

Democratic Republic of Timor-Leste

**NATIONAL  
PARLIAMENT**

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**Decree no. 56/V  
(Law no. 2/2022)**

**Framework of the General State Budget and public financial management**

Law No. 13/2009, of 21 October, on Budget and Financial Management, enshrined in the legal system of Timor-Leste, for the first time after the approval of the Constitution of the Republic, the legal regime of the General State Budget and the rules governing budget execution and public financial management. This diploma, in response to the needs posed, at that time, by a nascent public administration, outlined a simple budget regime that was heavily concentrated on the State.

After more than a decade since the approval of this diploma, it is now possible to assess its implementation and identify the limitations it presents for the modernization of public finances in Timor-Leste. It is therefore important to establish a new legal framework for the General State Budget and public financial management that responds to the practical needs of budget management in the Public Administrative Sector and that incorporates the best international practices in terms of budgeting and transparency, when appropriate to the context of Timor-Leste.

The present law has two objectives: to speed up public management and, at the same time, increase transparency, responsibility, accountability and control of the services and entities of the Public Administrative Sector.

The achievement of these objectives is expressed through the reinforcement of the transparency of public management by instituting budgeting by programs and by establishing the elaboration of more financial information and on a more regular basis, the clarification of the competences and obligations of each service and entity of the Public Administrative Sector, thus allowing a better determination of responsibilities, the flexibilization of public management rules, allowing their adaptation to the concrete circumstances of each moment, and the promotion of greater budgetary stability through the incorporation of multiannual programming.

As provided for in the Constitution of the Republic, the General State Budget provides for all public revenue and expenditure, that is, all revenue and expenditure of services and entities of the Public Administrative Sector. However, in compliance with the constitutional and legal obligations that provide for the financial autonomy of certain subsectors, namely Social Security and the Special Administrative Region of Oe-Cusse Ambeno, they present autonomous budgets within the General State Budget and are exempt from certain rules applicable to most services and entities.

The creation of an adequate, complete and coherent legal regime makes it necessary to proceed to the definition of several concepts, namely related to the structure of the Public Sector, the different subsectors and budget entities, which dispels conceptual doubts and makes it possible to clarify the perimeter of the General State Budget. In this way, the organizational structure of the Public Administrative Sector is established, from a financial point of view, and the rules applicable to each public entity are established.

The organic growth of administrative structures and the creation of new autonomous entities make it impossible for public management to be almost completely concentrated on members of the Government, as has been the case until now. In this sense, two financial regimes were established for the

Public Administrative Sector services and entities, both attributing a higher degree of management autonomy than the current regimes.

For the first time, the content of each financial regime is defined in detail, thus clarifying the budgetary and financial powers of each entity and the budgetary and financial powers of its management bodies.

As for the budgetary principles, the same principles are maintained with some improvements, with the addition of the principle of economy, efficiency and effectiveness, which should guide public expenditure and allow it to be evaluated in these parameters.

As for budgetary rules, the treasury unit is reinforced, which will increase the efficiency of public money management and maximize its return, and new rules are established regarding the current balance and public debt, to prevent future imbalances in public finances. One of the most important innovations included in this law is budgeting by programs, which changes the logic of defining budget allocations in order to link them to the objectives and measures defined in the annual and medium-term plans of the Public Administrative Sector services and entities. , which will allow a better assessment of the fulfillment of the respective functions.

Budgeting will also be carried out in a multi-annual perspective through the approval of the multi-annual budget programming, which presents the forecasts of revenue and expenditure for the following budget year and for the four subsequent years.

The budget execution and financial management process is clarified, describing in detail all budget operations and identifying the entity responsible for their execution.

The logic centered on prior control is abandoned, which is replaced by a logic of *a posteriori control*, granting greater freedom to the Public Administrative Sector services and entities in the execution of expenditure, but making them politically, financially, disciplinary and criminally responsible for deviations and defaults.

The diploma considerably increases the information that the Government is obliged to present, both within the scope of the draft law of the General State Budget, as well as within the scope of the General State Account, as well as throughout the budget execution. This information conveys a much more accurate picture of public finances and will enable the National Parliament and the Chamber of Auditors to better exercise their monitoring and inspection duties.

Finally, taking into account the delays in the entry into force of previous General State Budget laws, the diploma brings forward the date for the presentation of the proposed law on the General State Budget to 1 October, in order to guarantee its entry into force. in force on 1 January of the following year, with respect to the period for consideration and voting on the draft law by the National Parliament and for consideration and promulgation by the President of the Republic.

In accordance with this, several diplomas are amended, in order to adapt their regimes to this new Framework Law.

Thus, the National Parliament decrees, under the terms of article 95.2(q) of the Constitution of the Republic, to have the following effect as law:

**TITLE I  
INITIAL PROVISIONS**

**CHAPTER I  
PURPOSE AND SCOPE**

**Article 1  
Purpose**

This law establishes the framework for the General State Budget (GSB), the General State Account (GSA) and the budgets and accounts of the subsectors that comprise them, including their preparation,

approval and execution, the financial regime of services and entities of the Public Administrative Sector and the budgetary control and accountability regimes.

**Article 2**  
**Scope of application**

The GSB presents the budget forecasts for the services and entities of the Public Administrative Sector, comprising the Central Administration budget, the Social Security budget and the budget of the Special Administrative Region of Oe-Cusse Ambeno.

**CHAPTER II**  
**BUDGET PRINCIPLES**

**Article 3**  
**Unity and universality**

1. The GSB is unitary, consisting of a single normative act and comprising the universality of the revenues and expenses of the services and entities of the Public Administrative Sector.
2. Public Administrative Sector services and entities cannot collect revenue or perform expenses that are not foreseen or registered in the GSB.

**Article 4**  
**Annual and multiannual**

1. The GSB is annual.
2. The budget year corresponds to the calendar year.
3. Without prejudice to the provisions of paragraph 1, the GSB must be framed in a multi-annual budget strategy that takes into account:
  - a) Macroeconomic data in a medium-term perspective;
  - b) The budgeting of programs in a multi-annual logic;
  - c) The sustainability of public finances and the Social Security system in the short, medium and long term.
4. The provisions of no. 1 do not prejudice the possibility of having a complementary period of budget execution, under the terms foreseen in the decree-law that establishes the rules regarding the execution of the GSB.

**Article 5**  
**Budget stability and sustainability**

The GSB must present a balance or budget surplus, providing the necessary resources to finance all the commitments, assumed or to be assumed.

**Article 6**  
**Economy, efficiency and effectiveness**

The assumption of commitments and expenditure by the Public Administrative Sector services and entities are subject to the principles of economy, efficiency and effectiveness, which consist of using the minimum of resources to ensure quality public services, in the constant attempt to achieve better results with less expense and in the use of the most adequate resources to reach the defined objective.

**Article 7**  
**Transparency**

1. The preparation, approval and execution of the GSB are subject to the principle of transparency.

2. All information regarding budget implementation and execution is public and must be accessible to citizens and to the services and entities responsible for monitoring and inspection, namely the proposed GSB law, the GSB law, the GSA and all amendments to the GSB, as well as all the documents that comprise and accompany them.
3. The information provided under the terms of the previous number must be timely, reliable, complete, updated, understandable and internationally comparable.

**Article 8**  
**Responsibility**

1. The State is responsible for fulfilling the commitments assumed by itself and its services.
2. Legal persons with a legal personality distinct from the State legal person are responsible for fulfilling the commitments they have assumed.
3. Holders of political positions, holders of management and leadership positions and employees of the Public Administrative Sector are responsible for the budget execution operations authorized by them and/or executed by them, under the terms of the law.

**Article 9**  
**Intergenerational Equity**

1. The GSB must ensure the equitable distribution of costs and benefits between generations, not disproportionately burdening future generations.
2. In particular, compliance with the principle of intergenerational equity in relation to the budgetary cost must be verified and justified:
  - a) For public works;
  - b) For investment in human capacity building;
  - c) For financial liabilities;
  - d) For tax expenditure;
  - e) For the State business sector;
  - f) For Public-private partnerships;
  - g) For the Social Security system and other benefits of a social nature.
3. The report and the information elements that accompany the GSB proposed law must present information on the future impacts of the expenses and revenues identified in the previous number.

**Article 10**  
**Budgeting by programs**

1. The GSB is structured in programs.
2. Program budgeting is a structured approach to budget preparation, which links the registration of appropriations in the GSB to their relationship with the programs, subprograms and activities foreseen in the annual plan and in the medium-term plan of the respective Public Administrative Sector service or entity.
3. The structure by programs consists of grouping expenditures by programs, which are general objectives with a view to producing results, whose divisions are called subprograms, which are specific objectives with a view to producing results, and within these activities, which are a set of actions that contribute to the production of results.
4. The programs are linked to the existing national development plan and the Government Program and define general objectives to be achieved.
5. Subprograms are linked to a program and define specific objectives to be achieved.
6. Activities are linked to a subprogram and detail the processes or tasks that must be performed to produce results.

7. Each program, sub-program and activity is accompanied by performance evaluation indicators, which directly measure the performance of the main processes or tasks that make up the program, sub-program or activity.
8. The structure of budget programs has an organic basis.
9. The regulation of the structure of budget programs is approved by government decree.

**Article 11**  
**Specification**

1. The GSB must sufficiently specify the revenues provided for therein and the expenses entered therein.
2. Recipes are specified by organic and economic classifiers.
3. Expenses are specified by organic classifier, by program, by economic classifier and by functional classifier.
4. The organic classification consists of the grouping of income and expenses by the Public Administrative Sector service or entity that collects the income or performs the expense, whose divisions are called titles and, within these, chapters.
5. The economic classification consists of the grouping of income and expenses according to their economic nature, whose divisions are called categories and, within these, items.
6. Functional classification consists of grouping expenditure by different governance functions, whose divisions are called divisions and, within these, groups.
7. The Government may establish additional disaggregation levels for budget classifiers.
8. The Government may establish additional ways of specifying budget information.
9. Budget credits that allow the existence of appropriations for confidential use or for secret funds are null and void, without prejudice to the special regimes for the use of funds legally provided for which are exceptionally justified for reasons of national security.
10. The structure of budget classifiers is approved by government decree.

**Article 12**  
**Non-compensation**

1. The GSB's revenues are estimated by the full amount in which they are evaluated, without any deduction for collection charges or of any other nature, without prejudice to the provisions of paragraphs 3 to 5.
2. The GSB expenses are entered at their full amount and without deduction of any kind, without prejudice to the provisions of the following numbers.
3. The budget entry of the financial flows arising from operations associated with the management of the State treasury, the Social Security treasury, the treasury of the Special Administrative Region of Oe-Cusse Ambeno and the management of the assets portfolio of the Social Security Reserve Fund (SSRF) is performed according to the following rules:
  - a) The income obtained from financial derivative operations is deducted from the current expenses of the same operations, with the respective balance always being recorded as income;
  - b) Interest received on debt securities is deducted from accrued interest paid on the acquisition of the same type of securities, with the respective balance always being recorded as income;
  - c) The expense with financial assets is deducted from the value of the sale of financial assets that preceded it;
  - d) The amounts of income and expenses include the commissions inherent to the operations and other associated costs.

4. The budget entry of tax revenue corresponds to the amounts actually collected deducted from outgoing revenue due to tax benefits and the amounts of refunds and refunds.
5. The provisions of paragraphs 3 and 4 do not affect the individual accounting record of all financial flows, even if merely book-entry, associated with the operations referred to therein.

**Article 13**  
**Non-consignment**

1. The product of an income cannot be used to cover a specific expense.
2. The following are excluded from the provisions of the previous number:
  - a) Revenues allocated to the financing of the Social Security subsector, in the following terms:
    - i) Revenues from the pay-as-you-go and capitalization contributory scheme are used to cover expenses under the contributory scheme;
    - ii) Up to 5% of expected annual income from social contributions is allocated to Social Security administration expenses;
    - iii) Other Social Security revenues are allocated to the responsibilities of the schemes in the budgeted terms.
  - b) Revenues that correspond to transfers from states or foreign bodies, if agreed with them;
  - c) Revenues from donations, inheritances and legacies of individuals that, by their will, must be used to cover certain expenses;
  - d) Revenues that are, exceptionally, in a substantiated manner, and by legislative act, allocated to cover specific expenses.
3. The allocation of revenue by legislative act must be generic and regular in time, be permanent and be included in the legislative act that creates or specifically regulates this type of revenue.

**CHAPTER III**  
**BUDGET RULES**

**Article 14**  
**Treasury Unit**

1. The management of the Public Administrative Sector's treasury complies with the principle of the treasury unit, which consists in the centralization and maintenance of public funds in the Central State Treasury, with the objective of ensuring the availability of sufficient cash and cash equivalents to settle obligations as they fall due, maximize the return on available treasury and allow for the efficient management of financial risks.
2. The treasury unit principle applies to the Social Security subsectors and the Oe-Cusse Ambeno Special Administrative Region through the centralization and maintenance of monies from the Social Security subsector and the Oe-Cusse Ambeno Special Administrative Region subsector in their own treasuries, autonomous from the Central State Treasury.
3. In exceptional, duly justified cases, the member of the Government responsible for the area of finance may authorize certain services and entities of the Public Administrative Sector to be exempted from complying with the treasury unit principle.

**Article 15**  
**Budget Balances**

1. The overall balance of the GSB, the budgets of the Central Administration services and entities, the Social Security budget and the budget of the Special Administrative Region of Oe-cusse Ambeno must be null or positive.
2. The current balance of the GSB, the budgets of the Central Administration services and entities, the Social Security budget and the budget of the Special Administrative Region of Oe-Cusse Ambeno

must be null or positive, unless the conjuncture of the period to which the budget justifiably not allow it.

3. The effective balance of the Social Security budget must be null or positive, unless the circumstances of the period to which the budget refers justifiably do not allow it.
4. The overall balance corresponds to the difference between income and expenditure.
5. The current balance corresponds to the difference between current income and current expenditure.
6. The effective balance corresponds to the difference between the effective income and the effective expenditure, which includes all income and all expenditures with the exception of financial assets and liabilities and management balances from previous years.
7. The report on the GSB proposed law presents the justification referred to in paragraphs 2 and 3.

#### **Article 16**

##### **Budget surpluses**

1. The surplus from the execution of the GSB, the budgets of the services and entities of the Central Administration, the Social Security budget and the budget of the Special Administrative Region of Oe-Cusse Ambeno, calculated at the end of the budget year, are qualified as management balance for the previous budget year and are recorded as revenue for the following budget year.
2. Surpluses from the execution of the Social Security budget revert to the SSRF.
3. Without prejudice to the provisions of the previous number, surpluses from the execution of the Social Security budget may be included in the following budget year in the amount strictly necessary so that there is no cash flow.

#### **Article 17**

##### **Public debt**

1. The Public Administrative Sector debt must respect a sustainability threshold that does not jeopardize the medium and long-term solvency of the Public Administrative Sector or its ability to fulfill the commitments assumed.
2. The total amount of debt of the Public Administrative Sector includes loans, financial leasing contracts and any other forms of indebtedness to financial institutions, as well as all other debts to third parties arising from budgetary operations.
3. The appropriations necessary for the amortization and payment of interest on the public debt are obligatorily entered in the GSB, which cannot be subject to alterations that do not adjust them to the amount of the commitments that fall due in that budget year.
4. The realization of expenditure with the payment of interest and the amortization of the public debt has priority over the realization of any other expenditure.
5. The multiannual budget programming establishes the maximum reference limit for the Public Administrative Sector debt, on 31 December of each year, expressed in absolute value and as a percentage value of the gross domestic product.

## **TITLE II**

### **PUBLIC SECTOR**

#### **Article 18**

##### **Public Sector**

1. The Public Sector is made up of the Administrative Public Sector and public legal persons distinct from the State legal person in the form of a company, foundation or association.
2. The existing financial flows between the services and entities included in the GSB and public legal persons other than the State legal person in the form of a company, foundation or association are part of the GSB.



**TITLE III  
ADMINISTRATIVE PUBLIC SECTOR**

**CHAPTER I  
ORGANIZATION**

**Article 19  
Public Administrative Sector**

The Public Administrative Sector is composed of the following subsectors:

- a) The Central Administration;
- b) Social Security;
- c) The Special Administrative Region of Oe-Cusse Ambeno;
- d) The municipalities.

**Article 20  
Central Administration**

For the purposes of this law, the Central Administration subsector includes:

- a) The State and the bodies, services and funds, generically called, in the present law, Central Administration services, without legal personality distinct from the State collective person, that make up the Direct Administration;
- b) Public corporate entities other than the State corporate entity without the form of a company, foundation or association, generically called, in this law, Central Administration entities, which make up the Indirect Administration.

**Article 21  
Social Security**

The Social Security subsector is composed of the National Institute of Social Security (NISS) and the SSRF, which are public legal persons distinct from the State legal person without the form of a company, foundation or association, but whose integration into the Social Security subsector determines, for the purposes of this law, its exclusion from the Central Administration and from the Indirect Administration.

**Article 22  
Special Administrative Region of Oe-Cusse Ambeno**

The Oe-Cusse Ambeno Special Administrative Region subsector is part of the Region, a territorial collective person governed by public law that covers the geographic area of Oe-Cusse Ambeno composed of the Authority of the Special Administrative Region of Oe-Cusse Ambeno, its President, the Advisory Board of the Special Administrative Region of Oe-Cusse Ambeno and by the services and entities directed or supervised by them.

**Article 23  
Municipalities**

Municipalities are the collective entities of the territory endowed with representative bodies that constitute the local government, whose budgetary regime is defined in the law that implements them.

**CHAPTER II  
SPECIAL REGIME**

**Article 24  
Petroleum Fund of Timor-Leste**

1. The Petroleum Fund of Timor-Leste is a public State fund without legal personality.



2. Notwithstanding its nature, the Petroleum Fund of Timor-Leste is not part of the GSB, its budget and accountability being regulated by special legislation.
3. Without prejudice to the provisions of the previous number, the GSB presents, for information purposes, all budgetary and financial information relating to the Petroleum Fund of Timor-Leste, as well as the financial flows between it and the GSB.

**Article 25**  
**Central Bank of Timor-Leste**

1. The Central Bank of Timor-Leste is a legal person governed by public law that performs the function of the monetary authority of Timor-Leste.
2. Notwithstanding its nature, the Central Bank of Timor-Leste is not part of the GSB, its budget and accountability being regulated by special legislation.
3. Without prejudice to the provisions of the previous number, the GSB presents, for information purposes, all budgetary and financial information relating to the Central Bank of Timor-Leste, as well as the financial flows between it and the GSB.

**CHAPTER III**  
**FINANCIAL REGIME**

**Article 26**  
**Financial Regime for Public Administrative Sector Services and Entities**

1. The financial regime for the services and entities of the Public Administrative Sector is the set of rules that define the budgetary, financial and patrimonial capacity of these services and entities.
2. There are two financial regimes applicable to Public Administrative Sector services and entities:
  - a) Limited financial autonomy regime;
  - b) Extended financial autonomy regime.
3. The services that make up the Direct Administration enjoy limited financial autonomy, with the exception of ministries, state secretariats not integrated into ministries, services and entities supporting the holders of other sovereign bodies and services and entities that enjoy extended financial autonomy by constitutional requirement.
4. The ministries, the secretariats of State not integrated into ministries, the services and entities that support the holders of the other sovereign bodies such as the Presidency of the Republic, Parliament and Courts, the services and entities that enjoy financial autonomy enjoy extended financial autonomy by constitutional requirement, such as the Presidency of the Republic, the National Parliament, the Courts, the Attorney General's Office, the Office of the Human Rights and Justice Ombudsman and the National Commission of Elections, the services and entities that make up the Indirect Administration, the entities that make up the Social Security subsector, the entities that make up the subsector of the Special Administrative Region of Oe-Cusse Ambeno and, while they exist, the municipal authorities and administrations.
5. The member of the Government responsible for the area of finance may grant extended financial autonomy to services that, under the terms of the previous numbers, should enjoy limited financial autonomy, when this contributes to the improvement of public financial management.
6. The annual indication of the financial regime of each service and entity of the Public Administrative Sector is included in the GSB preparation circular.

**Article 27**  
**Limited financial autonomy regime**

1. The limited financial autonomy regime consists of the ability of the service to:
  - a) Propose to the respective member of the Government the respective budget allocations;

- b) Include in a separate chapter the budget of the respective ministry or secretariat of state that is not part of a ministry;
  - c) Propose to the respective member of the Government the management of the respective budget allocations;
  - d) Manage the assets assigned to it.
2. The limited financial autonomy regime also consists of the power of the respective governing body to carry out definitive and executive administrative acts of day-to-day management, without prejudice to the management powers that fall to the respective member of the Government.

#### **Article 28**

##### **Extended Financial Autonomy Regime**

1. The extended financial autonomy regime consists of the ability of the service or entity to:
  - a) Prepare the budget itself, within the constraints defined in this law and in the GSB preparation circular;
  - b) Have its own title in the GSB;
  - c) Manage the budget allocations contained in its own budget;
  - d) Hold its own bank account, if their legal nature allows it;
  - e) Register as its own income the income resulting from its specific activity and from the administration and disposal of its assets;
  - f) Carry over the balance of its own revenue management calculated in the previous fiscal year;
  - g) Take out loans, if its legal nature allows it, under the terms and with the authorizations provided for by law;
  - h) To manage the patrimony that is assigned to it and to have its own patrimony, if its legal nature allows it, to administer and dispose of it freely, under the terms and with the authorizations provided for by law.
2. The extended financial autonomy regime also consists of the power of the respective management body to carry out definitive and executory administrative acts of day-to-day management, namely the authorization of expenditure, the assumption of commitments and the authorization of payments, within the legally defined limits, and define the activity of the service or entity, without prejudice to the supervisory and supervisory powers that fall to the respective Government member.

#### **Article 29**

##### **Social Security**

1. The Social Security subsector enjoys budgetary autonomy, with an autonomous budget integrated in the GSB and the other budgetary, financial and accounting faculties under the terms of this law.
2. The entities that make up the Social Security subsector enjoy extended financial autonomy.

#### **Article 30**

##### **Special Administrative Region of Oe-Cusse Ambeno**

1. The subsector of the Special Administrative Region of Oe-Cusse Ambeno enjoys budgetary autonomy, with an autonomous budget integrated in the GSB and the other budgetary, financial and accounting powers under the terms of this law.
2. The entities that make up the subsector of the Special Administrative Region of Oe-Cusse Ambeno enjoy extended financial autonomy.

### **Article 31**

#### **Nature**

The GSB is a forecasting document, with the value of a law, which annually presents all the revenues and expenses of the Public Administrative Sector and defines the maximum limit of expenses to be incurred by the services and entities of the Public Administrative Sector during the budget year.

### **Article 32**

#### **Contents**

1. The GSB includes the budgets of all the services and entities of the Public Administrative Sector, with limited financial autonomy and with extended financial autonomy, presenting autonomously the budget of the Central Administration, the budget of Social Security and the budget of the Special Administrative Region of Oe-Cusse Ambeno.
2. In the GSB must include the necessary appropriations for the fulfillment of obligations arising from law, international law, contract or final court decision, whose payment must occur during the respective budget year, as well as sufficient revenue to cover these expenses.
3. An allocation called Contingency Reserve is also obligatorily entered in the GSB, amounting to no less than 2% and no more than 5% of the total value of the expenditure.
4. The rules contained in the articles of the GSB law are limited to what is strictly necessary for the execution of the budgetary and financial policy.
5. Without prejudice to the provisions of the previous number, changes to taxes, customs import duties, Social Security contributions and administrative fees may be approved in the GSB law, including changes to values, incidence, withholding rates, as well as exemptions, exemptions and suspensions.

### **Article 33**

#### **Budgeting**

1. Budgeting of GSB revenues is carried out up to the second degree of the economic classification.
2. Budgeting of GSB expenses is carried out up to the first degree of the organic classification and the structure by programs, and up to the second degree of the economic and functional classifications..
3. Each title of the organic classification corresponds to a service or entity that enjoys extended financial autonomy.
4. In addition to the titles provided for in the previous number, a title called "General Endowment of the State" is entered in the GSB, in the budget of the Central Administration, managed by the member of the Government responsible for the area of finance, corresponding, namely, to general revenues and expenses with:
  - a) Contingency Reserve;
  - b) Liabilities for loans held by the State;
  - c) Transfers to Social Security;
  - d) Transfers to the Special Administrative Region of Oe-Cusse Ambeno.
5. In exceptional cases, duly justified in the GSB proposed law, the member of the Government responsible for the area of finance may authorize registration in the organic classification of special titles and chapters.
6. The specification of income and expenses of the Social Security budget is also carried out by non-contributory Social Security scheme, contributory Social Security scheme by distribution and contributory Social Security scheme by capitalization and by administration.
7. Budgeting of income and expenses is carried out on a cash basis, when the inflow and outflow of funds takes place.

**CHAPTER II  
CENTRAL ADMINISTRATION BUDGET**

**Article 34  
Content**

The Central Administration budget includes the budgets of all Public Administrative Sector services and entities not included in the other subsectors.

**CHAPTER III  
SOCIAL SECURITY BUDGET**

**Article 35  
Content**

1. The Social Security budget includes the NISS budget, which includes the budget of the pay-as-you-go Social Security contributory scheme, the budget of the non-contributory Social Security scheme, the administration budget and the SSRF budget, which is part of the Social Security contributory capitalization.
2. In the Social Security budget, the necessary appropriations for the payment of benefits within the scope of the social protection provided for contingencies covered by the regime and other applicable laws and the expenses of administering the Social Security system, as well as sufficient income to cover these expenditure.

**CHAPTER IV  
BUDGET OF THE SPECIAL ADMINISTRATIVE REGION OF OE-CUSSE-AMBENO**

**Article 36  
Content**

The budget of the Oe-Cusse Ambeno Special Administrative Region includes the budgets of all bodies, services and entities in the Oe-Cusse Ambeno Special Administrative Region.

**CHAPTER V  
GENERAL STATE BUDGET LAW**

**Article 37  
Structure**

The GSB law is composed of the articles and the budget tables.

**Article 38  
Article**

1. The articles of the GSB law are composed, at least, of an initial chapter, a general chapter and a chapter with final provisions, and may contain, among others, chapters related to the Central Administration budget, the Social Security budget and the budget of the Special Administrative Region of Oe-Cusse Ambeno.
2. The opening chapter presents the object and scope of the GSB law.
3. The general chapter contains, in particular:
  - a) Approval of budget tables;
  - b) The authorization for the collection of taxes, fees and contributions by the State and by the services and entities of the Public Administrative Sector;
  - c) Approval of authorization to transfer from the Petroleum Fund;

- d) Approval of the maximum amount that the State and the services and entities of the Public Administrative Sector may contract through borrowing, as well as the general conditions to which the respective operations must be subject;
  - e) Approval of the maximum amount that the State and the services and entities of the Public Administrative Sector can guarantee and lend, as well as the general conditions to which the respective operations must be subject;
  - f) Approval of transfers between subsectors.
4. The chapter with final provisions must provide for the rules relating to the entry into force and production of effects of the GSB law.
  5. The chapter on the Social Security budget includes, among other provisions, the approval of the transfer of balances to the SSRF.

**Article 39**  
**Budget tables**

1. The GSB law contains the following budget tables:
  - a) Table I - Revenue from the Public Administrative Sector, by subsectors;
  - b) Table II - Public Administrative Sector Expenses, by subsectors;
  - c) Table III - Public Administrative Sector Expenses, by functional classification;
  - d) Table IV - Revenue from the Central Administration subsector, by economic classification;
  - e) Table V - Expenditure of the Central Administration subsector, by organic classification and structured by programs;
  - f) Table VI - Expenditure of the Central Administration subsector, by economic classification;
  - g) Table VII - Revenue from the Social Security subsector, by economic classification, total and by regime and administration;
  - h) Table VIII - Expenditure of the Social Security subsector, by organic classification and structured by programs;
  - i) Table IX - Expenditure of the Social Security subsector, by economic classification, total and by regime and administration;
  - j) Table X - Revenue from the subsector of the Oe-Cusse Ambeno Special Administrative Region, by economic classification;
  - k) Table XI - Expenditure of the subsector of the Special Administrative Region of Oe-Cusse Ambeno, by organic classification and structured by programs;
  - l) Table XII - Expenditure of the subsector of the Special Administrative Region of Oe-Cusse Ambeno, by economic classification.
2. The Government may present additional tables.
3. The Government may present, for mere reference, the figures for previous and subsequent budget years.

**CHAPTER VI**  
**PROPOSED LAW ON THE GENERAL STATE BUDGET**

**Article 40**  
**Content and Structure**

1. The GSB proposed law has the same content and structure as the GSB law.
2. The GSB proposed law is accompanied by the report, budget developments and information elements.

**Article 41**  
**Report**

1. The GSB's proposed law report contains the presentation and justification of the proposed budget policy.
2. The report on the GSB proposed law also includes an analysis of the main elements relating to:
  - a) Projections of the main macroeconomic indicators that influence the State Budget and their evolution;
  - b) The evolution of the financial situation of the Public Administrative Sector and its subsectors;
  - c) The performance of the budget execution of the previous budget year;
  - d) The evolution and sustainability of the Petroleum Fund;
  - e) The evolution and sustainability of public debt;
  - f) The status of treasury operations and Treasury accounts;
  - g) The forecast of tax revenue and outgoing tax revenue;
  - h) The general lines of budget policy and programs;
  - i) Measures to rationalize budget management;
  - j) Budgetary policy measures of a temporary and permanent nature;
  - k) Analysis of budgetary risks;
  - l) Information on contingent liabilities of the Public Administrative Sector;
  - m) Annual and multi-annual expenditure on public-private partnerships and the respective overall indebtedness situation;
  - n) Information on delayed payments from the Public Administrative Sector;
  - o) Other matters considered relevant to justify the budget decision.
3. The report on the proposed GSB law includes a comparative map between the macroeconomic and budget forecasts used and the forecasts made by international reference organizations, and the significant differences found shall be explained in a reasoned manner.
4. The report on the GSB law proposal also includes a comparative map between the macroeconomic and budgetary forecasts used in the GSB law for the previous fiscal year and the actual evolution verified, with the significant differences found to be explained in a reasoned manner.

**Article 42**  
**Budget Developments**

1. The GSB proposed law is accompanied by the following budget developments:
  - a) The development of revenues and expenses of services and entities of the Central Administration subsector;
  - b) The development of Social Security subsector revenue and expenditure;
  - c) The development of income and expenses of the subsector of the Special Administrative Region of Oe-Cusse Ambeno.
2. The budget developments present the income and expenses of each service and entity, specified up to the maximum levels of disaggregation, according to the structure by programs and the organic and economic classifications.

**Article 43**  
**Informational Elements**

1. The GSB proposed law is accompanied by the following information elements:
  - a) Financial and patrimonial situation of the State and of the services and entities of the Public Administrative Sector;
  - b) Status of treasury operations and Treasury accounts and Public Administrative Sector services and entities;

- c) Information on budget programs, including performance evaluation indicators;
  - d) Information on the performance of programs in the previous budget year;
  - e) Budget statement and financial statement of the Petroleum Fund of Timor-Leste;
  - f) Estimated Sustainable Income estimated for the budget year itself and the previous budget year;
  - g) Independent auditor's report certifying the amount of the Estimated Sustainable Income estimates referred to in the previous paragraph;
  - h) Estimated reduction of the Estimated Sustainable Income in subsequent budgetary years, due to a transfer from the Petroleum Fund of an amount greater than the Estimated Sustainable Income, if this is provided for in the GSB proposed law;
  - i) Independent auditor's report certifying the estimates of reduction in the Estimated Sustainable Income referred to in the previous paragraph;
  - j) Number of workers in the Public Administrative Sector, by service and entity and by nature of the relationship;
  - k) Annual plans for Public Administrative Sector services and entities;
  - l) Multi-annual commitments of the Public Administrative Sector services and entities;
  - m) External bindings and mandatory expenses of the Public Administrative Sector services and entities;
  - n) Situation of public debt and treasury operations of the Treasury and Public Administrative Sector services and entities, with identification of contracted loans, specific conditions and payments related to interest and amortization made on behalf of each loan;
  - o) Individualized information on expenditures with public-private partnerships;
  - p) Individualized information on credits and guarantees granted by the State;
  - q) Financial and patrimonial situation of companies, foundations and public associations or with State participation;
  - r) Forecast of tax revenue and outgoing tax revenue, by tax;
  - s) Forecast of credits for modified or extinct services or entities;
  - t) Other information deemed necessary by the Government.
2. The GSB proposed law is also accompanied by the following information relating to Social Security:
    - a) Forecast of contributory income, which allows verification of the amount of gross income and transfer to the SSRF;
    - b) Situation of treasury operations and accounts of the Social Security subsector;
    - c) Composition of annual expenditure by scheme and by benefit;
    - d) Updated long-term projection containing charges for deferred benefits and contributions from workers and employers.
  3. The GSB proposed law is also accompanied by information about the Special Development Fund of the Special Administrative Region of Oe-Cusse Ambeno and its investments.
  4. Whenever the GSB's proposed law proposes authorization for transfer from the Petroleum Fund above the Estimated Sustainable Income, the proposal must also be accompanied by the justification provided for in article 9(d) of Law No. 9/2005, of 3 August, republished by Law No. 12/2011, of 28 September.

**TITLE V  
BUDGET PROCESS**

**Article 44  
Budget Planning**

The proposed Laws on Major Planning Options and the GSB reflect the financial component of the national priorities defined based on the national development plan, the Government Program, the



medium-term plans and the annual plans of the services and entities of the Public Administrative Sector , as well as in any other government policy and strategic documents.

**Article 45**  
**Planning Process**

1. The budget planning process comprises the set of actions and activities that aim to annually define national priorities with an impact on the GSB and the measures and activities that will be financed by the expenditure registered in the GSB.
2. The budget planning process must include consultation with citizens, sovereign bodies and Public Administrative Sector services and entities, under the terms to be regulated by decree-law.

**Article 46**  
**Medium-term plan and annual plan**

1. The services and entities of the Public Administrative Sector annually prepare and/or update medium-term plans, which consist of annual plans for the following budget year and the four subsequent years, which include the programs, subprograms and activities of the medium-term plan that must be carried out during these budget years and an indication of their cost.
2. The medium-term plans of the Public Administrative Sector services and entities must be aligned with the national development plan and the Government Program, as well as with government priorities and multi-annual budget programming, and must respect the program structure.
3. The Public Administrative Sector services and entities also identify the results expected from the implementation of the identified programs and define performance evaluation indicators.
4. The annual plan for the following budget year must be accompanied by justification for the continuity of existing policies and/or the implementation of new policies, referring to the performance of programs in previous years, as well as an explanation of how the respective budget allows achieving the objectives of the program and service delivery planned for that budget year.
5. The annual plan for the following budget year must also be accompanied by the procurement plan for that budget year.
6. The registration of appropriations in the GSB in the title relating to a given service or entity of the Public Administrative Sector is dependent on the registration of the activity to be financed by that expense in the annual plan for that budget year of that service or entity of the Public Administrative Sector.
7. The government service responsible for planning assists the Public Administrative Sector services and entities in the preparation of medium-term plans and in the definition of the respective performance evaluation indicators.
8. The Ministry of Finance assists the Public Administrative Sector services and entities in the preparation of annual plans and in the definition of the respective performance evaluation indicators.
9. The planning information system is managed by the government service responsible for planning and approved by government decree.

**Article 47**  
**Law on Major Planning Options and multi-annual budget programming**

1. The Government submits to the National Parliament, by May 10 of each year, the draft law on Major Planning Options for the following economic year.
2. The Major Planning Options law is composed of:
  - a) Identification of the budget strategy and the main options in terms of planning with an impact on the GSB for the following budget year and for the following four years;
  - b) Multiannual budget programming;

- c) Analysis of the projections of the main macroeconomic indicators with influence on the GSB and its evolution.
3. The multiannual budget programming establishes:
  - a) The limit of total Public Administrative Sector expenditure for the following budget year and for the following four years;
  - b) Projections of Public Administrative Sector revenue for the following budget year and for the following four years;
  - c) Expenditure limits in the various subsectors for the following budget year and for the following four years;
  - d) The public debt limit for the following budget year and for the following four years, in absolute values and percentages of gross domestic product.
4. The expenditure limits established in the multiannual budget programming are based on the GSB's financing capacity and should promote a situation of budget balance or surplus.
5. The expenditure limits referred to in paragraph 3(a) are binding for the following budget year and indicative for the following four years.
6. The projections and limits referred to in points b), c) and d) of paragraph 3 are indicative.
7. The provisions of no. 5 do not apply if a new Government takes office between the date of approval of the Major Planning Options law mentioned in no. Article 52. In this case, the Government must present a proposed law on Major Planning Options together with the GSB proposed law.
8. The proposed Major Planning Options law includes the justification for any revisions to the projections and limits referred to in no. 3, approved in previous years.
9. The proposed Major Planning Options law is discussed and voted on in accordance with the provisions of the Constitution of the Republic, this law and the Rules of Procedure of the National Parliament.
10. The final global vote on the proposed Major Planning Options law takes place within 20 days of its submission to the National Parliament.
11. The non-approval of a Major Planning Options Law does not prevent the presentation and discussion of a proposed GSB law for the budget year in question.

**Article 48**  
**Budget Journey**

1. The Government organizes, by 30 June of each year, the Budget Journey, in which the members of the Government and the services and entities of the Public Administrative Sector participate.
2. On the initiative of the member of the Government responsible for the area of finance, national or foreign personalities may be invited to attend or intervene in the Budget Journey.
3. The Budget Journey aims to discuss the implementation of the main options in terms of planning with an impact on the GSB identified in the Major Planning Options Law, as well as to establish the total amount of expenditure for each budget title.
4. The Government approves the total amount of expenditure for each budget title within 15 days after the completion of the Budget Journey, taking into account the funding needs of the sovereign bodies and the respective services and support entities.

**Article 49**  
**GSB Preparation Circular**

1. The Ministry of Finance issues, by 20 July of each year, a circular with rules for preparing the GSB for the following budget year.
2. The circular referred to in the previous number must contain the following information:

- a) Organic classification of the Public Administrative Sector;
- b) Indication of the financial regime of each service and entity of the Public Administrative Sector;
- c) Options in terms of planning with an impact on the GSB identified in the Major Planning Options Law;
- d) Total amount of GSB expenditure;
- e) Total amount of expenditure for each budget title;
- f) Amount necessary to fulfill the commitments already made;
- g) Information on the budgetary space for new policies and investments;
- h) Necessary forms for the budget process;
- i) Schedule for submitting programs and budget proposals;
- j) Identification of the Ministry of Finance contact points.

**Article 50**  
**Approval of programs**

1. Public Administrative Sector services and entities with extended financial autonomy submit their program proposals by the date defined in the GSB preparation circular.
2. Program proposals from Public Administrative Sector services and entities must be aligned with the annual plan for the following budget year.
3. The Ministry of Finance analyzes and compiles program proposals.
4. The programs are approved by the Council of Ministers in order to conform to the budget proposals of the various services and entities and to be able to integrate the proposed GSB law.

**Article 51**  
**Preparation of the proposal**

1. Budget proposals for Public Administrative Sector services and entities must provide for the appropriations necessary to fulfill all the obligations of the service, entity or subsector, structured in accordance with the programs approved by the Council of Ministers and must be in line with the annual plan to the following budget year.
2. Services and entities of the Central Administration of the Public Administrative Sector with extended financial autonomy submit their budget proposals to the Ministry of Finance by the date defined in the GSB preparation circular.
3. The member of the Government responsible for the area of social security approves the draft Social Security budget and sends it to the Ministry of Finance, until the date defined in the GSB preparation circular, which incorporates it in the GSB draft law proposal.
4. The Special Administrative Region of Oe-Cusse Ambeno sends its draft budget to the Ministry of Finance, by the date defined in the GSB preparation circular, which incorporates it in the GSB draft law proposal.
5. The Ministry of Finance analyzes and compiles the budget proposals.
6. The Ministry of Finance submits, by 15 September of each year, the proposed GSB proposed law to the Council of Ministers for approval.

**Article 52**  
**Submission of the proposal**

1. The Government submits to the National Parliament, by October 1 of each year, the proposed GSB law for the following budget year, accompanied by all the elements referred to in Chapter VI of Title IV.
2. The deadline in the previous number does not apply when the following cases occur:
  - a) The Government in office is dismissed;

- b) The new Government takes office;
  - c) The end of the legislature occurs.
3. In the cases provided for in the previous number, the proposed GSB law is presented by the Government to the National Parliament within a period of three months from the date it takes office.
  4. The Government publishes, on the same date, a simple informative document, in Portuguese and in Tetum, which presents, in a summarized and easy to understand way, the essential points of the GSB proposal with the aim of informing citizens about its content and to involve them in the budget process.

#### **Article 53**

##### **Discussion of the proposal**

1. The Government presents the proposed GSB law and is heard by the National Parliament within the scope of its discussion.
2. The proposed GSB law is discussed in accordance with the provisions of the Constitution of the Republic, this law and the Rules of Procedure of the National Parliament.
3. The Chamber of Auditors is heard by the National Parliament within the scope of the discussion of the draft GSB's law, in relation to the recommendations contained in the opinion on the GSA.

#### **Article 54**

##### **Proposal vote**

1. The proposed GSB law is voted on in accordance with the provisions of the Constitution of the Republic, this law and the Rules of Procedure of the National Parliament.
2. The final global vote on the proposed GSB law takes place within 45 days after the date of its submission to the National Parliament.

#### **Article 55**

##### **Publication**

1. After its promulgation by the President of the Republic, the GSB law is published in the relevant series of *Jornal da República*.
2. The Government also ensures the annual publication of the full content of the GSB within 30 days after the entry into force of the GSB law.

#### **Article 56**

##### **Disclosure**

1. The Government shall ensure the publication of all documents deemed necessary to ensure adequate disclosure and transparency of the GSB and its execution, namely on the Ministry of Finance's website or other websites indicated for this purpose.
2. The Government shall also ensure the publication of a simple information document, both in Portuguese and in Tetum, which presents, in a summarized and easy to understand way, the essential points of the GSB with the aim of informing the country's citizens about its content. and involving them in the budget process.

#### **Article 57**

##### **Term**

1. The GSB law is, as a rule, valid for one year, from 1 January of each year to 31 December of the same year, without prejudice to the provisions of articles 4.4 and 88.2.
2. If on 1 January the new GSB law has not been published in *Jornal da República*, the validity of the GSB law for the previous year, with the changes that have been approved, shall be extended until the new State Budget law comes into force..

3. The extension of the validity of the GSB law implies the execution in that year of a GSB similar to the GSB executed in the previous year, to which all the applicable rules for the GSB approved for that year shall apply, with the necessary adaptations.
4. The extension of the validity of the GSB law covers the articles, the tables and the authorizations for the collection of taxes, fees and contributions, as well as the rules related to the execution approved by decree-law.
5. The extension of the validity of the GSB law also covers the approval of the transfer from the Petroleum Fund in the part of the transfer related to the Estimated Sustainable Income and the approval of the maximum amount that can be contracted through a loan and that can be guaranteed and loaned, without prejudice to the provided for in paragraph 9 of this article.
6. The provisions of no. 5 do not exempt the Government from submitting to Parliament the reports provided for in article 8 of Law no. 9/2005, of 3 August, republished by Law no. September.
7. The approval of the transfer of the Petroleum Fund above the Estimated Sustainable Income follows the terms of article 9 of Law no. 9/2005, of 3 August, republished by Law no. 12/2011, of 28 September, in the wording given to it by the present law.
8. If the National Parliament does not approve the transfer referred to in the previous number, the appropriations for the Public Administrative Sector services and entities contained in the GSB law extended under the terms of paragraph 2 are reduced proportionally, with the exception of appropriations:
  - a) Necessary for the fulfillment of obligations arising from law, international law or contract known at the date of extension of the validity of the GSB law for the previous financial year;
  - b) Necessary to fulfill the obligations arising from court decisions and payments related to court costs and procedural expenses.
9. The Government may substitute the transfer of the Petroleum Fund provided for in the GSB law, extended, in whole or in part, in the part relating to the Estimated Sustainable Income, by borrowing up to the same amount.
10. The extension of the validity of the GSB law does not, however, cover the rules that, by their nature, should only be in force in the respective year.
11. Any amounts and limits provided for in the extended GSB law may be executed in their entirety without any limitation arising from their use in the previous budget year.
12. Amendments to the extended GSB law only take effect in relation to the extension period.
13. Without prejudice to the provisions of paragraph 4, the Government may, by decree-law, approve supplementary budget execution rules during the extension of the validity of the GSB law.
14. The GSB law for a given year always takes effect on 1 January of that year, even when published after that date.

**TITLE VI  
BUDGET EXECUTION AND PUBLIC FINANCIAL MANAGEMENT**

**CHAPTER I  
BUDGET EXECUTION**

**Article 58  
Execution Rules**

The Government approves, by decree-law, the rules regarding the execution of the GSB law, within 30 days after its publication.

**Article 59**  
**Budget Execution**

1. The execution of the GSB is carried out:
  - a) Regarding revenue, namely for the settlement and collection of taxes, fees and contributions, pecuniary sanctions and default interest provided for by law, for carrying out approved transfers from the Petroleum Fund and from the GSB and for legally consigned revenues, for realizing the proceeds of income from assets, loans and financial investments and any other capital income, through the integration of management balances, through the acceptance of donations, inheritances and legacies, through the contracting of loans and through the performance of other legal or contractual operations to collect revenue;
  - b) Regarding expenditure, namely through the regular release of credits or funds and the transfer of funds by the Ministry of Finance, based on the budget appropriations provided for in the GSB, and the subsequent application of these credits or funds, as well as the funds collected by the Public Administrative Sector services and entities, at expense.
2. A budget allocation is considered to be executed when funds flow from the service or entity sphere to the sphere of the beneficiary of the expenditure.

**Article 60**  
**Competence**

1. The services and entities of the Public Administrative Sector that settle and collect them are responsible for the execution of the GSB, in terms of revenue.
2. The following are responsible for the execution of the GSB, in terms of expenses:
  - a) The members of the Government, regarding the respective ministry;
  - b) The member of the Government responsible for the area of finance, in terms of the General State Endowment;
  - c) The management body of the Public Administrative Sector services and entities with limited financial autonomy, as to the respective services and entities, without prejudice to the power of direction of the respective member of the Government;
  - d) The management body of the Public Administrative Sector services and entities with extended financial autonomy, in terms of the respective services and entities;
  - e) The NISS, regarding the Social Security budget;
  - f) The President of the Authority of the Special Administrative Region of Oe-Cusse Ambeno, regarding the budget of the Special Administrative Region of Oe-Cusse Ambeno;
  - g) The top manager of the departments responsible for the financial management of the Public Administrative Sector services and entities, in terms of the respective services and entities.
3. Services and entities of the Public Administrative Sector with extended financial autonomy must include departments responsible for financial management.
4. The departments responsible for the financial management of ministries and secretariats of state that are not part of ministries are responsible for the financial management of the Public Administrative Sector services with limited financial autonomy from the respective ministry or secretariat of state.
5. The members of the Government ensure the coordination of the budget execution of the ministry or secretariat of state not integrated into a ministry and of the Public Administrative Sector services with limited financial autonomy that are part of the Direct Administration within the scope of the respective ministry or secretariat of state and monitor budget execution. of the Public Administrative Sector services and entities with extended financial autonomy that are part of the Indirect Administration within the scope of the respective ministry or secretariat of state.

#### **Article 61**

##### **Release and transfer of credits or funds**

1. The Ministry of Finance releases credits or funds from the GSB to be applied in expenses by the services and entities of the Public Administrative Sector.
2. The release of credits is carried out by allowing the use of credits from the Treasury account by the ministry, secretariat of State not integrated into a ministry or service with limited financial autonomy.
3. The release of funds is carried out through the transfer of funds to the bank account of the service or entity with extended financial autonomy, with the exception of ministries and secretariats of state not integrated in ministries.
4. The release of funds from the GSB to the Presidency of the Republic, the National Parliament and the Courts and their respective services and support entities is made in twelfths every six months.
5. The transfers of funds from the GSB to the Social Security budget and to the budget of the Special Administrative Region of Oe-Cusse Ambeno are made in twelfths every six months.
6. The decree-law that establishes the rules regarding the execution of the GSB defines the procedure and regularity of the release of credits or funds.

#### **Article 62**

##### **Contingency Reserve**

1. The contingency reserve is a specific appropriation to cover urgent and unforeseen expenses.
2. The use of the contingency reserve depends on the verification of the urgency and unpredictability of the expenditure in question.
3. The management of the contingency reserve is the responsibility of the member of the Government responsible for the area of finance.

#### **Article 63**

##### **Registration of operations**

1. The Public Administrative Sector services and entities register all budget operations and carry out and maintain the physical and digital record of these operations for at least ten years after they are carried out.
2. In particular, the following operations are registered:
  - a) The liquidation and collection of revenue;
  - b) The authorization of expenditure
  - c) The verification of the inscription and budgetary commitment
  - d) The assumption of the commitment
  - e) The liquidation of the expense
  - f) Authorization of the payment;
  - g) Making the payment.

#### **Article 64**

##### **Accounting System**

1. The Public Administrative Sector's accounting system structures budgetary and financial information in order to inscribe, classify and record the elements of budget statements and financial statements.
2. Public Administrative Sector services and entities organize:
  - a) Budget accounting for income and expenses, on a cash basis, when the inflow and outflow of funds takes place;
  - b) A financial accounting for assets, liabilities, income and expenses.



3. Services and entities prepare individual and consolidated budget statements and financial statements that provide a true and fair view of budget execution, financial position, changes in financial position, performance and cash flows.
4. Budget accounting follows the structure and classifications provided for in Articles 10 and 11.
5. Financial accounting follows the Public Administrative Sector Chart of Accounts.
6. The Public Administrative Sector's accounting system is approved by government decree.

#### **Article 65**

##### **Budget and financial information systems**

1. The Public Administrative Sector services and entities adopt budgetary and financial information systems that allow the recording of operations, the organization of budgetary and financial accounting and the reporting of information to the Ministry of Finance.
2. The budget and financial information systems of the Public Administrative Sector services and entities must ensure compatibility with the information systems of the Ministry of Finance and with the planning information system provided for in article 46.9.
3. For the purposes of complying with the provisions of the previous numbers, the budget and financial information systems of the Public Administrative Sector services and entities are approved by the Ministry of Finance.

#### **Article 66**

##### **Semi-annual reporting and evaluation**

1. The services and entities of the Public Administrative Sector prepare and submit monthly budget statements to the Ministry of Finance that include at least:
  - a) Complete information on your budget execution, which includes the commitments assumed, payments authorized and carried out, revenue paid and collected and the updated forecast of budget execution for the whole year, accompanied by a report;
  - b) If they hold bank accounts, complete information on the balances of deposits or other financial investments and respective remuneration, as well as substantiated information on cash in hand, if any;
  - c) If they have the capacity to take out loans, complete information on the financing operations, including loans and amortizations carried out, as well as those planned until the end of each year;
  - d) Complete information about late payments.
2. The services and entities of the Public Administrative Sector prepare and submit quarterly financial statements to the Ministry of Finance.
3. The Public Administrative Sector services and entities also send, on a quarterly basis, to the Ministry of Finance and the government service responsible for planning, a report on the cumulative performance of the respective budget programs.
4. The Ministry of Finance prepares and publishes monthly, by the end of the following month, a summary of budget execution with information on the budget execution of the Public Administrative Sector, which includes, quarterly, information on the performance of budget programs.
5. Without prejudice to the provisions of the previous number, the Ministry of Finance prepares and publishes, by the end of July of each year, information on the monitoring of budget execution and the macroeconomic situation for the first half of the year in question, expressly indicating the eventual deviations from the objectives and limits established in the GSB and in the Major Planning Options Law.

**Article 67**  
**Duty of Collaboration**

1. The Public Administrative Sector services and entities collaborate with the Ministry of Finance in the execution of the GSB, monitoring, control and registration, providing, without delay, all the information and documentation requested by the Ministry.
2. For the purposes of the previous number, the directors-general of the Ministry of Finance may correspond directly, in the performance of their duties, with any services and entities of the Public Administrative Sector.

**Article 68**  
**Budget execution regime during the extension of the General State Budget law**

1. During the period of extension of the validity of the GSB law, expenditure complies with the rules established in this article, as well as the rules established in this law that do not contradict them.
2. The realization of expenditure during the period of extension of the validity of the GSB law is based on expenditure plans prepared by the services and entities of the Public Administrative Sector that ensure compliance with all payments due during the budget year, taking into account the activities provided for in the respective annual plans.
3. The budget allocations to be executed during the period of extension of the validity of the GSB law are defined on the basis of the allocations entered in the extended GSB law.
4. The Public Administrative Sector services and entities shall submit to the Ministry of Finance, within 10 days from the beginning of the period of extension of the validity of the GSB law, an expenditure plan that identifies the appropriations of a monthly and ordinary nature and the appropriations of a non-monthly or extraordinary nature.
5. Appropriations relating to expenditure of a monthly and ordinary nature are divided into twelfths and each twelfth is used to cover expenditure relating to one month.
6. In duly justified exceptional situations, the member of the Government responsible for the area of finance may authorize an increase in the amount of the twelfth.
7. Appropriations relating to expenditure of a non-monthly or extraordinary nature are implemented as needed, as are the appropriations relating to the following expenditure:
  - a) Obligations under law and international law;
  - b) Obligations arising from a contract known on the date of extension of the GSB's validity;
  - c) Obligations arising from court decisions and payments related to court costs and procedural expenses;
  - d) Social benefits due to beneficiaries of the Social Security system;
  - e) Financial investments arising from operations associated with the management of the treasury of the State, Social Security and the Special Administrative Region of Oe-Cusse Ambeno and the management of the SSRF asset portfolio;
  - f) Payment of contributions and contributions to international organizations;
  - g) Expenses incurred by the Contingency Reserve;
  - h) Transfers between subsectors;
  - i) National financing of projects co-financed by states or foreign bodies;
  - j) Expenses incurred by the Infrastructure Fund;
  - k) Transfers to diplomatic missions, permanent representations and consular posts, as well as expenses incurred by them;
  - l) Expenses with the supply of water, sanitation, electricity, fuel and telecommunications;
  - m) Holding international events in the national territory and participating in international events abroad;

- n) Acquisition of medicines, medical supplies and health services and expenses for preventing and combating national and international epidemics and pandemics;
  - o) Reconstruction, repair, cleaning and other works as a result of natural and human disasters.
8. If the allocation includes funds intended for expenses of a monthly and ordinary nature, as well as expenses of a non-monthly or extraordinary nature, the funds relating to these expenses must be subtracted from the allocation, which will constitute temporary allocations executed in accordance with paragraph 7, the allocation with the remaining funds being executed in accordance with paragraph 5.
  9. The member of the Government responsible for the area of finance may reduce the amount of budget appropriations to be executed during the period of extension of the validity of the GSB law, taking into account the evolution of the revenue collected in that period.
  10. The Government approves, through a Government decree, the rules that govern the application of this article, and may indicate other appropriations and expenses to be executed in accordance with paragraph 7.
  11. Operations carried out under this article are charged to the accounts for the respective budget year and must be included in the GSB that may be approved for that year.

## **CHAPTER II PUBLIC FINANCIAL MANAGEMENT**

### **Section I General Rules**

#### **Article 69 Legality**

Public financial management is carried out in accordance with applicable law and regulations.

#### **Article 70 Segregation of functions**

1. Operations for the execution of revenues and expenses comply with the principle of segregation of the functions of settlement and collection, in relation to the former, and of authorization and execution of payment, in relation to the latter.
2. The segregation of functions referred to in the previous number can be established between different services and entities or between different workers of the same service and entity.

### **Section II Revenue**

#### **Article 71 Collection of revenue**

1. No revenue may be settled or collected unless it is legal.
2. All revenue shall be subject to correct budget entry before or after collection.
3. The assessment and collection of revenue may be carried out over and above the amounts provided for in the respective budget entry.

#### **Article 72 General Revenues**

1. General income is generated from:
  - a) Transfers from the Central Administration budget;
  - b) Taxes, unless otherwise required by law;

- c) Fees, unless otherwise required by law;
  - d) Loans taken out by the State;
  - e) Income from State assets, loans and financial investments held by the State and any other income from State capital and the proceeds from their disposal or encumbrance;
  - f) Transfers from states and foreign bodies, unless otherwise agreed with them;
  - g) General revenue management balance.
2. Any other income so qualified by law or not expressly qualified as own income is also general.

### **Article 73**

#### **Own revenues**

1. Own revenue is revenue that derives directly from the specific activity of the service or entity and from its assets and that is expressly qualified as own revenue.
2. The following, among others, are own revenues
  - a) Taxes paid and/or charged by the service or entity and so qualified by law;
  - b) Fees settled and/or charged by the service or entity and so qualified by law;
  - c) Income from own assets, loans and financial investments held by the service or entity and any other capital income from the service or entity, as well as the proceeds from their disposal or encumbrance;
  - d) Transfers from States or foreign bodies, if agreed with them;
  - e) Donations, inheritances and legacies of individuals that, by their will, should be considered their own income from a particular service or entity;
  - f) Loans taken out by the service or entity;
  - g) Own revenue management balances.
3. Revenues arising from social contributions, monetary sanctions and late payment interest charged by the NISS are proprietary.
4. Revenue arising from fees, pecuniary penalties and late payment interest charged by the Special Administrative Region of Oe-Cusse Ambeno is its own.
5. Revenues arising from transfers from the Central Administration subsector to the Social Security subsector and to the subsector of the Special Administrative Region of Oe-Cusse Ambeno are also its own.
6. Own revenues must be used to cover the expenses of the service, entity or subsector and, with the exception of own revenues from the Social Security subsector and the subsector of the Special Administrative Region of Oe-Cusse Ambeno and consigned revenues, must be exhausted before of the use of funds originating from transfers from the Treasury.

### **Article 74**

#### **Management Balance**

1. The management balance of general income from the previous fiscal year is returned to the Treasury and recorded as general income for the following year.
2. The management balance of own revenue from services and entities with extended financial autonomy is automatically carried over to the following budget year and is recorded as own revenue for that budget year.
3. The calculated management balance that is not registered in the GSB must be registered as revenue collected in addition to the amounts provided for in the respective budget entry.
4. The application in an expense of the calculated management balance that is not registered in the GSB, when the corresponding expense is not foreseen in the GSB and or it results in an increase in the total expense of the GSB, the total expense of a security, the total expense of the Social Security budget and the total expenditure of the budget of the Special Administrative Region of Oe-Cusse

Ambeno, is carried out through a budget amendment to provide the expenditure corresponding to that revenue.

5. The member of the Government responsible for finance may, in duly justified exceptional cases, authorize the transition of the management balance of general revenues or by services with limited financial autonomy.

#### **Article 75**

##### **Loans**

1. Without prejudice to the provisions of article 57.9, the GSB establishes, for each budget period, the maximum amount that the State, the Social Security subsector and the subsector of the Special Administrative Region of Oe-Cusse Ambeno can contract through loans and the maximum term of these loans.
2. The maximum amount and maturity of loans established under the terms of the previous number apply to medium and long-term public debt, understood as debt contracted to be fully amortized in a budgetary year subsequent to the year in which it was generated.
3. The State, the entities of the Social Security subsector and the entities of the subsector of the Special Administrative Region of Oe-Cusse Ambeno may also contract short-term public debt, understood as the debt contracted to be fully amortized by the end of the budget year in that has been generated.
4. Borrowing by the Central Administration subsector is carried out by the State, without prejudice to the provisions of article 28.1(g).
5. It is incumbent upon the member of the Government responsible for the area of finance to contract loans issued by the State, after authorization by the Council of Ministers.
6. The contracting of loans by the Social Security subsector is carried out by the NISS, without prejudice to the powers legally entrusted to the SSRF, after authorization by the members of the Government responsible for the areas of finance and social security.
7. The contracting of loans by the subsector of the Special Administrative Region of Oe-Cusse Ambeno is carried out by the Region and is the responsibility of the President of the Authority of the Special Administrative Region of Oe-Cusse Ambeno, after authorization by the member of the Government responsible for the area of finance.
8. The contracting of loans to the State by the other entities of the Public Administrative Sector is not subject to the limits established under the terms of this article and follows the regime provided for in article 90.

#### **Section III**

##### **Treasury**

#### **Article 76**

##### **Public monies**

1. Public monies are all available cash or cash equivalents, in whatever form, owned or held by the services and entities of the Public Administrative Sector.
2. Public monies owned or held by the services and entities of the Social Security subsector are called Social Security monies and follow their own regime.
3. Public monies owned or held by the services and entities of the Oe-Cusse Ambeno Special Administrative Region subsector are called Oe-Cusse Ambeno Special Administrative Region monies and follow their own regime.
4. No one may store or keep in their possession public monies, Social Security monies or monies from the Special Administrative Region of Oe-Cusse Ambeno, except under the terms of the law or if expressly authorized by the member of the Government responsible for the area of finance, the NISS or by the Special Administrative Region of Oe-Cusse Ambeno, respectively.

5. No one may misuse public monies, Social Security monies and monies from the Special Administrative Region of Oe-Cusse Ambeno and dispose or use them in an improper, illegitimate or illegal manner.

**Article 77**  
**Central State Treasury**

1. The Public Administrative Sector services and entities are obliged to centralize and maintain all their cash and financial investments, whatever their origin or nature, including their own revenues, with the Central State Treasury and carry out all transactions funds through the latter.
2. The services and entities of the Public Administrative Sector that have powers or attributions to collect public money must integrate the collection network of the Central State Treasury, in order to allow the receipt, accounting, control and immediate deposit of the revenues they settle and collect.
3. The Central State Treasury is managed by the Ministry of Finance and deposits public funds in bank accounts held by the Ministry of Finance or jointly by the Ministry of Finance and by the services and entities of the Public Administrative Sector, preferably with the Central Bank of Timor-Leste, with the option of choosing deposit in commercial banks if you wish to benefit from services not offered by the Central Bank of Timor-Leste.
4. The Central State Treasury must ensure the existence of sufficient funds to timely fulfill the commitments assumed by the Public Administrative Sector services and entities, as well as maximize the return on the money in its possession.
5. For the purposes of the previous number, the Central State Treasury prepares a treasury plan that provides for the financing needs of the Public Administrative Sector services and entities throughout the budget year.
6. The Central State Treasury is responsible for the temporary investment of public money in short-term, low-risk and liquid financial instruments, with the aim of ensuring an effective management of surplus cash.

**Article 78**  
**Social Security Treasury**

1. The Social Security Treasury is managed by the NISS and deposits Social Security monies in bank accounts held by the NISS, with the Central Bank of Timor-Leste or in commercial banks depending on the needs and taking into account the respective costs.
2. The Social Security Treasury must ensure the existence of sufficient funds to timely fulfill the commitments assumed by the Social Security sub-sector, as well as maximize the income from the monies in its possession.
3. For the purposes of the previous number, the Social Security Treasury prepares a treasury plan that provides for the financing needs of the Social Security subsector throughout the budget year.
4. The Social Security Treasury is responsible for the temporary investment of Social Security money in short-term, low-risk and liquid financial instruments, with the aim of ensuring an effective management of cash surpluses.
5. Short-term funds managed within the scope of the SSRF, in view of the capitalization regime, are not subject to the single treasury regime, and the NISS may contract with a public entity for its operational management, under the terms of the law.

**Article 79**  
**Treasury of the Special Administrative Region of Oe-Cusse Ambeno**

1. The Treasury of the Special Administrative Region of Oe-Cusse Ambeno is managed by the Region and deposits the monies of the Special Administrative Region of Oe-Cusse Ambeno in bank accounts held by the Region, preferably with the Central Bank of Timor-Leste, with the option of depositing in

commercial banks if you wish to benefit from services not offered by the Central Bank of Timor-Leste.

2. The Treasury of the Oe-Cusse Ambeno Special Administrative Region must ensure the existence of sufficient funds to timely fulfill the commitments assumed by the subsector of the Oe-Cusse Ambeno Special Administrative Region, as well as maximize the return on the monies in its possession.
3. For the purposes of the previous number, the Treasury of the Special Administrative Region of Oe-Cusse Ambeno prepares a treasury plan that provides for the financing needs of the subsector of the Special Administrative Region of Oe-Cusse Ambeno throughout the budget year.
4. The Treasury of the Special Administrative Region of Oe-Cusse Ambeno is responsible for the temporary investment of monies from the Special Administrative Region of Oe-Cusse Ambeno in short-term, low-risk and liquid financial instruments, with the aim of ensuring an effective management of surplus treasury.

#### **Section IV Expenditure**

##### **Article 80 Expenditure realization**

1. No expenditure may be incurred without being legal and based on law, instrument of international law, contract or court decision.
2. All expenditure must be subject to a correct budget entry prior to its realization.

##### **Article 81 Stages of expenditure**

Expenditure realization observes the following successive steps:

- a) Authorization of the expenditure;
- b) Verification of registration and budgetary adequacy;
- c) The assumption of the commitment;
- d) The settlement of the expenditure;
- e) The payment authorization;
- f) Making the payment.

##### **Article 82 Authorization of Expenditure**

1. No commitment can be made without the respective expenditure having been previously authorized under the law.
2. An expenditure cannot be authorized unless, cumulatively:
  - a) It is legal;
  - b) It satisfies the requirements of economy, efficiency and effectiveness;
  - c) It identifies if the payments are to be made in the same year or in subsequent years.
3. The authorization of a multi-annual expenditure must also verify that the amount of the expenditure to be carried out in each of the following budget years is not disproportionate in relation to the value of the respective budget allocation in the budget year itself, without prejudice to its justification.
4. The authorization of the expenditure can be taken simultaneously with the decision to open the provisioning procedure if the powers belong to the same body.
5. The authority to authorize the expenditure of Public Administrative Sector services and entities is regulated by law.



**Article 83**

**Verification of registration and budgetary allocation**

1. Verification of the budget entry consists of ascertaining whether there is a budget allocation in the budget of the service or entity in the respective program and with the economic classification equivalent to the type of expenditure to be carried out.
2. The verification of budgetary adequacy consists of determining whether the amount of a given expenditure is equal to or less than the unused amount of the respective budget allocation and, if that is the case, deducting from the balance of the respective budget allocation the amount equivalent to the expenditure to be carried out.
3. When the expenditure must be financed by own or earmarked revenue, the budgetary scope also consists of determining whether the necessary amount of revenue has been collected.
4. Enrollment and budgetary allocation are verified by the service or entity in its own budget by issuing a declaration of enrollment and allocation.
5. If the expense is not registered and/or budgeted, the service or entity must promote a budget change to register and/or commit the expense in its budget.
6. In the case of a multi-annual expenditure, the budgetary allocation takes into account only the amount of expenditure to be carried out in the budget year itself.

**Article 84**

**Assumption of commitments**

1. No payment can be authorized without the respective commitment having been previously made in accordance with the law.
2. A commitment is understood as the obligation to make one or more payments to third parties in exchange for the performance of work or the supply of goods and services or in fulfillment of an obligation arising from law, contract, international law or judicial decision.
3. Public Administrative Sector services and entities may assume annual commitments, which are commitments that consist of the obligation to make payments only in the budget year in which the commitment is made, and multi-annual commitments, which are commitments that consist of the obligation to make payments in more than a budget year or in a budget year other than the year in which the commitment is made.
4. Expenditure relating to a multi-annual commitment to be carried out in a budget year other than the year in which the commitment is made must be registered in the GSB of that other budget year, in accordance with the provisions of article 32.2.
5. A commitment cannot be entered into unless, cumulatively:
  - a) The respective expenditure has been authorized in accordance with Article 82;
  - b) It has registration and budget allocation;
  - c) The event giving rise to the obligation complies with the applicable legal rules.
6. The commitment is made:
  - a) Through the signature of the contract, in the expenses arising from the contract;
  - b) Through the settlement of the expense and authorization of payment, in the expenses arising from law, instrument of international law without a contractual nature or judicial decision.
7. The management bodies of the Public Administrative Sector services and entities with extended financial autonomy are competent to assume a commitment, without prejudice to the delegation of competence.

**Article 85**  
**Settlement of expenses**

1. The settlement of the expense consists of determining the obligation and term of payment, identifying the beneficiary, verifying the beneficiary's entitlement and, where applicable, the capacity and legitimacy of the representative, and determining the exact amount of payment that must be made, as well as in the accounting record of the obligation.
2. The settlement of the expense is carried out by the service or entity.

**Article 86**  
**Payment Authorization**

1. No payment can be made without it being previously authorized under the law.
2. A payment cannot be authorized unless, cumulatively:
  - a) The respective expenditure has been authorized in accordance with Article 82;
  - b) The commitment has been entered into in accordance with Article 84;
  - c) The expense is previously settled under the terms of the previous article;
  - d) If the commitment has a reciprocal nature, the due consideration has been executed, without prejudice to the exceptions provided for by law.
3. The law may provide for the making of part of the payment before the execution of the due consideration has taken place, in cases where this amount is necessary for the counterparty to be able to perform its installment.
4. In duly justified exceptional cases, the member of the Government responsible for the area of finance may also authorize a payment to be made without the execution of the due consideration.
5. The top manager of the department responsible for the financial management of the Public Administrative Sector services and entities is competent to authorize the making of a payment, except in the cases provided for in article 84.6(b), in which the competence it is up to the competent body to assume the commitment, without prejudice to the delegation of competence.
6. If the expense results from compliance with the law, non-contractual instrument of international law or judicial decision and the competence to authorize the expense, assume the commitment and authorize the payment or to carry out these last two steps belongs to the same body, they may be combined in a single decision.

**Article 87**  
**Making the payment**

1. The payment is effected by the outflow of funds and their delivery to the beneficiary or its representative.
2. A payment cannot be made unless, cumulatively:
  - a) The respective expenditure has been authorized in accordance with article 82;
  - b) the undertaking has been entered into in accordance with Article 84;
  - c) The payment has been authorized under the terms of the previous article.
3. The payment of expenses for ministries, secretariats of state that are not part of ministries, the General State Endowment and Public Administrative Sector services and bodies that enjoy limited financial autonomy is carried out by the Treasury, at their request, on the basis of released credits, without prejudice to the constitution of working funds.
4. The payment of the expenses of the services and bodies of the Public Administrative Sector that enjoy extended financial autonomy is made by the services and bodies themselves, using the funds that have been delivered by the Treasury or that have been collected by it, with the exception of expenses with salaries and respective social contributions.

5. While the Public Administrative Sector service or body that enjoys extended financial autonomy does not have the administrative structure that allows it to process payments and hold a bank account, it can ask the Treasury to process its payments with the funds that should be delivered in accordance with the law.
6. Payments shall be made via bank transfer or bank card.
7. In duly justified exceptional cases, the member of the Government responsible for the area of finance may authorize a certain payment to be made in cash or through another means of payment.

#### **Article 88**

##### **Expense from the previous year**

1. Charges related to authorized expenditures and commitments assumed in previous years whose payment has not yet been made are met by funds from the GSB that is in force at the time the payment is made.
2. The provisions of the previous number do not prejudice the provision of a complementary period of budget execution, in the decree-law that approves the rules relating to the execution of the GSB, to complete the payments that have been authorized in that budget year.

#### **Article 89**

##### **Remuneration expenses**

1. The Ministry of Finance is responsible for paying salaries, as well as taxes, social contributions for which the employer and the employee are responsible, and other associated contributions and withholdings, in relation to holders of political offices, corporate bodies and positions. and management and to employees of the Public Administrative Sector services and entities, after authorization by the respective management body and based on the appropriations entered in the respective budgets.
2. The funds for expenses with remuneration, as well as taxes, social contributions for which the employer and the employee are responsible and other associated contributions and withholdings, must be entered in their own appropriations in the budget of the respective service or entity of the Public Administrative Sector, being funds from ministries, secretariats of State that are not part of ministries and services that enjoy limited financial autonomy included in the chapter relating to the department responsible for financial management of the ministry or secretariat of state.
3. The NISS is responsible for paying salaries, as well as taxes, social contributions for which the employer and the employee are responsible, and other associated contributions and withholdings, in relation to the holders of corporate bodies and management and leadership positions and to employees. of the services and entities of the Social Security subsector based on the appropriations entered in the Social Security budget.
4. The Special Administrative Region of Oe-Cusse Ambeno is responsible for paying salaries, as well as taxes, social contributions for which the employer and employee are responsible, and other associated contributions and withholdings, in relation to the holders of governing bodies and positions. and management and to workers in the services and entities of the subsector of the Special Administrative Region of Oe-Cusse Ambeno based on the appropriations entered in the budget of the Special Administrative Region of Oe-Cusse Ambeno.
5. Late payment of remuneration does not release workers from full compliance with their legal and contractual duties.

**Section V  
Other financial operations**

**Article 90  
Granting of guarantees and loans**

1. The State may, exceptionally and based on the public interest, grant guarantees and loans to legal persons, with respect to the maximum limit set in the GSB and with the approval of the member of the Government responsible for the area of finance.
2. The requirements for the granting of guarantees and loans by the State and the respective procedure are regulated by law.

**Article 91  
Refunds**

1. Revenue collected by Public Administrative Sector services and entities without the right to such collection shall be refunded.
2. The refund is settled and paid in accordance with the rules applicable to other public expenditures.
3. Special restitution regimes may be provided for in the law, including those relating to income from taxes, fees and customs revenues.
4. The right to refund expires three years after the date of collection of the amount to be refunded, unless another shorter period is legally applicable.
5. The elapse of time referred to in the previous number shall be interrupted or suspended under the general terms for interruption or suspension of the statute of limitations.

**Article 92  
Replacement**

1. The replacement of amounts that have been unduly paid by the Public Administrative Sector services and entities is carried out by return or compensation, and may also be reversed from the bank account of the beneficiary or its representative where it was deposited when payment occurs for the period after the beneficiary's death.
2. The amounts that have been unduly paid to workers in the services and entities of the Public Administrative Sector should, if possible, be offset against future payments of the same nature.
3. In duly justified exceptional cases, in which payment or immediate payment implies a disproportionate effort for the debtor contrary to the principle of good faith, the member of the Government responsible for the area of finance may authorize payment in installments or determine the total or partial relief of the replacement of the amounts paid.
4. The replacement of amounts that have been unduly paid by Social Security is carried out by payment or compensation, and may also be reversed from the beneficiary's bank account or its representative where it was deposited when payment occurs for the period after the beneficiary's death.
5. In duly justified exceptional cases, where payment or immediate payment implies a disproportionate effort for the debtor contrary to the principle of good faith, the member of the Government responsible for the area of social security may authorize payment in installments or determine the total or partial relief of the replacement of the amounts paid.
6. The replacement of amounts that have been unduly paid by the Special Administrative Region of Oe-Cusse Ambeno is carried out by payment or compensation, and may also be reversed from the beneficiary's bank account or its representative where it was deposited when payment occurs for the period after the death of the beneficiary recipient.
7. In duly justified exceptional cases, in which payment or immediate payment implies a disproportionate effort for the debtor contrary to the principle of good faith, the President of the

Authority of the Special Administrative Region of Oe-Cusse Ambeno may authorize payment in installments or determine the relief, in whole or in part, of the replacement of the amounts paid.

8. The right to replacement expires within 10 years from the date of payment of the amount to be replaced, unless another shorter period is legally applicable.
9. The duration of the period referred to in the previous number is interrupted or suspended in the general terms of interruption or suspension of the prescription.

#### **Article 93**

##### **Modification and extinction of credits**

1. The member of the Government responsible for the area of finance may authorize the modification of a credit of a service or entity of the Public Administrative Sector, per transaction, within the scope of:
  - a) Judicial process of debt collection;
  - b) Judicial insolvency proceedings, the modification of the credit cannot be proportionally greater than the credits of the other creditors, if any.
2. The member of the Government responsible for the area of finance may authorize the modification and termination of a credit of a service or entity of the Public Administrative Sector:
  - a) By offsetting;
  - b) By adjustment.

### **CHAPTER III**

#### **BUDGET ALTERATIONS**

#### **Article 94**

##### **Concept and material limit**

1. Any amendment to the provisions of the GSB law or to the amounts expressed in the revenue and expenditure tables of the GSB law or budget developments constitutes a budget alteration.
2. Budget alterations may not alter the value of the appropriations necessary for the fulfillment of obligations arising from law, international law, contract or final court decision whose payment must occur during that budget year.

#### **Article 95.º**

##### **Law amending the GSB**

1. Budget alterations within the competence of the National Parliament take the form of law.
2. The GSB amendment law has the same structure as the GSB law, with the necessary adaptations.

#### **Article 96**

##### **Amendments to the competence of the National Parliament**

1. Without prejudice to the provisions of the following article, the National Parliament is responsible for amendments consisting of:
  - a) An increase or reduction of the total expenditure of the GSB;
  - b) An increase or reduction of the total expenditure of the Central Administration budget;
  - c) An increase or reduction of the total expenditure of the Social Security budget;
  - d) An increase or reduction of the total expenditure of the budget of the Special Administrative Region of Oe-Cusse Ambeno;
  - e) An increase of the total expense of a title, with the exception of the provisions of the following article;
  - f) A transfer of funds between titles;

- g) An increase the maximum amount that the State and other Public Administrative Sector services and entities can borrow, guarantee and lend;
  - h) A modification of the wording of the article of the GSB law.
2. The reduction in expenditure provided for in lines a) to d) of the previous number applies when there is a decrease in budgeted revenues.

#### **Article 97**

##### **Changes to the Government's powers**

1. Without prejudice to the provisions of the following numbers, the changes not specified in article 96 are the responsibility of the Government.
2. The Government is responsible for changes that consist of an increase in the total expenditure of the GSB, in the total expenditure in the Central Administration budget, in the total expenditure in the Social Security budget, in the total expenditure in the budget of the Special Administrative Region of Oe-Cusse Ambeno or of the total expenditure of a title, where the same results:
  - a) The integration of the management balance of the previous budget year, under the terms of paragraphs 2 to 5 of article 74;
  - b) An increase in the product of own or assigned revenues consigned, accounted for as revenue of the own year.
3. The Government shall be empowered to make alterations that increase expenses in the budget of the Social Security budget when they are related to
  - a) Social benefits due to the beneficiaries of the contributory and non-contributory Social Security regime;
  - b) Increased expenses related to the financial investments of the amounts integrated in the FRSS, as well as related operational costs.
4. The Government shall also be responsible for any alterations consisting in the transfer of funds from the contributory allocation regime to the contributory capitalization regime in the FRSS.
5. The Government is also responsible for the alterations that consist in the transfer of sums between titles, when they originate in the "General State Endowment".
6. The decree-law that establishes the rules for the execution of the State Budget shall establish the competent bodies for the approval of budgetary alterations within the powers of the Government, with respect for the autonomy of the Presidency of the Republic and the National Parliament.

#### **Article 98**

##### **Publicizing and publication of amendments**

Budget amendments under the competence of the Government shall be reported to the National Parliament and published on the website of the Ministry of Finance by the end of the month following each quarter.

### **TITLE VII**

#### **GENERAL STATE ACCOUNT**

#### **Article 99**

##### **Nature and content**

1. The GSA is a document of an accounting nature which annually shows all the revenue collected and all the expenses the expenses executed by the services and entities of the Public Administrative Sector during the fiscal year.
2. The GSA integrates the accounts of the services and entities of the with limited financial autonomy and extended financial autonomy, presenting and extended financial autonomy, presenting in an autonomous manner the account of the account of the Social Security sub-sector and the account of the account of the subsector of the Special Administrative Region of Oe-Cusse Ambeno.

**Article 100  
Structure**

The GSA consists of the report and tables and is accompanied by informative elements.

**Article 101  
Report**

The GSA report contains the presentation and analysis of the main elements concerning:

- a) The evolution of the main macroeconomic indicators during the period of budget execution;
- b) The evolution of the financial situation of the Public Administrative Sector and its subsectors;
- c) The execution and amendments of the GSB;
- d) Other matters relevant to the presentation and justification of the GSA.

**Article 102  
Tables**

The GSA is accompanied by the tables identified in Article 39.

**Article 103  
Informational Elements**

The GSA is accompanied by the following information elements:

- a) Budget statement and consolidated financial statement of the Public Administrative Sector;
- b) Budget statements and financial statements of Public Administrative Sector services and entities;
- c) Budget statement and financial statement of the Petroleum Fund of Timor-Leste;
- d) Financial and patrimonial situation of the State and of the services and entities of the Public Administrative Sector;
- e) Status of treasury operations and Treasury accounts and Public Administrative Sector services and entities;
- f) Budgetary changes, including using the contingency reserve;
- g) Situation of the global indebtedness of the Public Sector as a whole, with information individualized by sector, public company and public-private partnership;
- h) Situation of public debt and treasury operations of the Treasury and Public Administrative Sector services and entities, with identification of borrowings, specific conditions and payments related to interest and amortization made on behalf of each loan;
- i) Individualized information on expenditures with public-private partnerships;
- j) Individualized information on credits and guarantees granted by the State;
- k) Financial and patrimonial situation of companies, foundations and public associations or with State participation;
- l) Global amount of transfers and subsidies to entities outside the Public Administrative Sector;
- m) Credits satisfied by payment in compliance or by offset, object of consolidation, disposal, conversion into capital or any other form of mobilization, extinguished by confusion or prescription and annulled by virtue of a court decision or for any other reason.

**Article 104  
Preparation**

1. The Public Administrative Sector services and entities submit, within three months of the end of the budget year, the respective accountability documents to the member of the Government responsible for the area of finance.
2. The NISS submits the account of the Social Security subsector and the respective accounting documents to the member of the Government responsible for the area of social security for approval,



who sends it to the member of the Government responsible for the area of finance, within the period established in the previous number.

3. The Special Administrative Region of Oe-Cusse Ambeno submits the account of the subsector of the Special Administrative Region of Oe-Cusse Ambeno and the respective accounting documents to the Prime Minister for approval, who forwards it to the member of the Government responsible for the area of finance, within the period established in paragraph 1.

#### **Article 105**

##### **Presentation**

1. The Government submits the GSA to the National Parliament, for approval, and to the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court, for certification and issuance of an opinion, within six months of the end of the budget year.
2. The Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court submits to the National Parliament the certification of the GSA, within 30 days of receiving it, and its opinion on the GSA, within two months of receiving it.

#### **Article 106**

##### **Consideration and approval**

The National Parliament examines the GSA, with a view to its eventual approval, within five months of receiving it and determines, if there is any, the realization of responsibilities under the law.

#### **Article 107**

##### **Publication**

1. Once approved, the GSA is published in the relevant series of *Jornal da República*, together with the opinion of the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court.
2. The Government ensures the annual publication of the full content of the GSA within 30 days of its approval.

### **TITLE VIII**

## **BUDGET CONTROL AND RESPONSIBILITY**

### **CHAPTER I**

#### **CONTROL**

#### **Article 108**

##### **Control of budget execution**

1. The execution of the GSB is subject to administrative, political and jurisdictional control, whose purpose is to confirm the correctness and adequacy of the accounting record and to verify the legality, economy, efficiency and effectiveness of public expenditure and compliance with the established objectives.
2. Control is carried out before, at the same time as and after the budget execution operations.
3. The control bodies have control powers over the services and entities of the Public Administrative Sector, as well as over any public or private entities, in cases where they benefit from transfers, subsidies or other financial aid granted through the GSB and those powers are essential for the control, by indirect and cross-referencing, of budget execution.

#### **Article 109**

##### **Administrative control**

1. Administrative control is the responsibility of the Public Administrative Sector service and entity, the management, superintendence and supervisory bodies, the Ministry of Finance and the inspection,

- control and audit services of the Public Administrative Sector and is carried out in accordance with the provisions of the Constitution. of the Republic, in this law and in other applicable legislation.
2. Administrative control includes carrying out specific and regular actions to verify compliance with the legal requirements for the execution of the GSB as well as audits, whether internal or carried out by the Ministry of Finance or by the inspection, control and audit services of the Public Administrative Sector.
  3. Administrative control focuses on:
    - a) The correctness and veracity of the accounting record;
    - b) The legality, economy, efficiency and effectiveness of expenditure;
    - c) Compliance with budget programs.
  4. Without prejudice to the provisions of the following number, administrative control covers any entities, public or private, that benefit from funding from the GSB, to the extent strictly necessary to control budget execution.
  5. The Ministry of Finance monitors and inspects the accounts of public companies, as well as other entities included in the state business sector, under the terms of the respective regulatory regime.
  6. The Public Administrative Sector services and entities prepare, organize and maintain in operation systems and procedures for the internal control of the GSB execution operations, aimed at preventing and/or identifying the occurrence of errors and irregularities, which may involve, in cases where this is justified, the use of auditing firm services.
  7. The services and entities of the Public Administrative Sector submit information on their budget execution to the respective management, superintendence and supervisory bodies on a monthly basis.
  8. The services and entities of the Public Administrative Sector cooperate and provide all the clarifications requested by the inspection, control and audit services of the Public Administrative Sector.

#### **Article 110 Political Control**

1. Political control is the responsibility of the National Parliament and is carried out in accordance with the provisions of the Constitution of the Republic, this law, the Rules of Procedure of the National Parliament and other applicable legislation.
2. Within the scope of political control, the National Parliament monitors the execution of the GSB and deliberates on the GSA.
3. The Government sends the National Parliament quarterly, up to 30 days after the end of each quarter, information on:
  - a) The execution of the GSB;
  - b) The use of the Contingency Reserve;
  - c) Budget amendments approved by the Government;
  - d) Public debt management and borrowing operations.
4. The National Parliament holds regular debates on the execution of the GSB with the presence of members of the Government.
5. In terms of political control, the National Parliament requests the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court to carry out at least two audits of services and entities in the Public Administrative Sector.

#### **Article 111 Jurisdictional control**

1. Judicial control is the responsibility of the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court and is carried out in accordance with the provisions of the Constitution of the

Republic, this law and other applicable legislation, as well as the other courts, namely the administrative and tax courts and the judicial courts, within the scope of their respective competences.

2. Within the scope of jurisdictional control, the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court supervises the execution of the GSB and certifies and issues an opinion on the GSA.

## **CHAPTER II RESPONSIBILITY**

### **Article 112 Responsibility**

1. Holders of political offices are politically, financially, civilly and criminally liable for the acts and omissions they practice in the scope of their budget execution duties, in accordance with the provisions of the Constitution of the Republic, this law and other applicable legislation, which establish the assumptions and terms of political and civil liability and typify criminal and financial infractions, as well as the respective sanctions.
2. The holders of management and leadership positions and the workers of the services and entities of the Public Administrative Sector are responsible disciplinary, financial, civil and criminally for acts and omissions that they practice in the scope of the exercise of their functions of budget execution, in accordance with the provisions of the Constitution. of the Republic, in this law and in other applicable legislation, which establish the assumptions and terms of civil liability and typify criminal, financial and disciplinary infractions, as well as the respective sanctions.
3. Without prejudice to the specific forms of implementation of the other forms of responsibility referred to in the previous numbers, financial responsibility is carried out by the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court, under the terms of articles 42 to 55 of Law No. 9/2011, of 17 August, amended by Law No. 3/2013, of 7 August, and by Law No. 1/2017, of 18 January, and other applicable legislation.

## **TITLE IX FINAL AND TEMPORARY PROVISIONS**

### **Article 113 Amendment to the Petroleum Fund Law**

Articles 4, 7 and 9 of Law No. 9/2005, of 3 August, republished by Law No. 12/2011, of 28 September, are replaced by the following wording:

“Article 4  
[...]

For the purposes of this Law, in the event of a conflict between the provisions of this Law and the provisions of a Petroleum Authorization, the provisions of this Law shall prevail.

Article 7  
[...]

1. [...].
2. [...].
3. Without prejudice to the provisions of articles 8 to 10 of this law and of article 57.5 of the General State Budget Framework Law and public financial management, transfers from the Petroleum Fund by the Operational Manager, in the Fiscal Year, may only take place after publication of the budget law, or any amendments thereto, or after the publication of the authorization law referred to in article 9.2 of this law, in the *Jornal da República*, confirming the transfer amount approved by Parliament for that Fiscal Year.

4. If the forecast of transfer from the Petroleum Fund or the forecast of transfer greater than the Estimated Sustainable Income is introduced in the proposed budget law, or any amendment thereto, by Parliament, it shall request the Government reports referred to in article 8 or in points a), b) and c) of Article 9.1, as the case may be, to be submitted to Parliament before the transfers in question are carried out.

Article 9

[...]

1. In each Financial Year, transfers from the Petroleum Fund greater than the Estimated Sustainable Income cannot be made without the Government previously submitting to the National Parliament:
  - a) [...];
  - b) [...];
  - c) [...];
  - d) Except in the cases provided for in article 7.4, justification on the reasons that lead to consider it to be in the long-term interest of Timor-Leste, that a transfer in an amount greater than the Estimated Sustainable Income be effected.
2. In the event of an extension of the validity of the GSB law under the terms of article 57.2 of the General State Budget Framework Law and public financial management, the presentation referred to in the previous number occurs together with the presentation by the Government of the Proposed Law authorizing the transfer of the Petroleum Fund in excess of the Estimated Sustainable Income.”

**Article 114**

**Amendment to the Organic Law of the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court**

Articles 12, 29, 60 and 66 of Law No. 9/2011, of 17 August, amended by Law No. 3/2013, of 7 August, and by Law No. 1/2017, of 18 January, are replaced by the following wording:

“Article 12

[...]

1. In particular, the Chamber of Auditors is responsible to:
  - a) Certify and give an opinion on the General State Account;
  - b) [...];
  - c) [...];
  - d) [...];
  - e) [...];
  - f) [...];
  - g) [...];
  - h) [...];
2. The National Parliament requests, each year, an audit to be carried out on at least two specific services or entities, indicating the grounds for the respective choice.
3. [...].
4. [...].

Article 29

[...]

1. [...].
2. [...].
3. [...].
4. The report and opinion on the General State Account must be presented to the National Parliament within two months of receipt of the Account by the Government.

Article 60

[...]

1. It is incumbent upon the plenary of the Chamber of Auditors:
  - a) To certify the General State Account and approve the report and opinion on the General State Account;
  - b) [...];
  - c) [...];
  - d) [...];
  - e) [...];
  - f) [...];
  - g) [...];
  - h) [...].
2. [...].

Article 66

[...]

1. The certification processes of the General State Account, the preparation of the report and opinion on the General State Account and the verification of accounts and audit reports are included in the regulation of operation of the Chamber of Auditors.
2. [...].
3. [...].
4. [...].”

**Article 115**

**Amendment to the Organic Law of the Chamber of Auditors of the Superior Administrative, Fiscal and Audit Court**

Article 28-A is added to Law No. 9/2011, of 17 August, amended by Law No. 3/2013, of 7 August, and by Law No. 1/2017, of 18 January, with the following wording:

“Article 28 -A

Certification of the General State Account

1. The Chamber of Auditors certifies the General State Account, verifying the correctness of budgetary and accounting records.
2. The certification of the General State Account must be presented to the National Parliament within 30 days of receipt of the Account by the Government.”

**Article 116**

**Amendment to the Public Debt Regime**

Article 2 of Law No. 13/2011, of 28 September, is replaced by the following wording:

“Article 2

[...].

1. [...].
2. [...].
3. [...].
4. The provisions of the previous numbers do not prejudice the provisions of article 57.9 of the Law on the Framework for the General State Budget and public financial management.”

**Article 117**  
**Amendment to the Law for the Creation of the Special Administrative Region of Oe-Cusse Ambeno**

Article 11 of Law No. 3/2014, of 18 June, amended by Law No. 3/2019, of 15 August, is replaced by the following wording:

“Article 11  
[...]

The Region’s own revenues are:

- a) (Former subparagraph a) of no. 1);
- b) The proceeds from the collection of taxes in the Region that are expressly attributed to it by law;
- c) The proceeds of the collection of fees in the Region;
- d) (Former subparagraph c) of no. 1);
- e) (Former subparagraph d) of no. 1);
- f) (Former subparagraph e) of no. 1);
- g) (Former subparagraph f) of no. 1);
- h) (Former No. 2).”

**Article 118**  
**Amendment to the Statute of the Special Administrative Region of Oe-Cusse Ambeno**

Article 5 of Decree-Law No. 5/2015, of 22 January, is replaced by the following wording:

“Article 5

Without prejudice to the powers, competences and modes of action of the sovereign bodies established by the Constitution of the Republic and by law, in relation to the Special Administrative Region of Oe-Cusse Ambeno, the Government reserves for the exercise through the national public administration its powers in vital activities for the State, namely:

- a) (Former subparagraph a) of no. 1);
- b) (Former subparagraph b) of no. 1);
- c) (Former subparagraph c) of no. 1);
- d) (Former subparagraph d) of no. 1);
- e) (Former subparagraph e) of no. 1);
- f) (Former subparagraph f) of no. 1);
- g) (Former subparagraph g) of no. 1);
- h) (Former subparagraph h) of no. 1);
- i) (Former subparagraph i) of no. 1);
- j) (Former subparagraph j) of no. 1);
- k) (Former subparagraph k) of no. 1);
- l) Authorize loans to be taken out by the President of the Authority of the Region;
- m) (Former subparagraph m) of no. 1);
- n) (Former subparagraph n) of no. 1);
- o) (Former subparagraph o) of no. 1);
- p) (Former subparagraph p) of no. 1);
- q) (Former subparagraph q) of no. 1);
- r) (Former subparagraph r) of no. 1);
- s) (Former subparagraph s) of no. 1);
- t) (Former subparagraph t) of no. 1);
- u) (Former subparagraph u) of no. 1);

**Article 119**  
**Amendment to the Social Security Contributory Regime**

Article 63 of Law No. 12/2016, of 14 November, amended by Law No. 1/2022, of 3 January, is replaced by the following wording:

“Article 63  
[...]

1. A reserve fund is created that contains the operating surplus for each year of the social security budget, as well as other legally provided revenue.
2. [...].
3. [...].
4. [...].
5. [...].
6. [...].”

**Article 120**  
**Amendment to the Statutes of the National Social Security Institute**

Articles 5 and 21 of the Annex to Decree-Law No. 47/2016, of 14 December, are replaced by the following wording:

“Article 5  
[...]

1. [...].
2. [...].
3. Within the scope of budgetary, financial and asset management of the social security system, the NISS is responsible to:
  - a) [...];
  - b) [...];
  - c) Ensure compliance with the chart of accounts by the Social Security sector and, until the Public Administrative Sector’s accounting system is approved, define the accounting principles, concepts and procedures to be adopted in the social security system, through the preparation of the chart of accounts for the sector;
  - d) [...];
  - e) [...];
  - f) [...];
  - g) [...];
  - h) [...];
  - i) [...];
  - j) [...];
  - k) [...];
  - l) [...];
  - m) [...];
  - n) [...];
  - o) [...].

Article 21  
[. ... .]

1. The NISS has revenues from transfers from the General State Budget and other revenues legally allocated to the financing of NISS administration expenses.
2. [...].”



#### **Article 121**

#### **Amendment to the Regime that constitutes the Social Security Reserve Fund and defines the respective management model**

Article 19 of Decree-Law No. 55/2020, of 28 October, amended by Decree-Law No. 33/2021, of 15 December, is replaced by the following wording:

“Article 19

[...].

3. [...].
4. [...].
5. [...].
6. The accounting record of SSRF assets is carried out in accordance with the accounting plan applicable to the social security sector, with the following adaptations:
  - a) [...];
  - b) [...];
  - c) The expenditure for the purchase of financial assets is deducted from the amount of the sale of financial assets that preceded it;
  - d) [...].
7. In the operations referred to in subparagraph 6(c) of this article, the expenses to purchase and the income from the sale of financial assets are part of the commissions inherent to the acquisition and disposal of the financial assets in question.
8. (Former No. 7).”

#### **Article 122**

#### **Rules Repealed**

1. Law no. 13/2009, of 21 October, on Budget and Financial Management, amended by Laws no. 9/2011, of 17 August 17, and 3/2013, of 7 August.
2. All rules, general or special, that are in contradiction with the provisions of this law are also revoked.

#### **Article 123**

#### **Regulation**

The Government approves, within a period of six months, the regulations necessary for the implementation of this law.

#### **Article 124**

#### **Autonomy of Ministries and Secretaries of State not integrated into Ministries**

The Government creates the necessary conditions so that, within a maximum of five years, the Ministries and Secretaries of State not integrated in Ministries may start paying their expenses, as well as the expenses of the respective services with limited financial autonomy, through banks account they own.

#### **Article 125**

#### **Taking effect**

1. The present law takes effect starting with the budget process related to the GSB law for 2022, except for the Major Planning Options Law which will take effect starting with the budget process related to the GSB law for 2023.
2. Notwithstanding the provisions of the previous numbers, if the process of adapting procedures and systems justifiably does not allow implementation at an earlier date, the Government may delay, at most until the end of the budget process of the GSB for 2023, the implementation of the rules relating to:
  - a) The treasury unit and management;

- b) The budget tables of the GSB law and the informational elements that accompany the proposed GSB law;
  - c) The date of submission of the proposed GSB law;
  - d) The GSA tables and the information elements that accompany the GSA;
  - e) The budget balances.
3. If it chooses to delay the implementation of any of the rules under the terms of the previous number, the Government must present the respective justification in the report of the proposed law of the GSB or the GSA, respectively.

**Article 126**  
**Entry into force**

This law enters into force on the day following its publication.

Approved on 10 January, 2022.

The President of the National Parliament,

**Aniceto Longuinhos Guterres Lopes**

Promulgated on 9 February 2022.

To be Published,

The President of the Republic,

**Francisco Guterres Lu Olo**