, excluding the enterprise income tax of the units which apply the entire-branch accounting as provided for at Point d, Clause 1 of this Article;
- c) The income tax on high-income earners;
- d) Tax on transfer of profits abroad, excluding tax on overseas transfer of profits from oil and gas domains as provided for at Point e, Clause 1 of this Article;
- e) The special consumption tax on domestic goods and services;
- f) The petrol and oil charges.

**Article 31.** The central budget's expenditure tasks shall include:

1. Development investment expenditure:

- a) Expenditure on the construction of centrally-managed socio-economic infrastructure projects with capital irrecoverable;
- b) Investment in and support for enterprises, economic organizations and financial organizations of the State; contributions of stock or joint-venture capital to enterprises in domains requiring the State's participation;
- c) Expenditure on addition to the State reserves;
- d) Other expenditures as provided for by law.

2. Regular expenditures on:

- a) Non-business activities in the fields of education and training, health care, social affairs, culture and information, art and literature, physical training and sports, science and technology,

- environment, and other non-business activities managed by central agencies;
- b) Non-business economic activities managed by central agencies;
  - c) National defense, security and social order and safety, excluding the portion allocated to the locality;
  - d) Activities of the central agencies of the State, the Communist Party of Vietnam and socio-political organizations;
  - e) Price subsidies under the State's policies;
  - f) National programs executed by the central government;
  - g) Support for the social insurance fund as provided for by the Government;
  - h) Subsidies for social policy beneficiaries managed by the central government;
  - i) Support for political, socio-professional organizations, social organizations, socio-professional organizations at the central level under the provisions of law;
  - j) Other expenditures as prescribed by law.
- 3. Payment of debts, both principal and interest thereon, borrowed by the Government;
  - 4. Expenditures on aid;
  - 5. Loans provided under the provisions of law;
  - 6. Expenditures on addition to the financial reserves of the central government;
  - 7. Expenditures on addition to the local budgets.

**Article 32.** The sources of local budget revenues shall include:

- 1. Revenues enjoyed 100% by the local budgets:
  - a) Land and house tax;
  - b) Natural resource tax, excluding natural resource tax collected from oil and gas;
  - c) The license tax;
  - d) The land use right transfer tax;
  - e) The agricultural land use tax;
  - f) The land use levy;
  - g) The land rent;
  - h) Proceeds from the lease and/or sale of State-owned houses;
  - i) Registration fees;
  - j) Revenue from construction lottery;
  - k) Retrieval of local budget capital at economic organizations, revenue from the local financial reserve funds, income from contributed capital of the localities;
  - l) Non-refundable aid of international organizations, other organizations and individuals in foreign countries, provided directly to the localities;

- m) Charges, fees, revenues from non-business activities and other revenues payable into the local budgets under the provisions of law;
  - n) Revenue from public land funds and other yields from public properties;
  - o) Money mobilized from organizations and individuals according to the provisions of law;
  - p) Voluntary contributions of organizations and individuals inside and outside the country;
  - q) Local budget remainders as provided for in Article 63 of this Law;
  - r) Other revenues as prescribed by law;
2. Revenues divided in percentage between the central budget and the local budgets under the provisions in Clause 2, Article 30 of this Law;
  3. Additional allocations from the central budget;
  4. Revenues from investment mobilization for construction of infrastructure projects as provided for in Clause 3, Article 8 of this Law.

**Article 33.** The expenditure tasks of the local budgets shall include:

1. Expenditure on development investment:
  - a) Investment in the construction of socio-economic infrastructure projects managed by the localities;
  - b) Investment in and support for enterprises, economic organizations and financial organizations of the State according to the provisions of law;
  - c) Other expenditures as provided for by law.
2. Regular expenditures on:
  - a) Non-business economic activities in the fields of education and training, health care, social affairs, culture and information, art and literature, physical training and sports, science and technology, environment, and other non-business activities managed by the localities;
  - b) National defense, security and social order and safety (the portion allocated to the localities);
  - c) Activities of the State agencies, the agencies of the Communist Party of Vietnam and the socio-political organizations in the localities;
  - d) Support for political, socio-professional organizations, social organizations, socio-professional organizations in the localities under the provisions of law;
  - e) The implementation of social policies for subjects managed by the localities;
  - f) The national programs assigned by the Government to the localities for management;
  - g) Price subsidies under the State's policies;
  - h) Other expenditures as provided for by law.
3. Payment for the money, both principal and interest, mobilized for investment as provided for in Clause 3, Article 8 of this Law;
4. Addition to the provincial-level financial reserve funds;

## 5. Additional allocations to subordinate budgets.

### **Article 34.**

1. Basing themselves on the revenue sources and expenditure tasks of the local budgets as prescribed in Articles 32 and 33 of this Law, the provincial-level People's Councils shall decide on the concrete decentralization of the revenue sources and expenditure tasks to the local administration's budget of each level on the principles:

a) It is in line with the decentralization of the socio-economic, defense and security tasks for each domain and the economic, geographical and population characteristics of each region as well as the managerial level of the localities;

b) Among the revenue sources of the commune or district township budgets, the commune and district township budgets shall enjoy at least 70% of the revenue from tax on land use right transfer; land and house tax; license tax collected from business individuals and households; agricultural land use tax collected from family households; land and house registration fees;

c) Among the revenue sources of the provincial capitals' and towns' budgets, the provincial capitals' and towns' budgets shall enjoy at least 50% of the registration fees, excluding the house and land registration fees;

d) In the decentralization of expenditure tasks to the provincial capitals and towns, there must be the task of expenditure on the construction of public general education schools at all levels, the public lighting, water supply and drainage, urban traffic, urban sanitation and other public welfare projects.

2. Basing themselves on the percentage of the divided revenues, assigned by the Prime Minister and the revenue sources enjoyed 100% by the local budgets, the provincial-level People's Councils shall decide on the percentage of revenues divided among the local administration's budgets of various levels.

**Article 35.** Apart from the revenues assigned under the provisions in Article 34 of this Law, the commune, district-township, provincial-capital or town administrations may mobilize contributions from organizations and individuals for investment in the construction of infrastructure projects of the communes, district townships, provincial capitals and towns on the principle of voluntariness. The mobilization, management and use of these contributions must be made public, inspected and controlled and ensure the right purposes and comply with the regimes prescribed by law.

### **Article 36.**

1. The local budgets are entitled to use the sources of revenue they enjoy 100%, the revenue divided in percentage regarding the divided revenues and the additional allocation from the superior budget for their budget revenue and expenditure balance, ensuring the assigned socio-economic, defense and security tasks.

2. The percentage of the divided revenue and the additional allocation for balance shall be determined on the basis of calculating the revenue sources and expenditure tasks prescribed in Articles 30, 31, 32 and 33 of this Law according to the budget revenue regimes, the budget allocation norms and the budget expenditure regimes, criteria and norms according to the criteria on population, natural conditions as well as socio-economic conditions of each region, paying



attention to deep-lying and remote areas, former revolutionary bases, ethnic minority people areas and other difficulty-hit regions.

3. The superior budgets shall provide targeted additional allocations to support the subordinate budgets upon the appearance of necessary important tasks which cannot be satisfied even after the rearrangement of budgets, the use of reserve budgets and/or financial reserves.

## **Chapter IV**

### **STATE BUDGET ESTIMATION**

#### ***Article 37.***

1. The annual State budget estimates shall be made on the basis of the tasks of socio-economic development and defense as well as security maintenance.

2. The revenues in the budget estimates must be determined on the basis of economic growth, relevant norms and law provisions on budget revenues.

3. The expenditures in the budget estimates must be determined on the basis of the socio-economic development as well as defense and security maintenance objectives. For development investment expenditures, the estimation thereof must be based on the investment planning, programs and projects already decided by competent authorities, prioritizing the adequate supply of capital in line with the tempo of implementation of programs, projects. For the current expenditures, the estimation thereof must be based on the sources of revenues from taxes, charges and fees and comply with the regimes, criteria and norms set by competent State agencies. For debt repayments, it must be based on the debt repayment obligations of the estimating year.

4. The decision on important policies, regimes and/or tasks and the approval of the State budget-financed programs and projects must conform to the annual budget capability and the five-year financial plan.

5. The State budget estimates shall be elaborated and synthesized from the budget-collecting agencies and budget- using units, ensuring the set schedule and prescribed forms and tables.

#### ***Article 38.***

1. Annually, the Prime Minister shall decide on the elaboration of the socio-economic development plan and State budget estimates for the following year.

2. Basing itself on the Prime Minister's decision, the Finance Ministry shall guide the requirements, contents and time-limit for making the State budget estimates; notify the inspection number of estimates regarding the total estimate, and estimate for each budget revenue and expenditure domain for the ministries, the ministerial-level agencies, the Government- attached agencies and other central agencies and the total revenue, expenditure, a number of important expenditure domains for each province and centrally-run city.

3. Basing themselves on the decisions of the Prime Minister and the guidance of the Finance Ministry, the provincial-level People's Committees shall guide the estimation of budgets of various levels in their localities.

#### ***Article 39.***

1. Agencies and units which have responsibility in the budget revenues and expenditures must

organize the estimation of budget revenues and expenditures within the scope of their assigned tasks and report thereon to their superior managing agencies which shall consider and synthesize them for report to the finance agencies of the same level.

2. The provincial-level People's Committees shall make the local budget estimates and report them to the Standing Boards of the provincial-level People's Councils for consideration and comments and send to the Finance Ministry and the concerned agencies for synthesizing and making the State budget estimates for submission to the Government.

**Article 40.**

1. The Finance Ministry has the responsibility to examine and appraise the budget estimates of the ministries, the ministerial-level agencies, the Government-attached agencies and other central agencies, the budget estimates of the localities; to assume the prime responsibility and coordinate with the branch- or field- managing agencies in synthesizing and making the State budget estimates, making plans on central budget allocation according to the norms prescribed in Clauses 3 and 4 of Article 15 of this Law for submission to the Government.

2. The finance agencies of all levels in the localities shall have the responsibility to consider the budget estimates of the agencies and units of the same level, the estimates of the subordinate budget levels; take initiative in coordinating with the concerned agencies in synthesizing and making the local budgets, the plans on allocation of the budgets of their levels according to the norms prescribed in Clauses 1 and 2, Article 25 of this Law for report thereon to the People's Committees which shall submit them to the People's Councils of the same level.

**Article 41.** In the process of synthesizing and making the budget estimates, the finance agencies of various levels have the responsibility:

1. To work with the budget-estimating agencies or units of the same level in order to adjust points which are deemed necessary in the budget estimates;

2. To work with the immediate subordinate People's Committees in order to adjust points which are deemed necessary in the local budget estimates for the first year of the budget stability period; for the subsequent years of the budget stability period, the finance agencies shall organize working sessions with the immediate subordinate People's Committees when so requested by the latter;

3. In the course of working on, making the State budget estimates and elaborating central budget allocation plans, if there appears the divergence of opinions between the Finance Ministry and other ministries, ministerial-level agencies, Government-attached agencies, other central agencies or localities, the Finance Ministry must report to the Government or the Prime Minister the divergent opinions for decision according to competence. This principle shall also apply to the process of making budget estimates and elaborating plans on budget allocations in localities.

**Article 42.** The State budget estimates and plans on central budget allocations presented to the National Assembly by the Government must be accompanied with documents on the following:

1. The previous year's State budget implementation situation, the bases for elaboration of State budget estimates as well as the allocation of the central budget and the basic contents as well as solutions aiming to implement the State budget estimates;

2. The State budget expenditure tasks, clearly stating the objectives and important programs of

the national economy and the Party's and the State's major policies related to the State budget;

3. The State budget revenue tasks, enclosed with solutions aiming to mobilize revenue sources for the State budget;
4. The State budget deficits and sources to make up therefor; the deficit proportion to the gross domestic products;
5. The report on the State's debts, clearly stating the due debts, overdue debts, the interest amounts to be paid in the year, the debts which will arise due to additional borrowings to offset the State budget deficits, debts which can be repaid in the year and the debt amounts by the end of the year;
6. Concrete policies and measures to stabilize the finance and State budget;
7. The list, and implementation tempo of, and the plan year's investment estimates for, key national projects or works financed by the State budget and already approved by the National Assembly;
8. The expenditure estimate of each ministry, ministerial-level agency, Government-attached agency or other central agency according to each domain; the revenue and expenditure tasks, the percentage of divided revenues and the additional allocations from the central budget to each provincial/municipal budget;
9. Other documents to clearly explain the State budget revenue and expenditure estimates and plans on allocation of the central budget.

**Article 43.** The State budget estimate and the plan on central budget allocation of the following year must be sent to the National Assembly deputies at least ten days before the National Assembly session of the end of the current year opens.

**Article 44.** The necessary documents which must be submitted together with the local budget estimates shall be stipulated by the Government.

**Article 45.**

1. The National Assembly shall decide on the next year's State budget estimates and plan on central budget allocation before November 15 of the current year.
2. On the basis of the National Assembly's resolutions on the State budget estimates and the central budget allocations, the National Assembly Standing Committee's resolutions on the percentage of the divided revenues, the Prime Minister shall assign the revenue and expenditure tasks to each ministry, ministerial-level agency, Government-attached agency, other central agency, the revenue and expenditure tasks as well as the percentage of the divided revenues as well as the additional allocations from the central budget for each province or centrally-run city. Basing themselves on the budget revenue and expenditure tasks assigned by the superiors, the People's Committees at all levels shall have to make the local budget estimates and plans on allocation of budgets of their respective level and submit them to the People's Councils of the same level for decision and report them to the immediate superior State administrative agencies and finance bodies.
3. The provincial-level People's Councils shall decide on the next year's local budget estimates and allocation of the provincial-level budgets before December 10 of the current year. The subordinate People's Councils shall decide on the next year's local budget estimates and

allocations of budgets of their levels within ten days at most after the immediate superior People's Councils decide on the budget estimates and allocations.

4. Where the State budget estimates and central budget allocation plan are not yet decided by the National Assembly, the Government shall remake the State budget estimates as well as the plan on central budget allocation for submission to the National Assembly at the time to be decided by the National Assembly.

5. Where the local budget estimates and plans on local budget allocation are not yet decided by the People's Councils, the People's Committees shall remake the local budget estimates and plans on allocation of the budgets of their respective levels for submission to the People's Councils at the time to be decided by the People's Councils, which must, however, not be later than the time limit prescribed by the Government.

**Article 46.** In the course of discussing and deciding on the State budget estimates and budget allocations in the National Assembly or the People's Councils, when deciding to increase the expenditures or add new expenditures, the National Assembly or the People's Councils shall simultaneously consider and decide measures to ensure the budget balance.

**Article 47.** The Prime Minister shall have the right to request the provincial-level People's Councils to readjust budget estimates if the arrangement of the local budgets is not compatible with the National Assembly's decision.

The presidents of the People's Committees shall have the right to request the People's Councils of lower levels to readjust the budget estimates if the arrangement of the local budgets is not compatible with decisions of the superior People's Councils.

**Article 48.** On the basis of the resolutions of the National Assembly or the People's Councils on budget estimates and allocations, the Government shall decide on measures to organize and administer the State budget and central budget, and the People's Committees shall decide on measures to organize and administer the local budgets and the budgets of their respective levels.

**Article 49.** The adjustment of budget estimates shall comply with the following regulations:

1. In case of big budget changes as compared to the allocated estimates, requiring an overall adjustment, the Government shall make the adjusted State budget estimates for submission to the National Assembly and the People's Committees shall make the adjusted local budget estimates for submission to the People's Councils according to the budget-elaborating and deciding process prescribed in this Law;

2. In case of urgent defense and/or security requirements due to objective reasons, which require the adjustment of revenue and expenditure tasks of a number of agencies, units and/or localities but do not cause big changes in the overall budget structure, the Government shall submit to the National Assembly Standing Committee for decision the adjustment of State budget estimates and report such to the National Assembly, and the People's Committees shall submit to the People's Councils for decision the adjustment of local budget estimates.

## Chapter V

### IMPLEMENTATION OF STATE BUDGET

**Article 50.**

1. After being assigned the budget estimates by the Prime Minister or the People's Committees,

the State agencies at the central and local levels and the budget- estimating units shall have the responsibility to allocate and assign budget estimates to their attached budget-using units, ensuring the compliance with the assigned budget estimates in terms of the total and details according to each expenditure domain, and concurrently send the reports thereon to the finance agencies of the same level. The finance agencies shall have to examine them and request the readjustments if finding that the allocations and assignments are not compatible with the assigned budget estimates, not compliant with the policies, regimes, criteria and norms.

2. The allocation and assignment of budget estimates to budget-using units must be completed before December 31 of the preceding year, except for cases prescribed in Clauses 4 and 5 of Article 45 of this Law.

***Article 51.***

1. In case of necessity, the agencies, organizations and/or units, which are assigned budget estimates by the Prime Minister or the People’s Committees may adjust the budget estimates for their attached units within the total amounts and details according to each assigned field, after reaching agreement with the finance agencies of the same level.

2. Besides the agencies competent to assign budgets, no organizations or individuals are allowed to change the assigned budget tasks.

***Article 52.*** In cases where at the beginning of the budget year the budget estimates and budget allocation plans have not yet been decided by competent State agencies as provided for in Clauses 4 and 5 of Article 45 of this Law, the finance agencies of all levels are allowed to temporarily allocate funds to satisfy demands which cannot be delayed till the budget estimates and budget allocation plans are decided.

***Article 53.***

1. The agencies and organizations shall, within the scope of their tasks and powers, have the responsibility to work out necessary measures to ensure the fulfillment of the assigned budget revenue and expenditure tasks, to practice thrift, combat wastefulness, combat corruption; to strictly observe the financial disciplines.

2. All organizations and individuals shall have to fulfill their obligations to make remittances into the budget strictly according to the provisions of law; to use the State budget funds for the right purposes, strictly according to regimes, in an economical and efficient manner.

***Article 54.***

1 Only the finance agencies, tax agencies, customs agencies and other agencies which are tasked by the State to collect budget (referred collectively to as the collecting agencies) are entitled to organize the State budget collection.

2. The collecting agencies shall have the following tasks and powers:

a) To coordinate with the concerned State agencies in organizing the collection in strict accordance with law; to submit to the direction and inspection by the People’s Committees and the supervision by the People’s Councils regarding the work of local budget collection; to coordinate with Vietnam Fatherland Front and its member organizations in propagating and mobilizing organizations and individuals to strictly fulfill their obligations to make budget remittances according to the provisions of this Law and other law provisions;

b) To manage and effect the collection of taxes and other State budget-payable amounts remitted by organizations and individuals;

c) To examine and control sources of State budget revenues; inspect the observance of State budget collection and remittance and handle acts of violation according to law provisions.

3. All the budget collections must be remitted directly into the State treasuries. For special cases, the collecting agencies are allowed to organize the direct collection, but must remit them in full and on time into the State treasuries according to the regulations of Finance Minister.

***Article 55.***

1. The collecting agencies at all levels shall, within the scope of their tasks and powers, have to responsibility to urge and inspect organizations and individuals, that are obliged to make budget remittances, to remit in full and on time all amounts payable into the State budget.

2. Where organizations and/or individuals, for objective reasons, cannot remit on time the amounts payable into the State budget, they shall have to report such to the competent agencies and may delay the remittances only when so permitted by the competent agencies. If organizations and/or individuals delay the remittances without permission, on the basis of the requests of the collecting agencies, banks and State treasuries must deduct money from the deposit accounts of such organizations and/or individuals for remittance into the State budget or apply other administrative measures to collect money for the budget.

***Article 56.*** Basing themselves on the assigned State budget estimates and the task-performance requirements, the heads of the budget-using units shall send decisions on expenditures to the State treasuries. The State treasuries shall examine the legality of necessary documents according to law provisions and effect budget expenditures by mode of direct payment when all the conditions prescribed in Clause 2, Article 5 of this Law are fully met. The Finance Minister shall guide in detail this payment mode in conformity with the practical conditions.

***Article 57.***

1. The regular expenditures shall be periodically arranged with funds in the year; occasional expenditures or big procurements shall be included in the quarterly expenditure estimates for implementation.

2. The development investment expenditures must be fully supplied in accordance with the implementation tempo within the assigned estimates.

3. For urgent projects or expenditure tasks, advance of estimates shall be made for the implementation thereof.

***Article 58.***

1. The heads of the budget-using units shall be responsible for the management and use of the State budget and properties strictly according to policies, regimes, criteria, norms and assigned estimates; if they commit violations, they shall be handled according to the provisions in Article 73 of this Law. The persons in charge of the financial and accounting work at the budget-using units shall have the responsibility to observe the financial and budgetary management regime and the accounting regime of the State; to conduct regular and periodical inspection in order to detect, prevent cases of violations and propose the unit heads and finance agencies of the same level to handle such violations.

2. The heads of the State treasuries are entitled to reject the settlement and payment of expenditures which fail to satisfy the conditions prescribed in Clause 2, Article 5 of this Law and take responsibility for their decisions.

3. The finance agencies shall have to arrange sources for timely implementation of estimated expenditures, to inspect the expenditure implementation and have the right to temporarily stop the expenditures in excess of the permitted sources or in contravention of policies, regimes, criteria; have the right to request the estimate-assigning agencies to adjust expenditure tasks and/or estimates of their attached units in order to ensure the budget implementation in accordance with the set objectives and schedules.

**Article 59.** In the course of State budget implementation, if there appear any changes in revenues and/or expenditures, they shall be handled as follows:

1. The revenue increases and expenditure savings as compared to the assigned estimates can be used to reduce the overspending, increase debt repayment expenditure, increase development investment expenditure, supplement the financial reserve funds and/or to increase the budget reserves. The Government shall project the use plan for each expenditure task and report it to the National Assembly Standing Committee for comments before the implementation thereof; the People's Committees shall project the use plan for each expenditure task, reach agreement with the Standing Boards of the People's Councils before the implementation thereof; for the commune level, the People's Committees shall reach agreement with the chairmen and vice-chairmen of the People's Councils before the implementation thereof;

2. Where the revenues fail to reach the estimates decided by the National Assembly or the People's Councils, the Government shall report thereon to the National Assembly Standing Committee and the People's Committees shall report thereon to the Standing Boards of the People's Councils; for the commune level, the People's Committees shall report thereon to the People's Councils for adjustment by reducing a number of corresponding expenditures;

3. Where there are demands to make unexpected expenditures beyond the estimates, which cannot be delayed and satisfied by the budget reserves, the Prime Minister or the People's Committee presidents shall have to rearrange the expenditures within the assigned estimates or use the reserve sources to satisfy such unexpected expenditure demands according to the provisions in Clause 2, Article 9 of this Law;

4. In cases where there are big revenue and/or expenditure changes as compared to the already decided estimates, which require the overall adjustment, the Government shall submit to the National Assembly and the People's Committees shall submit to the People's Councils of the same level for decision the budget adjustment according to the provisions in Clause 1, Article 49 of this Law;

5. Annually, in cases where there is an increase in the central budget revenue as compared to the estimate from the revenues divided between the central budget and the local budgets, the Government shall decide to deduct a portion not exceeding 30% of the revenue increase over the estimate to reward the local budgets, which, however, shall not exceed the revenue increase over the preceding year's implemented level.

Basing themselves on the reward level decided by the Government, the provincial-level People's Committees shall report to the People's Councils of the same level for decision on the use of over-collection reward amounts they have enjoyed for investment in the construction of

infrastructure projects, the performance of important tasks and rewards to the subordinate budgets;

6. Periodically, the Government shall report to the National Assembly Standing Committee, the People's Committees shall report to the Standing Boards of the People's Councils, and for the commune-level, the People's Committees shall report to the People's Councils, on the situation of implementation of the provisions in Clauses 1,2,3 and 5 of this Article;

7. In cases where the State budget fund suffers from temporary deficit, the advance from the financial reserve fund and other lawful financial sources shall be made in order to handle it; particularly for the central budget, if the financial reserve fund and other lawful financial sources cannot meet the requirement, the State Bank shall make advance for the central budget under the Prime Minister's decision. The advance from the State Bank must be refunded in the budget year, except for special cases to be decided by the National Assembly Standing Committee.

**Article 60.**

1. Organizations and individuals, that are obliged to make budget payments or use the State budget, shall have the task of periodically reporting on the situation of budget revenue and expenditure implementation, and making accounting report, settlement and other financial reports as provided for by law.

2. The finance agencies of the same level are entitled to temporarily suspend the budget expenditures of organizations and/or individuals that fail to strictly comply with the regimes on accounting report, settlement and other financial reports and take responsibility for their decisions.

## **Chapter VI**

### **ACCOUNTING, AUDITING AND SETTLEMENT OF STATE BUDGET**

**Article 61.**

1. Organizations and individuals having the State budget revenue and expenditure tasks must organize the accounting, reporting and settlement thereof strictly according to the accounting regimes of the State.

2. The State treasuries shall organize the accounting of the State budget; periodically report on the implementation of the budget revenue and expenditure estimates to the finance agencies of the same level and the concerned State agencies.

The Finance Minister shall specify the regime of State budget accounting and the regime of financial report.

**Article 62.**

1. At the end of the budget year, the Finance Minister shall guide the closure of the accounting books and the making of budget settlement reports strictly according to the contents inscribed in the assigned annual estimates and the State Budget Contents.

2. All the revenues of the preceding years' budget remitted in the current year must be accounted into the budgets of the current year. The budget expenditures, which, by December 31, have not yet been implemented or spent out, can be further implemented, if so permitted by the competent agencies, in the subsequent year during the time of adjusting the settlement and accounting the



settlement into the current year's budget expenditures; if sources are transferred for implementation, they shall be accounted into the subsequent year's budget.

**Article 63.** The remainder of the central budget or the provincial-level budget may be deducted with 50% for transfer into the financial reserve fund and 50% for transfer into the subsequent year's budget; if the financial reserve fund reaches the ceiling, the remainder shall be transferred into the subsequent year's budget revenue. The remainders of the local budgets of other levels shall be transferred into the subsequent year's budget revenue.

**Article 64.**

1. Basing themselves on the Finance Minister's guidance, the heads of the units with budget revenue and expenditure tasks shall make the settlement of their units' budget revenues and expenditures and send them to the superior management agencies.

2. For investment projects on capital construction, the investors shall have to make the settlement reports on the situation of using the budget capital in the year when the budget year ends; and to make and report on the settlement of the projects according to the provisions of law when the projects are completed.

3. The settlement figures must be compared and certified by the State treasuries where transactions are conducted.

4. The heads of the superior estimating units shall have the responsibility:

a) To examine and approve the budget revenue and expenditure settlements of their attached units, take responsibility for the approved settlements. To make settlement of budget revenues and expenditures within their respective management scope and submit them to the finance agencies of the same level;

b) To examine the procurement, management and use of the State properties by attached units;

c) For large-scale projects, tasks, to request the State Audit to audit or use the auditing service to acquire more grounds for consideration and approval of settlement according to the regulations of the Government.

**Article 65.**

1. The finance agencies of various levels in localities shall appraise the budget revenue and expenditure settlements of the agencies of the same levels and budget settlements of the lower levels, sum up and make local budget settlements for submission to the People's Committees of the same levels so that the latter consider and submit to the People's Councils of the same level for ratification and report to the State administrative agencies and the immediate superior finance agencies.

2. The Finance Ministry shall appraise the budget revenue and expenditure settlements of the ministries, ministerial-level agencies, Government-attached agencies and other central agencies and the local budget settlements; synthesize and make the State budget settlement for submission to the Government.

3. In the course of appraising the settlements, if detecting errors, the finance agencies are entitled to request the settlement-approving agencies to adjust them properly, and at the same time handle or propose the handling of, violations according to law provisions. Where local budget settlements contain errors, the superior finance agencies are entitled to request the People's

Committees to report to the People's Council for appropriate adjustments, and at the same time handle, or propose the handling of, violations according to law provisions.

**Article 66.**

1. The State Audit shall conduct the auditing and determine the truthfulness and legality of State budget settlement reports of various levels, concerned agencies and units as provided for by law.
2. When performing its tasks, the State Audit is entitled to be independent and held responsible before law for its auditing conclusions; in case of necessity, the State Audit may request functional agencies to coordinate activities to perform its assigned tasks.
3. The State Audit shall have to report the auditing results to the National Assembly, the National Assembly Standing Committee, the Government and other agencies according to law provisions; and conduct auditing when the National Assembly, the National Assembly Standing Committee or the Government so requests.
4. The auditing of budget settlements shall be carried out before the National Assembly and the People's Councils ratify the settlements; in cases where the auditing is carried out after the National Assembly and/or People's Councils ratify the settlements, the provisions of law shall be complied with.

**Article 67.**

1. The National Assembly shall ratify the State budget settlement within no more than 18 months and the provincial-level People's Councils shall ratify the local budget settlements within no more than 12 months after the end of the budget year; the provincial-level People's Councils shall prescribe the time limits for ratification of the budget settlements of the lower-level People's Councils within no more than 6 months after the end of the budget year.
2. In cases where the budget settlements are not yet ratified by the National Assembly or the People's Councils, the Government or the People's Committees, within the scope of their respective tasks and powers, and the State Audit which has already audited them, shall have to continue to clarify matters requested by the National Assembly or the People's Councils for submission to the National Assembly or the People's Councils at the time decided by the National Assembly or the People's Councils.

**Article 68.** In the process of making, approving, appraising the budget revenue and expenditure settlements, the following requirements must be satisfied:

1. Amounts collected in contravention of law must be returned to the paying organizations and/or individuals; the collectible amounts which have not yet been collected must be fully collected for the State budget;
2. Amounts spent in contravention of law must be fully recovered for the State budget.

## **Chapter VII**

### **EXAMINATION, INSPECTION, COMMENDATION AND HANDLING OF VIOLATIONS**

**Article 69.** Within the scope of their tasks and powers, the State management agencies and budget-estimating units shall have to examine the implementation of the regimes of budget revenue, expenditure and management, State property management.

**Article 70.**

1. The Finance Inspectorate shall have the tasks to inspect the observance of legislation on budget revenue, expenditure and management and State property management by organizations and individuals.

When conducting the inspection, the Finance Inspectorate is entitled to request organizations and individuals to produce relevant dossiers and documents; if detecting violations, it has the right to propose the competent agencies to recover for the State budget amounts spent not in accordance with the regulations and the collectible amounts as provided for. Depending on the nature and seriousness of the violations, the Finance Inspectorate is entitled to handle or propose the competent State bodies to handle the violating organizations and/or individuals according to the provisions of law.

The Finance Inspectorate must bear responsibility for the inspection results.

2. The Government shall specify the tasks, powers and responsibilities of the Finance Inspectorate in inspecting the management and use of the State budget and property.

**Article 71.**

1. Organizations and individuals that record achievements in the State budget implementation shall be commended and/or rewarded according to the provisions of law.

2. The efficient management of budget, the economical use of budget, the increase of development investment, the increase of revenues, the increase of remittances for the higher-level budgets, the decrease of balance additions from the higher-level budgets shall constitute bases for evaluation and commendation/reward.

**Article 72.** The following acts shall be considered acts of violating the legislation on budget:

1. Concealing revenue sources, delaying or failing to perform the obligation of State budget remittance;

2. Exempting, reducing or delaying the budget remittances and using revenue sources in contravention of regulations or not in accordance with competence;

3. Abusing positions or powers to appropriate or cause damage to State budget revenue sources and/or State property;

4. Effecting collection in contravention of law provisions;

5. Making expenditures not in accordance with regimes, not for the right purposes, not in accordance with the assigned budget estimates;

6. Approving settlements in contravention of law provisions;

7. Accounting in contravention of the State's accounting regime and the State Budget Contents;

8. Falsely declaring and/or paying taxes by organizations and/or individuals that are allowed to make self-declaration and payment of taxes or that request the reimbursement of taxes;

9. Managing invoices and vouchers in contravention of regimes; buying, selling, modifying or counterfeiting invoices, vouchers; using invoices and vouchers illegally;

10. Delaying the budget expenditure, budget settlement;

11. Other acts contrary to the provisions of this Law and relevant legal documents.

**Article 73.** Organizations and individuals that commit acts of violating the legislation on budget may, depending on the nature and seriousness of their violations, be disciplined, administratively sanctioned or examined for penal liability; if causing damage, they must pay compensation therefor according to law provisions.

**Article 74.** Organizations and individuals are entitled to complain about, the denounce or take legal actions against acts of violating budget legislation. The complaint, denunciation, lawsuit and the settlement thereof shall comply with the provisions of law.

## **Chapter VIII**

### **IMPLEMENTATION PROVISIONS**

**Article 75.** Based on the provisions of this Law, the Government shall prescribe the management and sue of budget and properties of the State for a number of activities in the fields of defense and security; stipulate a number of particular finance-budget mechanisms for Hanoi capital, Ho Chi Minh City and report them to the National Assembly Standing Committee for comments before the implementation thereof and report thereon to the National Assembly at its nearest session.

**Article 76.** This Law takes implementation effect as from the 2004 budget year. It shall replace the 1996 Law on State Budget and the 1998 Law Amending and Supplementing a number of Articles of the State Budget Law. The previous regulations contrary to this Law shall all be annulled.

The State budget revenues, expenditures and settlement and matters arising from the implementation of State budget before this Law takes implementation effect shall comply with the current legislation.

**Article 77.** The Government shall detail and guide the implementation of this Law.

**THE NATIONAL  
ASSEMBLY**

**CHAIRMAN**

*(signed)*

**Nguyen Van An**