

ORGANIC BUDGET

LAW

I. GENERAL PROVISIONS

Article 1

Contents of the Law

This Law shall regulate the procedure for preparation, adoption, execution of the Budget of the Republic of North Macedonia (hereinafter referred to as: the state) and the budgets of the local government units and the City of Skopje (hereinafter referred to: municipalities), as well as reporting on their execution. This Law shall also regulate the fiscal rules, the establishment and the competences of the Fiscal Council, the medium-term budget planning, the management of state and municipal funds, the monitoring of financial results of public enterprises and companies established by the state and the municipalities, as well as companies established by such public enterprises and companies, and the financial responsibility and the basis for establishment of an integrated public financial management information system.

Provisions of this Law shall not apply to the National Bank of the Republic of North Macedonia, except Article 4 thereof.

Article 2

Definitions

The following terms used in the Law shall have the meaning specified herein:

1. **“Budget”** shall mean an legal act of the central government (State Budget) and the local government (Municipal Budget) planning the annual revenues and other inflows and authorizing the annual expenditures and other outflows of the state or a municipality. The State Budget shall also include the Funds’ budgets;

2. **“Supplementary Budget”** shall mean a legal act of the state or the municipality amending the last budget adopted in the current year;

3. **“adopted budget”** shall mean budget or supplementary budget adopted by the Parliament of the Republic of North Macedonia or by the Municipal Council;

4. **“valid budget”** shall mean the budget adopted in the current year, including all modifications made during its execution in accordance with this Law and the Law on Execution of the Budget of the Republic of North Macedonia (Law on Budget Execution) or a Decision on Municipal Budget Execution;

5. **“Citizens’ Budget”** shall mean a representation of the budget in a simple way in order to inform the citizens how it is created and how the allocated funds are spent;

6. **“Annual Financial Statement in the form of Annual Budget Execution Report”** shall mean a legal act of the state or the municipality (hereinafter referred to

as: Annual Financial Statement), presenting both the collected revenues and the executed expenditures on all accounts of the State Budget or the municipal budget, compared with the projected revenues and the approved expenditures;

7. **“financial plan”** shall mean a plan of a budget user’s inflows and outflows for a particular budget year;

8. **“financial leasing”** shall mean a leasing contract on the basis of which ownership may, but does not necessarily have to, be transferred from the lessor to the lessee;

9. **“quota”** shall mean the total amount of funds a budget user may spend in a certain period of time within a budget year;

10. **“budget appropriation”** (hereinafter referred to as: appropriation) shall mean an annual amount of budget user’s spending right for a designated purpose;

11. **“spending right”** shall mean a budget user’s right to assume and pay obligations up to the extent specified by an appropriation;

12. **“obligation”** shall mean a pre-commitment, a commitment, a liability and an arrear;

13. **“pre-commitment”** shall mean an intention to enter into commitment which shall be registered in the General Ledger System;

14. **“commitment”** shall mean an obligation arising from a legal document, a signed contract, an order or other binding document, as well as a law, a by-law, or a final court or administrative ruling, resulting in future payment obligations;

15. **“liability”** shall mean an obligation arising from previous actions, the settlement of which is expected to result in outflow of appropriated funds. The liability shall arise when terms and conditions under a contract or other document are met, i.e. the goods are delivered or the services are rendered;

16. **“arrear”** shall mean an obligation not paid by its due date. An arrear on the basis of refund of public duties shall be an obligation incurred when the public duties are not refunded within the legally prescribed deadline;

17. **“outflows”** shall include expenditures and other outflows;

18. **“expenditures”** shall mean budget payments recorded on cash basis in the Statement of Revenues and Expenditures;

19. **“other outflows”** shall mean budget outflows recorded on cash basis in the Statement of Financial Assets and Liabilities or the Statement of Borrowings and Debt Repayment;

20. **“inflows”** shall include revenues and other inflows;

21. **“revenues”** shall mean budget inflows recorded on cash basis in the Statement of Revenues and Expenditures.

22. **“other inflows”** shall mean budget inflows recorded on cash basis in the Statement of Financial Assets and Liabilities or the Statement of Borrowings and Debt Repayment;

23. **“public entities”** shall mean, within the meaning of this Law, budget users, public enterprises and companies predominantly or fully owned by the state or the

municipalities, non-profit institutions, controlled and financed by the state or the municipalities, and the National Bank of the Republic of North Macedonia;

24. **“general government entities”** shall mean, within the meaning of this Law, institutions classified in General Government Sector (S.13), in line with the National Classification of Institutional Sectors of the State Statistical Office;

25. **“non-profit institutions”** shall mean legal entities established for the purpose of producing goods or services which, due to their character, are not allowed to be sources of revenues, profit or other financial earnings of the institutions having established, controlling or financing them;

26. **“budget users”** shall mean all legal entities established by the state or the municipalities, the social funds, the municipalities, except for the National Bank of the Republic of North Macedonia, the public enterprises and the companies, the non-profit institutions, established by the state or the municipalities;

27. **“parent budget user”** shall mean a budget user hierarchically superior to all budget users and other public entities under its authority, except for the Parliament of the Republic of North Macedonia which shall be a parent budget user hierarchically not superior to other budget users and other public entities;

28. **“organizational code”** shall mean a budget user or a group of related budget users;

29. **“policy”** shall mean an area of action and shall represent a set of programs with common general medium- or long-term objectives;

30. **“program”** shall mean a more specific area within the policy, adhering to the common specific medium-term objectives. A program may include one or several sub-programs;

31. **“sub-program”** shall mean a more precisely elaborated part of a program, including short-term to medium-term objectives, comprising projects and/or activities;

32. **“project”** shall mean a set of interrelated tasks with clearly defined goals to be carried out within a certain period and within the projected expenditures and other outflows; public investment project shall mean planning, defining, budgeting, contracting, monitoring and completion of investments in public economic and social infrastructure;

33. **“public economic infrastructure”** shall mean an infrastructure promoting economic activity, such as roads, highways, railroads, airports, energy generation and supply systems, telecommunications, water supply and sewerage;

34. **“public social infrastructure”** shall mean physical structures and areas with the community having access to social and other public services, including healthcare (healthcare centres, clinics and hospitals), education and training (schools and universities), social housing, public security and justice (police, courts, prisons) as well as art, cultural and recreational institutions and centres;

35. **“activity”** shall mean a set of interrelated tasks with clearly defines goals and cannot be defined as a project;

36. **“budget balance”** shall mean the difference between all budget revenues and expenditures;

37. **“budget surplus”** shall mean a positive budget balance, i.e. positive

difference between all budget revenues and expenditures;

38. **“budget deficit”** shall mean a negative budget balance, i.e. negative difference between all budget revenues and expenditures;

39. **“primary deficit”** shall mean a negative budget balance minus the interest-related payments;

40. **“Treasury Single Account”** (hereinafter referred to as: TSA) shall mean an account with the National Bank of the Republic of North Macedonia opened by the Ministry of Finance and managed by the Treasury, through which all transactions are made and collection of all budget inflows and execution of all budget outflows is recorded;

41. **“Treasury Single Account System”** (hereinafter referred to as: TSAS) shall mean a unified system of accounts managed by the Ministry of Finance, providing a consolidated review of the financial operations and the cash balances, a platform for sound and efficient cash management, which the budget users and other public entities use to make transactions and register all their inflows and outflows, transfers and other cash transactions;

42. **“General Ledger System”** shall mean a system for recording the adopted budget and the supplementary budget, all transactions and balances at all stages of the budget execution process, cash and debt management and overall financial operations of the budget users, as well as cash transactions and balances of other public entities which participate in the system in line with this Law or other law;

43. **“liquidity”** shall mean the ability for timely payment of obligations within the agreed deadline;

44. **“borrowing”** shall mean a procedure for issuance of debt securities and disbursement of loan proceeds or proceeds on the basis of other borrowing instruments in a manner prescribed by law;

45. **“liquidity borrowing”** shall mean disbursement of proceeds under short-term loans or issuance of short-term securities or other instruments to finance temporary cash shortage as a result of a mismatched trend in budget inflows and outflows within the fiscal year;

46. **“consolidation”** shall mean a presentation of financial information of several public entities as belonging to a single entity; hence, transfer flows, assets and liabilities between individual public entities are mutually exclusive;

47. **“tax expenditures”** shall mean indirect expenditures incurred on the basis of tax and customs legal provisions, resulting in reduction or delay of inflows for the purpose for achieving certain economic or social goal;

48. **“claim holder”** shall mean a public entity having claims against other legal entities or natural persons on various basis;

49. **“general government debt”** shall comprise consolidated financial liabilities created on the basis of borrowing by general government entities;

50. **“gender-responsive budgeting”** shall mean an assessment of the budgets from a gender point of view, including gender perspective at all levels of the budget processes, planning and restructuring of both revenues and expenditures to the end of achieving gender equality;

51. **“gender-responsive budget statement”** shall mean a document on inclusion of gender equality in the field covered by the selected program that is subject to analysis;

52. **“gender indicators”** shall mean tools to monitor gender differences, gender-related changes over time, and measuring the progress towards achieving gender-responsive goals.

Article 3

Budget Goals and Principles

(1) Main goal when preparing and executing the Budget shall be macroeconomic stability and a sustainable and stable national economic development.

(2) Budget preparation and execution shall be based on the following principles:

1. principle of fiscal responsibility shall mean that State Budget and municipal budget should be planned and executed in accordance with medium-term fiscal goals, based on realistic projection of the macroeconomic indicators, commitments and existing legal obligations, and the public funds managed in a manner that ensures medium- and long-term fiscal sustainability;

2. principle of economy, efficiency and effectiveness shall mean that State Budget and municipal budget should be planned and executed in a manner that ensures effective and efficient use of public funds to achieve the set goals;

3. principle of budget comprehensiveness shall mean that all revenues and other inflows and all expenditures and other outflows of all budget users should be entered in the State Budget and municipal budget in full without any adjustments against each other, except for transfers among them;

4. principle of universality shall mean that all revenues and other inflows should be used for financing all expenditures and other outflows of the State Budget and municipal budget, unless otherwise prescribed by this Law or other law;

5. principle of specificity shall mean that the budget users may enter into commitments and make payments only for the purposes and in the amounts determined in the budget, in accordance with the budgetary classifications;

6. principle of cash basis shall mean that budgets or financial plans of the budget users should be prepared and executed and implemented on cash basis;

7. principle of annuality shall mean that the budget should be adopted for a period of one year, coinciding with the calendar year;

8. principle of equilibrium (budget balance) shall mean that revenues and expenditures of the State Budget and the municipal budget should be balanced;

9. principle of transparency shall mean that State Budget and municipal budget, as well as supplementary budgets, execution and budget documentation should be published in the “Official Gazette of the Republic of North Macedonia”, i.e. in an official journal or on the website of the Ministry of Finance and the municipalities, and financial statements of the other public entities should be published on their respective websites;

10. principle of sound financial management shall mean execution of the budget in accordance with effective and efficient internal control as a process applied at all

levels of financial management, and

11. principle of gender equality shall mean gender-responsive budgeting, i.e. preserving gender equality when projecting and executing budget inflows and outflows.

Article 4

Registry of Public Entities

(1) Ministry of Finance shall establish, keep and maintain Registry of Public Entities, which shall be publicly available.

(2) Public entities shall be registered in the Registry of Public Entities grouped as follows: budget users, public enterprises, other public entities and the National Bank of the Republic of North Macedonia.

(3) Registry of Public Entities shall be updated on ongoing basis.

(4) Each new legal entity established directly or indirectly by the state or the municipalities shall be recorded in the Registry of Public Entities.

(5) In order to establish and maintain the Registry of Public Entities, the Ministry of Finance shall obtain the necessary data, free of charge, from the Central registry of the Republic of North Macedonia and other competent institutions.

(6) The design, the contents, the establishment and the manner of maintaining the Registry of Public Entities shall be prescribed by the Minister of Finance.

Article 5

Budget Classifications

(1) Budget classifications shall be used to identify the specific purposes and sources of budget funds and to present and consistently monitor revenues and other inflows and expenditure and other outflows by relevant authority, economic purpose, function, program, and source of funding.

(2) Budget classifications shall be:

1. organizational classification, classifying the budget users in a hierarchical organizational structure of related and mutually coordinated entities (parent budget user, organizational code and budget user) in order to identify the competences of the entities responsible for planning and managing the public funds and employees concerned to achieve the established objectives;

2. economic classification, classifying revenues and other inflows by their nature and expenditures and other outflows by their economic purpose into classes, groups, sub-groups, organizational codes and three-digit items;

3. functional classification, classifying budget expenditures and other outflows in the functional areas by their general and specific goals in accordance with the accepted international classification prescribed by the United Nations;

4. program classification, including a breakdown of the budget into policies, programs, sub-programs and projects or activities as defined with the planning documents, at the same time grouping all public services and activities with a common

objective and outcome across the organizational structure;

5. classification by sources of financing, classifying revenues and other inflows in groups in relation to the specific types and purposes of expenditures and other outflows.

(3) Minister of Finance shall prescribe, in more details, the budget classifications referred to in points 1, 2, 4 and 5, paragraph (2) of this Article.

Article 6

Organizational Units in charge of Financial Affairs at the Budget Users

(1) Budget users shall establish organizational units in charge of financial affairs, performing the activities related to budget preparation and execution, as well as other related activities pertaining to management of funds. A budget user may perform the respective activities for other budget users as well.

(2) Minister of Finance shall prescribe the general guidelines for the organizational units in charge of financial affairs. Activities and responsibilities of the organizational units in charge of financial affairs shall be clearly identified and segregated, as they should also be in cases when a budget user performs activities for another budget user.

(3) Provisions laid down in paragraphs (1) and (2) of this Article shall equally apply to both state and municipal level.

(4) Employees in the organizational units in charge of financial affairs at the budget users performing activities related to budget preparation and execution and other activities arising from this Law shall have the right to continuous vocational and professional development training in matters related to this Law.

(5) Training referred to in paragraph (4) of this Article shall be organized and carried out by the Ministry of Finance with trainers with more than five-year relevant experience in the respective field.

(6) Trainers referred to in paragraph (5) of this Article shall have the right to allowance, the amount of which shall be determined depending on the training duration in hours, the complexity and the need to prepare the materials for carrying out the training. Amount of trainers' allowance shall be determined with a legal act adopted by the Minister of Finance.

Article 7

Resources from the European Union Funds

(1) Ministry of Finance shall be responsible for managing the resources received from the Budget of the European Union, in accordance with the European Union (hereinafter referred to as: EU) provisions and regulations for financing and concluding agreements and this Law or other law.

(2) Resources from EU Funds, as well as national co-financing, shall be presented in the Budget under respective programs or sub-programs.

(3) Republic of North Macedonia, as beneficiary of EU funds, shall establish a system for protection of EU financial interests.

(4) Upon proposal by the Minister of Finance, Government of the Republic of North Macedonia shall set the structure of the system for protection of EU financial interests with a Decree.

II. FISCAL DISCIPLINE

Article 8

Fiscal and Other Implications when Proposing Regulations and Legal Acts

(1) Authorities preparing draft laws and other legal acts proposed by the Government of the Republic of North Macedonia and authorities proposing other regulations adopted by the Government shall mandatorily submit to the Government of the Republic of North Macedonia a filled-in form on assessment of medium-term fiscal implications on the state, the municipalities and other public entities. Assessment of medium-term fiscal implications shall include at least the following:

1. envisaged changes in the inflows and outflows of the State Budget, the budget of the municipalities and the budget of other public entities for the current and at least the following five years;

2. analysis on which the assessment of fiscal implications is based;

3. proposal for sources of financing.

(2) Ministry of Finance shall, on the basis of the form referred to in paragraph (1) of this Article, submit an opinion on medium-term fiscal implications to the Government of the Republic of North Macedonia.

(3) Should the budget users propose new regulations, legal acts or obligations causing fiscal implications in the coming budget years, they shall be included in new financing initiatives when preparing the fiscal strategy and the budget.

(4) Fiscal implications of the new regulations, legal acts or obligations not adopted by the Government, but adopted on the basis of laws and other bylaws upon prior opinion obtained from the Ministry of Finance, shall have to be in compliance with the respective laws and other bylaws.

(5) Notwithstanding paragraph (4) of this Article, should the fiscal implications of the new regulations, legal acts and obligations not adopted by the Government of the Republic of North Macedonia exceed the fiscal implications of both the laws and other legal acts on the basis of which they were adopted and verify by the Ministry of Finance, such acts and the respective forms on assessment of their medium-term fiscal implications shall have to be submitted to the Ministry of Finance. Ministry of Finance shall submit an opinion on medium-term fiscal implications to the Government of the Republic of North Macedonia.

(6) In case when fiscal implications of the proposed new regulations or legal acts encourage the promotion of gender equality, gender-responsive budget statement shall be mandatory attached thereto.

(7) Minister of Finance shall prescribe, in more details, the form and the contents of the Form on Assessment of Medium-Term Fiscal Implications, while the Minister of Labor and Social Policy shall, with the consent by the Minister of Finance, prescribe the form and the contents of the gender-responsive budget statement.

(8) Ministry of Finance may request the proposer to assess the long-term fiscal implications in case of a regulation with a long-term impact or in a case of a long-term project.

(8) Mayor of the municipality shall submit the fiscal and other implications when proposing regulations and legal acts to the Municipal Council.

Article 9

Fiscal Principles

Apart from acting in accordance with the budget principles outlined in Article 3 of this Law, the Government shall meet the policy objectives in line with the following general principles of accountable fiscal management (fiscal principles):

1. principle of sustainability of public finances shall mean maintaining the budget deficit and the general government debt at a prudent and sustainable level, not excessively burdening the economy, supporting the economic growth on the long term and not jeopardizing the solvency in relation to the commitments and payment of expenditures;

2. principle of stable tax system shall mean spending and taxation in line with a reasonable level of stability and predictability of tax burden level;

3. principle of prudent management of fiscal risks arising from: macroeconomic shocks, sovereign and municipal guarantees, ownership of public enterprises and other public corporations established by the state and the municipalities or predominantly owned by the state or the municipality, public private partnership, etc.;

4. inter-generational responsibility shall mean managing the fiscal policy in a way that takes into account the effects on the well-being of present and future generations.

Article 10

Fiscal Rules

(1) The Budget and the Fiscal Strategy shall be in conformity with the fiscal rules pertaining to both the deficit and the total general government debt.

(2) General government deficit for the respective may not exceed 3% of the nominal gross domestic product (GDP).

(3) Total general government debt may not exceed 60% of the nominal GDP, while the guaranteed public debt may not exceed 15% of the nominal GDP.

(4) Should the level of general government debt exceed the one stipulated in paragraph (3) of this Article, Government of the Republic of North Macedonia shall prepare and adopt a strategy containing specific measures and activities which shall,

for a period of five years at most, result in reduction of the debt below the level prescribed by this Law. General government deficit shall be consistent with the general government debt trends.

(5) Nominal gross domestic product (GDP) referred to in paragraphs (2) and (3) of this Article shall be calculated by applying the latest data on generated nominal GDP published by the State Statistical Office. In cases when these data are still not published for the respective year, last Budget' or Fiscal Strategy's estimates, i.e. projections, of the Ministry of Finance shall be applied instead.

(6) The Government may deviate from the stipulated fiscal rules in case of occurrence of one of the exceptional circumstance, as follows:

1. natural disasters and external shocks jeopardizing the national security or the lives and the health of the people;
2. state of emergency and/or crisis situation;
3. sharp financial or economic shocks, resulting in a negative or a very low annual real GDP growth close to zero, the overcoming of which shall require a significant support from the fiscal policy.

(7) Exception from the fiscal rules shall be allowed for implementation of investment projects with a positive impact on GDP. The deviations shall not exceed 0.5% of GDP annually and on cumulative basis over a period of five years.

(8) Government of the Republic of North Macedonia shall be obliged, as regards any deviation in line with paragraphs (6) and (7) of this Article, to clearly explain the following to the Parliament of the Republic of North Macedonia when submitting the immediate subsequent Budget or Supplementary Budget, i.e. the immediate subsequent Fiscal Strategy:

1. reasons for the deviation from the fiscal rules;
2. corrective measures undertaken and planned to be undertaken, all to the end of re-establishing compliance with the fiscal rules within a period of five years from the deviation at most.

(9) Measures and activities referred to in paragraphs (4) and (8) of this Article shall adhere to the following principles:

1. corrective measures and activities shall be measurable, defined by years and yield effects by the next fiscal year at the latest;
2. corrective measures shall be proportional to the size of the deviations.

Article 11

Fiscal Council

(1) The Fiscal Council shall be an independent body performing the activities within its scope of work and competences specified under this Law and shall be responsible to the Parliament of the Republic of North Macedonia.

(2) The Fiscal Council shall, independently, impartially and proficiently, prepare analyses and opinions on the following:

1. macroeconomic and fiscal assumptions applied when preparing the State Budget and the Fiscal Strategy;

2. Fiscal Strategy, State Budget, Supplementary Budget, Semi-Annual Report on Budget Execution, Annual Financial Statement and other documents submitted to the Parliament of the Republic of North Macedonia or published pursuant to this Law;

3. fiscal risks and probability as regards State Budget execution and implementation of the Fiscal Strategy;

4. fulfilment of fiscal rules prescribed in this Law, as well as risks arising from exception from the respective fiscal rules;

5. occurrence of exceptional circumstances leading to temporary exception from the fiscal rules in line with paragraph (6), Article 10 of this Law, as well as the requirements for temporary deviation from the structural reforms and investments in line with paragraph (7), Article 10 of this Law;

6. implementation of corrective measures listed in paragraphs (4) and (8), Article 10 of this Law.

(3) The Fiscal Council may, upon its own initiative, i.e. upon request by the Government of the Republic of North Macedonia or the Parliament of the Republic of North Macedonia, also prepare analyses and opinions on the fiscal effects of certain draft laws, as well as other issues related to the fiscal policy and the public financial management.

(4) Fiscal Council's analyses and opinions referred to in paragraph (2) of this Article shall be an integral part of the relevant documents therein submitted to the Government of the Republic of North Macedonia or the Parliament of the Republic of North Macedonia for their consideration and adoption. Should the Fiscal Council make any comments and observations in the analyses and the opinions, the Government of the Republic of North Macedonia, in coordination with the Ministry of Finance, shall be obliged to prepare a written reply, explaining the reasons for the discrepancy with the analyses and the opinions of the Fiscal Council, which reply shall also be an integral part of the relevant documents.

(5) All analyses and opinions of the Fiscal Council shall be published on its website as soon as possible.

(6) The Fiscal Council shall comprise three members, whereby the Academy of Arts and Sciences of the Republic of North Macedonia – MANU, the State Audit Office and the National Bank of the Republic of North Macedonia shall propose one member each. The members shall be appointed by the Parliament of the Republic of North Macedonia. Term of office of the Fiscal Council's members shall be six years, without the right to re-election.

(7) Institutions referred to in paragraph (6) of this Article may announce a public call for applications for Fiscal Council members by interested persons meeting the requirements envisaged under this Article.

(8) Fiscal Council members shall, independently, impartially and proficiently, perform their duties in line with the highest professional and ethical standards. Views the members express while discharging their duties in the Fiscal Council or at public events related to the work of the Fiscal Council shall not be deemed as presenting the views of the institutions having proposed them or the institutions they are affiliated to.

(9) Member of the Fiscal Council can be an individual, citizen of the Republic of North Macedonia, with a relevant reputation, having completed at least higher

education and having at least ten years of relevant professional or academic experience in the field of economy, public finances, accounting and audit or other related field.

(10) Following person may not be a member of the Fiscal Council:

1. being pronounced, under a final court judgement, a sentence or misdemeanor sanction, prohibition to practice a profession, perform an activity or a duty;

2. a Member of the Parliament of the Republic of North Macedonia, member of the Government of the Republic of North Macedonia, employed with a budget user or other public entity at national or local level;

3. being a member of political party bodies or public office holder in the last five years;

4. notwithstanding item 2 of this Article, member of the Fiscal Council may be a university professor or employee, i.e. a person engaged in a scientific and research institution or temporarily engaged in an international financial institution.

(11) The term of the President or a member of the Fiscal Council shall cease under the following terms and conditions:

1. upon expiry of the term of office;

2. in case of death;

3. in case of a resignation, by giving the Parliament of the Republic of North Macedonia not less than one month prior written notice;

4. in case of dismissal.

(12) The President or a member of the Fiscal Council shall be dismissed if:

1. he/she no longer fulfills any of the criteria for appointment of a member of the Fiscal Council referred to in paragraph (9) of this Article;

2. he/she is unable to perform the tasks and duties due to physical or mental incapacity lasting longer than three months;

3. he/she fails to perform the duties in the Fiscal Council for at least two consecutive months, and

4. he/she loses his/her ability to work.

(13) The decision on dismissal of a member of the Fiscal Council shall be adopted by the Parliament of the Republic of North Macedonia upon a proposal by 20 MPs, with a prior written notice about the reasons for the respective dismissal, submitted by the respective institution referred to in paragraph (6) of this Article to the Parliament of the Republic of North Macedonia.

(14) Vacant seat on the Fiscal Council shall be filled within 60 days at the latest by appointing a new member, upon a proposal by the respective institution referred to in paragraph (6) of this Article, of the Council with a six-year term of office.

(15) The Fiscal Council shall adopt a Work Program and decisions with a majority vote.

(16) Members of the Fiscal Council shall elect the President of the Fiscal Council. President of the Fiscal Council shall represent, manage and organize the work of the Fiscal Council.

(17) Members of the Fiscal Council shall perform the Council's activities without establishing employment. As regards the activities they perform in the Fiscal Council, the members shall be entitled to a net monthly allowance in the amount of two net average wages paid in the Republic of North Macedonia in the course of the

previous year.

(18) Tasks related to professional and administrative and technical activities for the needs of the Fiscal Council shall be carried out by the Administrative and Professional Department of the Fiscal Council. Administrative and Professional Department of the Fiscal Council shall have a legal personality, headquartered in Skopje. Head of the Department shall manage the operations of the Administrative and Professional Department, who shall also act for and on behalf of the Service. Head of the Department shall be elected from among its employees by the members of the Fiscal Council and he/she shall be responsible to them for the work he/she performs.

(19) Administrative and Professional Department of the Fiscal Council shall comprise four analysts for professional support and two employees for administrative and technical support to the Fiscal Council operations. Internal organizational setup and job description shall be stipulated by a Rulebook adopted by the Fiscal Council. Provisions of the Law on Administrative Servants shall apply to the employees in the Administrative and Professional Department.

(20) Funds for the functioning, including the operating costs, of the Fiscal Council shall be allocated from the Budget of the Republic of North Macedonia upon proposal by the Fiscal Council and it shall independently decide on the use of the allocated funds.

(21) Once the Fiscal Council is established, the Government shall be obliged to provide working space and operational and supporting staff for uninterrupted performance of the tasks falling within the scope of operations of the Fiscal Council for a period of at least one year.

(22) For the purpose of preparing the analyses and the opinions within its mandate, the Fiscal Council shall have the right to access all relevant information and data of the budget users and other public entities at national and local level. All public entities shall be obligated to provide the requested information and data within 15 days upon receiving the Fiscal Council's request therefore. The Fiscal Council shall have the right to publicly disclose the public entities failing to comply with these provisions.

(23) As regards the performance of the tasks stipulated by this Law, the Fiscal Council and each of its members shall be responsible to the Parliament of the Republic of North Macedonia.

(24) The Fiscal Council shall submit a report on its operations to the Parliament of the Republic of North Macedonia at least once a year by the end of May in the current year for the previous year. The report, which shall also include a report on managing the funds referred to in paragraph (20) of this Law, shall be published on the website of the Fiscal Council.

III. MEDIUM-TERM BUDGET PLANNING

Article 12

Fiscal Policy Statement

Government of the Republic of North Macedonia shall submit a Fiscal Policy

Statement to the Parliament within 100 days following its election. The Statement shall be published on the website of both the Ministry of Finance and the Government of the Republic of North Macedonia. Fiscal Policy Statement shall include guidelines on the fiscal strategy throughout the term of office of the Government of the Republic of North Macedonia. Ministry of Finance shall be in charge of providing technical support to the Government of the Republic of North Macedonia when preparing the respective Statement.

(2) The Fiscal Policy Statement shall include at least the following projections for a period of five years:

1. projections on the State Budget balance;
2. projections on the general government budget balance;
3. general government debt projections;
4. envisaged tax policy the Government will pursue throughout its term of office;
5. projections on GDP growth, foreign trade and labour market.

Article 13

Strategic Planning

(1) The Government shall set the strategic priorities for at least the coming five years by 15th December in the current year at the latest, taking into account the Fiscal Policy Statement, the fiscal principles and rules, the Government's Operating Program, the analysis of the results achieved in implementing the strategic priorities of the Government in the previous year, the development strategic planning documents, the sectoral strategies and the assessment of the ongoing society-related, economic and social development in the country.

(2) On the basis of the analysis made, the Government may set a new priority, redefine already set priority and exclude a previously set priority, in case of substantial changes in the conditions and the circumstances or in case of state of emergency.

(3) Parent budget users shall prepare a strategic plan on the activities and the projects within their competence, mandatorily adhering to the strategic priorities and the priority goals of the Government of the Republic of North Macedonia. Parliament of the Republic of North Macedonia shall prepare a strategic plan on the activities and the projects within its competence, in line with the Law on the Parliament of the Republic of North Macedonia.

(4) Funds necessary for the implementation of the activities contained in the programs, the sub-programs, the projects and the measures included in the Strategic Plan shall be within the maximum expenditure amounts (expenditure limits) set in the Fiscal Strategy. The Strategic Plan shall be harmonized with and defined in accordance with the Revised Fiscal Strategy and the adopted Budget.

(5) Organizational unit within the General Secretariat of the Government in charge of coordinating the strategic planning process at the parent budget users shall, in cooperation with the Ministry of Finance, submit detailed guidelines and timeframe regarding the preparation of the strategic plan.

Article 14

Macroeconomic Projections

- (1) Ministry of Finance shall prepare the macroeconomic projections.
- (2) The Fiscal Strategy shall be prepared on the basis of rational macroeconomic and fiscal projections, aligning with the most recent available statistical and other relevant data.
- (3) Macroeconomic projections shall be prepared at least for the current and the next five years.
- (4) The Fiscal Strategy and the macroeconomic projections shall be published on the website of the Ministry of Finance.

Article 15

Revenues and Other Inflows Plan

- (1) Projected revenues and other inflows shall be the basis for determining the budget appropriations.
- (2) Ministry of Finance shall provide instructions concerning the planning of inflows and their performance.
- (3) Revenue and other inflow projections, as basis for the Fiscal Strategy and the State Budget, shall be prepared by the Ministry of Finance.
- (4) Minister of Finance shall adopt a manual prescribing the manner of preparing the macroeconomic and the fiscal projections and the process of coordination among the organizational units and institutions related to the macroeconomic and the fiscal projections.

Article 16

Fiscal Strategy

- (1) Fiscal Strategy shall be a document of the Government of the Republic of North Macedonia, submitted to the Parliament of the Republic of North Macedonia, presenting the assumptions for macroeconomic projections and the fiscal policy guidelines for the current and the next five years. Revised Fiscal Strategy shall be an integral part of the budget documentation.
- (2) Latest approved Fiscal Strategy shall be used as a starting point for preparing other fiscal policy-related documents, including those submitted to the EU institutions.
- (3) Ministry of Finance shall prepare the Fiscal Strategy and submit it to the Governemnt of the Republic of North Macedonia, taking into account the strategic priorities of the Government and the proposal of the parent budget users.

Article 17

Timeframe for Preparation of the Fiscal Strategy

(1) Ministry of Finance shall publish a plan with a timeframe for preparation of the Fiscal Strategy on its website by 15th January in the current year at the latest.

(2) Ministry of Finance shall send a circular letter on the Fiscal Strategy, including instructions for its preparation, to the parent budget users in line with the timeframe referred to in paragraph (1) of this Article.

(3) Parent budget users shall prepare fiscal projections on the basis of the existing legislation and the existing obligations (hereinafter referred to as: baseline scenario) and draft new projects and new liabilities (hereinafter referred to as: new initiatives) and shall submit them to the Ministry of Finance in line with the timeframe referred to in paragraph (1) of this Article. Ministry of Finance shall submit the baseline scenario, the new initiatives and the fiscal space for new initiatives to the Government of the Republic of North Macedonia.

(4) Government of the Republic of North Macedonia shall adopt the baseline scenario and the new initiatives for financing by 15th April in the current year.

(5) The Government shall adopt the Fiscal Strategy, including the Annex containing the maximum amounts of the appropriations (expenditure limits) by parent budget user, by 30th April in the current year and shall submit it to the Parliament of the Republic of North Macedonia and the Fiscal Council. Ministry of Finance shall publish the Fiscal Strategy on its website promptly upon its adoption by the Government of the Republic of North Macedonia.

(6) Parliament of the Republic of North Macedonia shall review the Fiscal Strategy by 20th June in the current fiscal year at the latest.

(7) Should elections take place or a state of emergency be declared in the time period referred to in paragraphs (4) and (5) of this Article, Ministry of Finance shall publish a plan with a timeframe for preparation and adoption of the Fiscal Strategy.

Article 18

Contents of the Fiscal Strategy

(1) The Fiscal Strategy shall at least include a qualitative and quantitative description of the following:

1. macroeconomic trends in the previous year and the latest months in the current year, as well as macroeconomic projections for the current year and the next five years prepared by the Ministry of Finance, including at least the projections on real and nominal GDP, inflation, foreign trade and labour market;

2. performance and execution in the previous year and the latest months in the current year, as well as projection for the current year and the next five years of the following parameters of the State Budget and the municipal budgets respectively: revenues, expenditures, budget balance (total and primary) and financing, total expenditure limits, stock of deposits at the beginning of the fiscal year, guarantees and general government debt;

3. comparison of the performance of the parameters referred to in items 1 and 2 of this paragraph with both the previous Budget and Fiscal Strategy, as well as qualitative and quantitative explanation for the main deviations;

4. comparison of the projections of the parameters referred to in items 1 and 2 of this paragraph with the previous Fiscal Strategy, as well as qualitative and quantitative explanation for the main changes, including changes in the policies;

5. comparison of forecasts of economic activity, inflation, budget balance and general government debt with the forecasts thereof of other relevant national and international institutions, as well as brief explanation for the main differences, if possible;

6. maximum appropriations (expenditure limits) by parent budget user of the State Budget for the next five years;

7. description of each policy and program and explanation for the fiscal implications arising from the new initiatives for financing;

8. summary of the activities related to general government debt management, including projected structure for financing the deficit, the repayments and the stock of deposits;

9. macrofiscal risks, including fiscal risks related to contingent liabilities and specific risks with quantitative and qualitative explanation for the effects on the key macroeconomic and fiscal parameters referred to in items 1 and 2 of this paragraph;

10. explanation for the compliance with, i.e. exception from, the fiscal rules and the possible deviations from the fiscal goals set in the previous strategy;

11. description of the use of EU pre-accession assistance;

12. analysis of the long-term fiscal sustainability;

13. other necessary information and data.

(2) Revised Fiscal Strategy shall not include item 6 referred to in paragraph (1) of this Article.

Article 19

Contents of the Fiscal Strategy Circular

(1) Contents of the Fiscal Strategy Circular shall include:

1. strategic priorities of the Government;

2. Preliminary data on the current and the projected macroeconomic indicators;

3. draft baseline scenario for the parent budget users for the next five fiscal years;

4. instructions for medium-term inflows and outflows projections for the baseline scenario;

5. instructions for preparation of new initiatives for financing;

6. other necessary information.

(2) Head of the parent budget user shall be in charge of providing instructions for preparation of the projections for the baseline scenario and the new initiatives for financing to the budget users under its authority.

Article 20

Medium-Term Priorities and Procedure for Selection of New Initiatives - Projects and Activities

(1) New initiatives shall involve new projects, including public investment projects and public private partnerships and new activities, proposed by the parent budget users, including the municipalities on their behalf and on behalf of the public entities under their authority, which shall be prepared in line with the stipulated methodology and submitted to the Ministry of Finance for reviewing and evaluation purposes.

(2) Ministry of Finance shall review the proposed new projects and initiatives and shall evaluate them primarily from the point of view of the fiscal impact, the risks and the sustainability.

(3) Ministry of Finance shall prepare a summary list of proposed reviewed and evaluated new initiatives and projects and shall submit it to the Government, i.e. the Municipal Councils.

(4) New evaluated initiatives, projects and activities shall be further reviewed and prioritized by an intersectoral working group/committee established by the Government of the Republic of North Macedonia, i.e. by the Municipal Council.

(5) Priority list of new initiatives, projects and activities shall be approved by the Government of the Republic of North Macedonia, i.e. by the Municipal Council.

(6) Activities and projects to be launched next year shall be determined within the Law on Budget Execution or under a Decision on Municipal Budget Execution.

(7) Methodology for defining, preparing, reviewing, evaluating and prioritizing the new initiatives, i.e. the projects and the activities, shall be adopted by the Government of the Republic of North Macedonia upon proposal by the Ministry of Finance.

Article 21

Citizens' Initiative

Parent budget users at state level and the municipalities at local level shall establish a mechanism for citizens' participation in the process of proposing new initiatives when preparing the strategic plans and the Fiscal Strategy.

IV. BUDGET COMPOSITION AND FINANCIAL PLANS

Article 22

Budget Composition

(1) State Budget or municipal budget shall comprise general section of the Budget, special section of the Budget and project and multi-annual section of the Budget.

(2) All revenues and other inflows and all expenditures and other outflows shall be either part of Statement of Revenues and Expenditures, Statement of Financial Assets and Liabilities or Statement of Borrowings and Debt Repayment.

(3) Minister of Finance shall prescribe, in more details, the form and the contents of the Budget referred to in paragraph (1) of this Article.

Article 23
General Section of the Budget

(1) General section of the Budget shall contain all inflows and outflows of the Budget for the respective fiscal year shown in:

- Statement of Revenues and Expenditures,
- Statement of Financial Assets and Liabilities,
- Statement of Borrowings and Debt Repayment.

(2) Statement of Revenues and Expenditures shall include the following:

1. Revenues:

- tax revenues,
- social contributions,
- transfers and donations,
- capital revenues,
- revenues from sale of goods and services,
- other revenues.

2. Expenditures:

- current expenditures,
- current transfers,
- capital expenditures,
- capital transfers,
- interest payments,
- other expenditures.

3. Budget balance as difference between revenues and expenditures:

(3) Statement of Financial Assets and Liabilities:

1. Inflows from:

- receipts on the basis of extended loans,
- sale of financial assets,
- claims collected on the basis of extended guarantees.

2. Outflows from:

- loans extended,
- acquisition of financial assets,
- guarantee payments.

3. Net increase or decrease of financial assets and liabilities as a difference between inflows and outflows in the Statement of Financial Assets and Liabilities.

(4) Statement of Borrowings and Debt Repayment shall include the following:

1. borrowing (inflow);

2. debt repayment (principal repayment on the basis of loans and issued debt securities) (outflow);

3. net borrowing or net debt repayment as a difference between borrowing and debt repayment;

4. Borrowing Plan referred to in item 1 of this paragraph.

(5) Changes in the account balance shall be shown as difference between inflows and outflows in the Statement of Revenues and Expenditures, the Statement of Financial Assets and Liabilities or the Statement of Borrowings and Debt Repayment.

(6) General section of the Budget shall be presented by economic classification and by classification of sources of financing.

Article 24

Special Section of the Budget

(1) Special section of the Budget shall contain the expenditures and other outflows (from the financial plans) of budget users for the respective fiscal year.

(2) Expenditures and other outflows shall be shown by organizational classification, program classification, economic classification and classification of sources of financing.

(3) Budget users of the same organizational code shall be shown, in line with the organizational classification, in aggregate, while additional information on individual budget users shall be available within the budget documentation.

Article 25

Project and Multi-Annual Section of the Budget

(1) Project and multi-annual section of the Budget shall incorporate all projects, including public investment projects envisaged to be launched or completed in the new budget year or to be continued in the next budget year and the coming years, in line with the program classification and the classification of sources of financing.

(2) Project and multi-annual section of the Budget shall include:

1. duration and total value of each listed project;
2. all planned expenditures and other outflows for the next five years for each listed project, as well as the remaining financing until project completion;
3. executed expenditures and other outflows, including estimates for the current year.

(3) All expenditures and other outflows for projects co-financed from the Budget shall be included in the project and multi-annual section of the Budget.

Article 26

Financial Plan

Financial plan of the budget user shall be prepared in line with the budget classifications.

Budget users shall prepare their draft financial plans on the basis of instructions contained in the Budget Circular.

Financial plans shall be prepared on cash basis.

V. BUDGET PREPARATION AND FINANCIAL PLANS

Article 27

Budget Preparation Responsibility

Ministry of Finance shall be responsible for preparing the State Budget and submitting it to the Governemnt of the Republic of North Macedonia.

(2) The Mayor shall be responsible for preparing the municipal budget and submitting it to the Municipal Council.

Article 28

Basis for Preparation of the State Budget

Basis for Budget preparation shall be:

1. Fiscal Policy Statement;
2. strategic priorities of the Government;
3. draft strategic plans;
4. Fiscal Strategy;
5. maximum appropriations (expenditure limits) by parent budget user of the State Budget.

The Government shall, upon proposal by the Minister of Finance, adopt a plan including time limits for preparation of the draft Budget and the draft financial plans.

Article 29

Budget Circular

(1) Ministry of Finance shall, on the basis of the adopted documents referred to in Article 28 of this Law, submit instructions in the form of a Budget Circular for the preparation of the draft budget request to the parent budget users by 1st June in the current year at the latest. Budget Circular shall be published on the Ministry of Finance website.

(2) Budget Circular shall include at least the following elements for preparation of the draft State Budget:

1. data on the current and the projected macroeconomic indicators;
2. maximum appropriations - expenditure limits - by parent budget user for the next five years set by the Government;
3. guidelines and instructions for preparation of the draft budget requests;
4. timeframe for submission of draft financial plans and preparation of draft

Budget;

5. other necessary information.

(3) When preparing the draft budget request of the Parliament of the Republic of North Macedonia, the Parliament shall act in line with the submitted Budget Circular and the Law on the Parliament of the Republic of North Macedonia.

(4) Head of the parent budget user shall be responsible for distribution of the maximum appropriations - expenditure limits - to the budget users within its competence.

Head of the parent budget user shall submit the Circular, together with the expenditure limits, to the budget users within its competence.

Article 30

Budget Circular for the Municipalities

Ministry of Finance shall submit a Circular to the municipality mayors by 30th September in the current year at the latest, giving instructions on the preparation of the municipal budgets.

(2) Budget Circular for the municipalities shall include the following elements:

1. strategic priorities of the Government of the Republic of North Macedonia;
2. data on the current and the projected macroeconomic indicators in line with the Fiscal Strategy;
3. information on the estimated revenues for the budget year and the next five fiscal years, which shall be distributed between the State Budget and the municipal budgets;
4. specific parameters to be used for distributing the prescribed share of VAT revenues to the municipalities;
5. information on earmarked, block and other grants for the municipalities, stipulated by law, as well as estimates for the respective grants for the next five years;
6. other necessary information.

On the basis of the Circular referred to in paragraph (1) of this Article, the Mayor shall provide the basic guidelines and set deadlines for the preparation of the draft financial plans to the budget users of the municipal budget.

Article 31

Draft Financial Plan of Budget Users

Budget users shall prepare draft financial plans (budget requests) in line with the guidelines, the instructions and the expenditure limits included in the Budget Circular.

Draft financial plan shall include at least the following:

1. execution of outflows in the previous years, projected execution of outflows for the current year, projected outflows for the next five years in line with the Budget Circular;
2. explanation of the draft financial plan of the budget user, which shall

include at least:

- a) description and competences of the budget user;
- b) explanation of the set goals in line with the program classification aligned with the strategies and the long-term development documents;
- c) legal and other bases for the projected outflows;
- d) sources of financing;
- e) indicators that are the basis for calculation and assessment of the funds needed for program implementation;
- f) gender-responsive indicators and indentifying at least one gender target where possible;
- g) other explanations and documents as per the guidelines and the instructions in the Budget Circular.

Article 32

Competence and Responsibility of the Budget Users

(1) Head of the budget user shall be in charge of preparing the financial plan and responsible to the head of the parent budget user.

(2) Head of the parent budget user shall be in charge of:

1. distributing the expenditure limits by budget user within its competence;
2. coordinating, preparing and submitting draft financial plans of the budget users within its competence;
3. forwarding all materials pursuant to this Law, submitted by the Ministry of Finance to the budget users within its competence.

(3) President of the Parliament of the Republic of North Macedonia shall be in charge of preparing the financial plan fo the Parliament of the Republic of North Macedonia, in line with the Law on the Parliament of the Republic of North Macedonia.

(4) Head of the parent budget user shall represent all budget users within its competence in the process of preparation of the State Budget before both the Ministry of Finance and the Government of the Republic of North Macedonia.

(5) The Mayor shall be in charge of preparing the financial plan of the municipality and shall represent the budget users within his/her competence before the Municipal Council in the process of preparing the municipal budget.

Article 33

Submission of Draft Financial Plan of Budget Users

(1) Heads of the parent budget users of the State Budget shall submit the draft financial plans of all budget users within its competence, together with the draft strategic plan, to the Ministry of Finance by 15th August in the current year at the latest.

(2) Heads of the parent budget users shall submit the draft strategic plan, as an integral part of ther draft financial plans, to the General Secretariat of the Governemnt of the Republic of North Macedonia by 15th August in the current year at the latest.

(3) Should the parent budget user fail to attach the draft strategic plan to the draft financial plan, the budget request shall be deemed incomplete and shall be returned, together with instructions given by the Ministry of Finance, to be completed within a specifically set deadline.

(4) As regards the procedure of preparing and adopting the draft financial plans and the draft strategic plan, the Parliament of the Republic of North Macedonia shall act in line with the Law on the Parliament of the Republic of North Macedonia.

(5) Budget users of the municipal budget shall submit the draft financial plans to the Mayor.

Article 34

Draft Financial Plans in the Draft Budget

(1) Ministry of Finance shall check the compliance of the draft financial plans with the guidelines and the instruction in the Circular and the approved expenditure limits. Ministry of Finance may provide guidelines for necessary adjustments to the draft financial plans so as for them to be part of the draft Budget.

(2) In case the parent budget user and the Ministry of Finance reach no agreement, the Ministry of Finance shall submit the draft Budget to the Government, showing the requested amount and the amount proposed by the Ministry of Finance.

(3) The Mayor and the budget users of the municipal budget shall adjust their draft financial plans, with the Mayor including them in the draft municipal budget.

VI. BUDGET DOCUMENTATION AND BUDGET ADOPTION

Article 35

Draft Budget and Budget Documentation

(1) Draft State Budget shall be accompanied by draft Law on Budget Execution and the respective budget documentation.

(2) Budget documentation shall also include the following:

1. Revised Fiscal Strategy;
2. explanation of the draft Budget including at least: last year's performance and execution, estimated budget execution for the current year, draft Budget and projections for the next five years, as well as the elements defined in point 2, paragraph (2), Article 31 of this Law;
3. draft annual program for sale of non-financial assets referred to in Article 75 of this Law;
4. draft annual program for sale of financial assets referred to in Article 85 of this Law;
5. summary review of gender-responsive budget statements of the budget users.

(3) Draft municipal budget shall be accompanied by a Decision on Municipal Budget Execution and the respective budget documentation.

Article 36

Contents of the Law on Budget Execution/Decision on Execution of Municipal Budgets

- (1) State Budget Execution Law shall in particular include provisions on:
1. maximum approved expenditures of the State Budget;
 2. rules on budget reallocation pursuant to Article 47 of this Law;
 3. percentage of approved liabilities incurring future payments in line with Article 52 of this Law;
 4. payment deadlines for all budget users in line with Article 64 of this Law;
 5. maximum borrowing amount of the state Budget, maximum aggregate borrowing amount of all municipal budgets and limits on borrowing by other public entities pursuant to Article 88 of this Law;
 6. total amount of newly issued sovereign guarantees pursuant to Article 88 of this Law;
 7. annual specific authorizations of both the Government and the Ministry of Finance for State Budget execution;
 8. other provisions providing for uninterrupted execution of the state Budget.
- (2) Decision on Execution of Municipal Budgets shall in particular include provisions on:
1. maximum approved expenditures of the municipal budget;
 2. provision pursuant to which municipal budget reallocations shall be in line with the provisions in the Budget Execution Law;
 3. maximum borrowing amount determined in the municipal budget pursuant to this Law;
 4. total amount of newly issued guarantees to the public entities established by the municipality;
 5. specific authorizations of the Mayor for the budget execution;
 6. other provisions providing for uninterrupted execution of the municipal budget.

Article 37

Adoption of the State Budget and the Municipal Budgets

- (1) Minister of Finance, the Ministries and the Mayors shall present the draft state Budget, i.e. the draft municipal budgets, before the public.
- (2) The Government shall submit the draft state Budget, along with the draft Budget Execution Law and the accompanying documents referred to in paragraph (2), Article 35 of this Law, to the Parliament of the Republic of North Macedonia by 15th October in the current year at the latest.
- (3) Upon submission of the draft Budget to the Parliament of the Republic of North Macedonia, the Government of the Republic of North Macedonia shall submit a copy of all documents listed in paragraph (2) of this Article to the Fiscal Council.

(4) Parliament of the Republic of North Macedonia shall hold a session following at least 20 days from the day the draft state Budget is submitted to the Parliament of the Republic of North Macedonia.

(5) Minister of Finance shall present the draft state Budget to the Parliament of the Republic of North Macedonia. Upon request by the Minister of Finance or at least five MPs, the head of the parent budget user within the Government of the Republic of North Macedonia shall present the draft budget of the parent budget user to the Parliament of the Republic of North Macedonia together with the Minister of Finance.

(6) Parliament of the Republic of North Macedonia shall adopt next year's state Budget by 25th December in the current year at the latest.

(7) Following the adoption of the state Budget by the Parliament of the Republic of North Macedonia, Ministry of Finance shall publish it on its website, together with all accompanying documents.

(8) Mayor of the municipality shall submit the draft budget to the Council by 15th November in the current year at the latest. Municipal Council shall adopt the next year's budget by 25th December in the current year at the latest and shall publish it on its website.

Article 38

Restrictions when Adopting the Budget

(1) Throughout the Budget adoption procedure, any increase of the proposed budget appropriation shall be accompanied by equivalent reduction of other proposed appropriations within the same source of financing.

(2) Reserves, funds planned for debt servicing in the draft Budget or funds already committed in the previous years in line with this Law or other law may not be reduced.

Article 39

Temporary Financing

(1) Should the budget for the respective year not be adopted, financing of the state and the municipalities and the performing of their competences and other legal obligations (hereinafter referred to as: temporary financing) shall, starting 1st January in the new budget year, temporarily proceed on the basis of the preceeding year's budget and shall be applied for the same goals and programs/projects and activities as in the preceeding year.

(2) During the temporary financing, funds may be used up to 90% of the funds spent in the course of the same month in the preceeding year, except for repayment of principal, interest, other liabilities arising from borrowing and unexpected exceptional events posing threat to the security of the country or the life of the citizens.

(3) During the temporary financing, budget users may not increase the number of employees in relation to the status on 31st December the preceeding year.

(4) Notwithstanding paragraphs (2) and (3) of this Article, donor-funded projects and activities shall continue to be implemented in line with the agreements with the donors and the funds provided.

(5) Following the expiry of the temporary financing, liabilities settled during this period shall be included in the adopted State Budget or the municipal budget.

(6) Government of the Republic of North Macedonia shall adopt the Decision on temporary financing at state level, informing the Parliament of the Republic of North Macedonia thereof.

(7) Municipal Council shall adopt the Decision on temporary financing at local level.

VII. BUDGET EXECUTION

VII.1. General Provisions

Article 40

Budget Execution Responsibility

(1) Government of the Republic of North Macedonia shall be responsible to the Parliament of the Republic of North Macedonia for the execution of the State Budget.

(2) Mayors shall be responsible to the Municipal Council for the execution of the municipal budgets.

(3) Reporting on the state Budget/municipal budget execution to the Parliament of the Republic of North Macedonia and/or the Municipal Council shall be made in accordance with Articles 91, 92, 93, 94, 95 and 96 of this Law.

(4) Ministry of Finance shall be obliged to regularly monitor the budget execution and, if necessary, accordingly inform the Government of the Republic of North Macedonia on the deviations from the execution of the revenues and expenditures plan.

(5) Financial affairs organizational unit at the municipalities shall be obliged to regularly monitor the budget execution and, if necessary, accordingly inform the Mayor.

Article 41

Responsibility of the Budget User Head for Implementation of the Financial Plan

(1) Budget user head shall be responsible for implementation of the approved financial plan of the respective budget user.

(2) The manager referred to in paragraph (1) of this Article may authorize persons to perform activities related to collection of revenues and other inflows and execution of expenditures and other outflows within the competence of the respective budget user. Collection and execution shall also include funds reservation, entering and

verifying commitments, issuance of payment orders, identifying and collecting claims and other activities that shall ensure financial management and control. Authorizations shall be delegated in a written form.

(3) Persons referred to in paragraph (2) of this Article shall perform the activities referred to in this Article in line with this Law or other law.

(4) Authorized persons referred to in paragraph (2) of this Article shall, as per the delegated authorizations, also be responsible for the implementation of the approved financial plan of the respective budget user.

(5) Exception from paragraph (2) of this Article shall be the budget users with a regulatory function (regulatory bodies) and other budget users not falling within the competence of the Government of the Republic of North Macedonia, having autonomy in implementing their approved financial plans in line with the rules and the procedures regulated under this Law.

Article 42

Liabilities from Preceding Years and Initial Adjustments to the Adopted Budget

(1) Budget users shall provide funds, within their financial plan and in accordance with Article 47 of this Law, for settling the liabilities carried forward from the preceding year not envisaged in the adopted budget for the current year.

(2) Budget users shall adjust their financial plans within 30 days from the commencement of the Budget implementation in order to settle the liabilities from the preceding year.

(3) Government of the Republic of North Macedonia shall inform the the Parliament of the Republic of North Macedonia, i.e. the Mayor shall inform the Municipal Council, about the adjustments referred to in paragraph (2) of this Article within forty-five (45) days from the commencement of the Budget implementation.

Article 43

Alignment and Adoption of Financial Plans

(1) In case an organizational code comprises more than one budget user, financial plans of the respective budget users shall be aligned with the approved budget within thirty (30) days from the commencement of the Budget implementation.

(2) Parent budget user shall be responsible for alignment and approval of the financial plans referred to in paragraph (1) of this Article. Parent budget user shall submit the approved financial plan to the Ministry of Finance.

(3) Parent budget user may assign the activities referred to in paragraph (1) of this Article to a budget user within its competence.

(4) Parent budget user and the budget users not complying with the provisions referred to in paragraph (1) of this Article may not use the funds.

(5) At local level, organizational units in charge of financial affairs in the municipality shall be responsible for aligning, while the Mayor shall be responsible for adopting, the financial plans of the budget users in the respective municipality.

VII.2. Inflows, Outflows and Budget Liquidity Planning

Article 44

Collection of Revenues and Other Inflows

(1) Revenues and other inflows shall be collected pursuant to law, regardless of the projected amount in the Budget.

(2) Budget users authorized by law to collect revenues and other inflows, as well as budget users generating revenues from operations within their competence, shall be responsible for their timely collection.

(3) Parent budget user shall monitor the collection of revenues and other inflows, as well as the collected revenues and other inflows on the accounts of the budget users within its competence.

(4) Revenues and other inflows of the State Budget and the municipal budgets shall be paid to the TSA.

Article 45

Outflows and Allocations by Quarter for Liquidity Purposes

(1) Following the commencement of the Budget implementation, Ministry of Finance shall, in cooperation with the parent budget user, set quotas by quarter or other period for the use of funds.

(2) Government of the Republic of North Macedonia shall, under a decision, adopt the quotas at parent budget user level upon proposal by the Ministry of Finance.

(3) Parent budget user shall allocate the quotas referred to in paragraph (2) of this Article to the budget users within its competence. Budget users may make payments only up to the amount set with the quota.

(4) Ministry of Finance may approve increase of the parent budget user's quota, should the quota of other parent budget user be reduced by the same amount or should the collected budget revenues be higher than the initially projected.

(5) Notwithstanding paragraph (4) of this Article, Government of the Republic of North Macedonia may, under a decision, change the quota referred to in paragraph (1) of this Article upon proposal by the Ministry of Finance.

(6) The Mayor shall be in charge of setting and managing the quotas within the municipal budget.

(7) Government of the Republic of North Macedonia shall, under a decision, adopt the quotas for the Parliament of the Republic of North Macedonia upon proposal by the Parliament. President of the Parliament of the Republic of North Macedonia or the authorized persons pursuant to paragraph (2), Article 41 of this Law shall be in charge of setting and managing the quotas within the budget of the Parliament.

Article 46

Budget Liquidity Planning

(1) Ministry of Finance shall plan budget liquidity by forecasting the cash flow of the budget on the basis of the projected budget revenues and other inflows and the submitted monthly plans for execution of the parent budget users' budget.

(2) Budget execution monthly plan of the parent budget user shall comprise the planned aggregate expenditures and other outflows and revenues and other inflows of all budget users within its competence for a particular month. Budget execution monthly plans shall be submitted at least seven days before the beginning of the month.

(3) Maximum amount of planned monthly expenditures and other outflows shall be determined by the Ministry of Finance in accordance with the available budget liquidity no later than the last day of the current month for the next month.

(4) Organizational unit in charge of financial affairs in the municipality shall be in charge of planning the budget liquidity of the municipal budget by forecasting the cash flow on the basis of projected revenues and other inflows and planned expenditures and other outflows of the municipality's budget users for the coming period.

(5) Minister of Finance shall prescribe, in more details, the manner of budget liquidity planning.

VII.3. Reallocation of Funds

Article 47

Budget Flexibility

(1) Budget appropriations may not be reallocated, except under conditions and in the manner envisaged by this Law, the Law on Budget Execution and under the Decision on Municipal Budget Execution.

(2) Notwithstanding paragraph (1) of this Article reallocation of budget funds shall not be permitted among the Statement of Revenues and Expenditures, the Statement of Financial Assets and Liabilities and the Statement of Borrowings and Debt Repayment.

(3) In cases when provisions referred to in paragraphs (1) and (2) of this Article cannot be complied with, procedures for budget balancing referred to in Article 60 or Supplementary Budget referred to in Article 61 of this Law shall be applied.

(4) Notwithstanding paragraph (3) of this Article, any formal decision of the Municipal Council on reallocation of appropriations pursuant to this Law or other law shall, by its nature, be deemed as a decision on supplementary budget pursuant to this Law.

Article 48

Reallocation of Funds for repayment of Principal, Interest and Guarantees

(1) Liabilities and other obligations pertaining to repayment of the government debt or the municipal debt arising from concluded loan agreements, concluded

guarantee agreements, issued debt securities and other lending instruments in the manner prescribed by law, shall be settled regardless of the appropriations approved for this purpose in the state Budget or the municipal budget.

(2) Notwithstanding paragraph (2) in Article 47 of this Law, Government of the Republic of North Macedonia or the Municipal Council may reallocate the funds from the Statement of Revenues and Expenditures for settling the liabilities referred to in paragraph (1).

(3) Government of the Republic of North Macedonia shall inform the Parliament of the Republic of North Macedonia on the reallocation of funds referred to in paragraph (2) of this Article within 30 days from the day of the respective reallocation.

Article 49

Reallocation of Funds for Payments on the basis of Court Decisions

(1) Obligations arising from effective court decisions and settlements shall be settled from the budget funds approved at the level of the respective parent budget user, regardless of the budget appropriations for this purpose.

(2) The Government may reallocate the funds among the parent budget users or the Municipal Council may reallocate the funds among the budget users at local level from the Statement of Revenues and Expenditures for the purpose of settling the obligations referred to in paragraph (1) of this Article.

(3) In cases when provisions referred to in paragraph (1) of this Article cannot be complied with, procedures for budget balancing referred to in Article 60 or Supplementary Budget referred to in Article 61 of this Law shall be applied.

(4) Minister of Finance shall prescribe the manner of executing the budget and reallocating the funds in case of court decisions and settlements.

VII.4. Entering into Commitments

Article 50

Entering into Commitments Against the Budget for the Current Year

(1) Budget users may enter into commitments by concluding contracts, signing or issuing a contract-type document or by adopting individual legal act.

(2) Obligation giving rise to expenditures and/or other outflows from the Budget, stipulated in a law, a bylaw or final court or administrative ruling, shall also be deemed as a commitment.

(3) Prior to entering into new commitment under paragraph (1) of this Article, the budget user shall check the availability of funds within the relevant budget appropriation in the valid budget and/or other available funds in line with this Law or other law.

(4) Budget user may not enter into commitment exceeding the allocated appropriations and the respectively available funds.

(5) Budget user may conclude a contract, sign or issue other contract-type document for procurement of goods and services.

(6) Notwithstanding paragraph (5) of this Article, the budget user may conclude a contract, sign or issue other document for co-financing a project or a program co-financed by the EU or donors' funds even after the commencement of the project or the program implementation.

(7) In case when several budget users provide funds for ascertain project or activity, only one multilateral contract may be concluded. Unless otherwise stipulated by the contract, the first signatory shall coordinate the operations and check whether there are available funds within the relevant budget appropriation in the valid budget of all signatories.

(8) Budget user shall register the commitments in the General Ledger System within five business days from the day of entering into the commitment.

(9) Minister of Finance shall prescribe, in more details, the manner of entering into commitment in line with this Article.

Article 51

Entering into Commitments Against the Multi-Annual Budgets

(1) Budget user may enter into commitment giving rise to payments in the following years up to the amount stipulated by the Law on Budget Execution or under the Decision on Municipal Budget Execution.

(2) Prior to entering into commitment giving rise to payments in the following years, the budget user shall request a statement on availability of spending rights from the Ministry of Finance.

(3) Changes in the payment schedule, for payments arising from the commitment, shall be forthwith reported to the Ministry of Finance.

(4) Payments arising from commitments in line with this Article shall be planned and carried forward in the budget for the respective year in which they become due and payable.

(5) Restrictions referred to in paragraph (1) of this Article shall not apply to commitments related to borrowing by the state or the municipality, government or municipal debt management and projects financed with EU funds requiring co-financing.

(6) Minister of Finance shall prescribe, in more details, the manner of entering into multi-annual commitments or changing any of the key elements of the respective commitments in line with this Article.

Article 52

Prerequisites for Commencing Public Procurement

(1) Prior to commencing a public procurement procedure, funds for the pre-commitment shall be reserved within the approved budget for the current year, while the possibility to carry forward the commitments in the multi-annual budgets shall be verified in line with the provisions in this Law.

(2) Minister of Finance shall prescribe, in more details, the manner of availability of the spending rights in the budget prior to the commencement of the public procurement procedure.

VII.5. Inclusion of Windfall Budget Inflows and Outflows

Article 53

Inclusion of Obligations on the basis of New Legislative Acts or New Projects or Activities in the Budget

(1) Following the adoption of the budget, should a new law or other bylaw be adopted not envisaged in the annual plan giving rise to new obligations against the budget, Government of the Republic of North Macedonia or the Mayor shall include the respective obligations in the budget by reallocating appropriations in line with Article 47 of this Law or by using the general budget reserve requirement in line with Article 59 of this Law.

(2) Budget appropriations may not be reallocated for entering into commitments for new projects or activities in the budget which no budget appropriations were planned for, except under the terms and conditions and in the manner stipulated by this Law or the Law on Budget Execution or under the Decision on Municipal Budget Execution.

Article 54

Earmarked Budget Inflows and Outflows

(1) Earmarked budget inflows and outflows shall mean donations, grants, assistance, insurance indemnification, budget users' own revenues and loan proceeds, as well as other types of budget revenues and inflows envisaged as earmarked under the Law on Budget Execution or other law.

(2) Earmarked expenditures and other outflows shall mean budget expenditures and other outflows financed with the earmarked revenues and other inflows.

(3) Budget users shall enter into commitments financed with the earmarked budget revenues and other inflows pursuant to Articles 50 and 51 of this Law.

(4) Budget users shall execute the earmarked budget expenditures and other outflows only up to the amount of the collected earmarked revenues and other inflows.

(5) Should earmarked revenues be collected in an excess in relation to the planned amount or should new earmarked revenues arise in the course of the year,

Ministry of Finance may decide to include such revenues up to the amount stipulated by the Law on Budget Execution, i.e. the Government of the Republic of North Macedonia may decide to include such revenues in the adopted budget with an adequate budget appropriation above the amount stipulated under the Law on Budget Execution and shall inform the Parliament of the Republic of North Macedonia thereof.

(6) Should earmarked revenues of regulatory budget users and budget users not falling within the competence of the Government be generated in excess in relation to the planned amount or should new earmarked revenues arise in the course of the year, they may be included in the budget with an adequate budget appropriation, with the Parliament of the Republic of North Macedonia being informed thereof.

(7) Balance of earmarked revenues and other inflows remaining in the current year, including other revenues generated in excess in relation to the planned amount or arising as new earmarked revenues in the course of the year shall be carried forward to the next year's budget, unless otherwise stipulated by the Law on Budget Execution. Such revenues may be used next year up to the level of funds planned in the budget users' financial plans.

(8) Earmarked inflows and outflows pertaining to the municipal budget, generated in excess in relation to the planned amount or new earmarked revenues arising in the course of the year, may be included in the budget with an adequate budget appropriation under prior adopted decision by the Municipal Council upon proposal by the municipality's Mayor.

(9) Minister of Finance shall prescribe, in more details, the manner of including the earmarked revenues and expenditures in the Budget and shall specify the purpose of using the revenues generated on the basis of own activities of the budget users.

Article 55

Refund of Inccorectly Paid Funds

(1) Should any funds be incorrectly paid, the responsible person at the budget user shall immediately establish a claim and undertake activities to refund such incorrectly paid funds.

(2) As regards retrieving incorrect payments in the same financial year, executed outflows of the budget user, which financial plan the payment is made from, shall be adjusted accordingly.

(3) Retrival of funds paid incorrectly in the previous years shall be deemed as extraordinary revenues.

(4) Should the donation not be used in a manner and under terms and conditions specified by the donor, the budget user shall provide funds from its financial plan or the financial plan of its parent budget user for the funds claimed by the respective donor therefore.

(5) Should the EU funds not be used in a manner and under terms and conditions specified in the respecticve agreement and the competent EU body claims the funds,

the budget user shall provide funds from its financial plan or the financial plan of its parent budget user.

Article 56

Contingent Liabilities arising from Court Decisions

(1) Budget users shall inform the State Attorney's Office of the Republic of North Macedonia of court and out-of-court disputes which might have direct or indirect financial consequences on the Budget within 15 days at the latest from the written notification about the dispute.

(2) State Attorney's Office of the Republic of North Macedonia shall inform the Ministry of Finance of all contingent liabilities referred to in paragraph (1) of this Article.

(3) Minister of Finance shall prescribe the manner of informing, the form and the contents and the manner of keeping records of the contingent liabilities referred to in this Article.

Article 57

Change of Budget Users During the Fiscal Year

(1) Should the scope of work or the competence of the budget user be changed or transferred to other budget user, the volume of budget appropriations shall be accordingly increased and decreased under a decision of the Government of the Republic of North Macedonia.

(2) Should, following the adoption of the budget, new budget user be established, its financing shall be provided prior to its commencement of operations.

(3) Should the new budget user take on some of the tasks and duties of the existing budget user, adequate volume of budget appropriations of the respective budget user shall be reallocated.

(4) Should the new budget user take on tasks and duties of a budget user ceasing to exist, adequate budget allocations shall be reallocated and remaining assets and liabilities of the budget user ceasing to exist shall be assumed.

(5) Should the new budget user have new scope of operation and authorizations, supplementary budget shall be proposed and adopted.

(6) Should the budget user cease to exist in the course of the year and no budget user takes on its tasks and duties, uncommitted appropriations shall be reallocated to the general budget reserve, and all uncommitted funds carried forward from the previous years shall be reallocated in the general budget reserve. Remaining assets and liabilities of the budget user which ceased to exist shall be assumed by other budget user which shall be defined in the closure act.

(7) Should, following the adoption of the budget, a budget user within the municipality ceases to exist or its competence is changed, volume of budget appropriations shall be accordingly increased and decreased under a decision of the Municipal Council.

VII.6. Budget Reserves

Article 58

Permanent Budget Reserve Requirement

(1) Funds for budget reserve requirement shall be provided in the Budget. Budget reserve requirement shall be a separate account within the TSA system.

(2) Budget reserve requirement shall be used for eliminating the consequences from natural disasters, state of emergency and/or crisis situation, pandemics, epidemics and environmental disasters.

(3) Funds on the account for budget reserve requirement shall be increased/cumulated monthly by 1/12 of the budget appropriation as budget reserve requirement. Total annual funds allocated on this basis shall not exceed 1% of the revenues projected in the Statement of Revenues and Expenditures for the current year and shall be planned within the financial plan of the Ministry of Finance.

(4) The Government shall decide about the use of the state Budget reserve requirement.

(5) Payments from the budget reserve requirement shall be made up to the extent of the funds available on the account of the budget reserve requirement. Should liabilities to be paid from the budget reserve requirement exceed the volume of funds available on the account, funds shall be additionally provided from the budget appropriation for the budget reserve requirement, notwithstanding paragraph (3) of this Article, within the valid budget.

(6) All unused funds on the account of the budget reserve requirement at the end of the current year shall be carried forward in the next year.

(7) Funds for budget reserve requirement shall be projected in the municipal budget shall be increased/cumulated monthly by 1/12 of the budget appropriation as budget reserve requirement.

(8) Municipal Council shall decide about the use of the budget reserve requirement of the municipal budget.

Article 59

General Budget Reserve Requirement

(1) Funds for general budget reserve requirement shall be projected and separately presented in the Budget.

(2) Funds under the general budget reserve requirement shall be used for unforeseen events for which no funds are budgeted or the appropriations are not sufficient. In case of state of emergency and/or crisis situation, general budget reserve requirement shall be increased by reallocating funds among the parent budget users, to be decided upon by the Government of the Republic of North Macedonia, with the reduction of 5% at the most of the budget reserve requirement of the parent budget

users, thereby not jeopardizing their day-to-day operations and carrying out of the legally prescribed competences.

(3) General budget reserve requirement may not exceed 3% of the revenues projected in the Statement of Revenues and Expenditures and it shall be projected within the financial plan of the Ministry of Finance.

(4) Government of the Republic of North Macedonia shall decide about the use of the general budget reserve requirement upon proposal by the parent budget user, prepared on the basis of the budget user's request. Appropriations shall be reallocated from the general budget reserve requirement to a particular project or activity within the budget user's financial plan.

(5) Funds for general budget reserve requirement shall be projected in the municipal budget.

(6) Municipal Council shall decide about the use of the general budget reserve requirement of the municipal budget.

VII.7. Temporary Suspension or Limitation of Budget Execution and Supplementary Budget

Article 60

Budget Balancing Measures

(1) Should, throughout the year, revenue performance deviate by 10% from the projections or expenditures increase as a result of new budget commitments, changes in the economic trends, changes in the political priorities, the Government of the Republic of North Macedonia may, upon proposal by the Ministry of Finance, under a decision, suspend or limit the execution of expenditures and other outflows (hereinafter referred to as: temporary suspension of budget execution) for a period of 45 days.

(2) Measures included in the temporary suspension or limitation of the budget execution shall also contain:

1. suspending or limiting the entering into commitments;
2. obtaining prior consent by the Government of the Republic of North Macedonia, upon prior opinion by the Ministry of Finance, for conclusion of any contract by the budget users;
3. suspending or limiting the reallocation of the appropriations.

(3) Measures pertaining to temporary suspension or limitation of the budget execution shall equally apply to all budget users for certain budget appropriations, except for the Parliament of the Republic of North Macedonia.

(4) Should the Government of the Republic of North Macedonia determine, within 30 days from the day of the temporary suspension or limitation of the budget execution, that budget balancing is not possible just by implementing the respective measures, it shall propose Supplementary Budget.

(5) Government of the Republic of North Macedonia shall inform the Parliament of the Republic of North Macedonia of the Decision referred to in paragraph (1) of this Article immediately after its adoption.

(6) Should, throughout the year, revenue performance in the municipal budget deviate by 10% from the projections or expenditures increase as a result of new budget commitments, changes in the economic trends, changes in the political priorities, the Municipal Council may, upon proposal by the Mayor, under a decision, suspend or limit the execution of expenditures and other outflows (hereinafter referred to as: temporary financing) for a period fo 45 days.

(7) Should the municipality determine, within 30 days from the day of the temporary suspension or limitation of the municipal budget execution, that budget balancing is not possible, it shall propose supplementary municipal budget.

Article 61

Supplementary Budget

(1) Should, in the course of the year, revenue performance or expenditure execution substantially deviate from the projections, Ministry of Finance shall propose Supplementary Budget.

(2) Draft Supplementary Budget shall adhere to the structure of the approved Budget. Draft Supplementary Budget shall be submitted to the Parliament of the Republic of North Macedonia, accompanied at least by the following documentation:

1. rationale for preparing the draft Supplementary Budget;
2. rationale for the effects of the Supplementary Budget on the medium-term fiscal projections presented in the Fiscal Strategy;
3. the rationale of the Draft Supplementary Budget shall include at least the following:
 - a) last approved Budget for the current year;
 - b) amendments to the last approved Budget for the current year/valid budget;
 - c) Draft Supplementary Budget;
 - d) changes to the elements defined in point 2, paragraph (2), Article 31 of this Law in the last approved Budget for the current year.

(3) During the procedure for Supplementary Budget, financial plan of the Parliament of the Republic of North Macedonia may not be changed without a consent by the Parliament itself, as per the Law on Parliament.

(4) During the procedure for adoption of the Draft Supplementary Budget, Government of the Republic of North Macedonia may temporarily suspend or limit the Budget execution, as prescribed in Article 60 of this Law.

(5) Parliament of the Republic of North Macedonia or the Municipal Council shall adopt the Supplementary Budget/supplementary municipal budget upon proposal by the Government of the Republic of North Macedonia or the Mayor by 15th November in the current year at the latest.

(6) Should, in the course of the year, revenue performance or expenditure execution substantially deviate from the projections, Mayor of the municipality shall propose supplementary municipal budget.

Article 62

Execution of the Budget by the End of the Year

(1) Minister of Finance may, with a manual, regulate the manner of execution of the Budget by the end of the year by 15th November in the current year at the latest, containing at least the following:

1. deadlines by which the budget users may enter into commitments;
2. deadlines by which the budget users may submit the payment documentation;
3. reallocation deadlines.

(2) Notwithstanding the deadlines referred to in paragraph (1) of this Article, new commitments or reallocation of budget appropriations shall be entered into/made only upon prior consent by the Ministry of Finance.

(3) Mayor of the municipality may prescribe the manner of execution of the municipal budget by the end of the current year by 15th November in the current year at the latest.

VII.8. Payment of Liabilities and Budget Reimbursement

Article 63

Payment of Liabilities

(1) Budget users may make payments only on the basis of already procured supplies, rendered services and performed works and other liabilities already incurred.

(2) Each budget expenditure or outflow shall be based on a valid accounting documentation, substantiating the respective liability.

(3) Legal basis and amount of the liability shall be evident from the accounting documentation, which shall be verified and confirmed prior to the respective payment.

(4) The payment shall be made in accordance with the documents on the basis of which the respective liability arises from.

(5) Payments in foreign currency shall be made according to the official exchange rate of the National Bank of the Republic of North Macedonia on the payment date.

(6) The payments made shall be recorded in the Treasury General Ledger System Treasury Ledger.

(7) Minister of Finance shall prescribe, in more details, the manner of verifying and recording the incoming invoices and other related documentation and the payments made from the state Budget or the municipal budget

Article 64
Payment Dealines

(1) Liabilities of the budget users shall be settled in accordance with the payment deadlines stipulayed by law.

(2) Payment period shall commence on the day of receiving an invoice or other equivalent payment document, which shall be the basis for the respective payment.

Article 65
Advance Payments

(1) Notwithstanding Article 63 of this Law, advance payment shall be allowed in the following cases:

1. contractual obligations as business practice or if the contract cannot be concluded otherwise;

2. contractual obligations under projects financed by the EU, international organizations or international financial institutions;

3. costs related to business trips;

4. public auction deposits;

5. advance payments for court procedures;

6. if so determined by the donor or the creditor.

(2) Advance payment shall be also allowed in the cases envisaged under the Public Procurement Law, international agreements, trearies, memoranda and intergovernmental agreements.

VII.9. Employment and Wage Payment Consent

Article 66
Payment of Wages to Budget Users' Employees

(1) Prior to submitting the requests for payment of wages, parent budget users shall submit a request for approval of the funds for wages to the Ministry of Finance, which shall include the number of employees, the qualification structure and other necessary data. The request for approval of funds for wages shall be in accordance with the approved budget by subprograms and shall be submitted to the Ministry of Finance two days before the date of payment of wages.

(2) Parent budget users shall, within the deadline stipulated in paragraph (1) of this Article, prepare a summary request for approval of funds for wages on the basis of individual calculations received from the budget users within their competence.

(3) Employees of state administration body performing activities related to

preparation and execution of the Budget of the Republic of North Macedonia shall receive 30% of the base wage as an addition to the regular wage due to the specific working tasks and duties and the special responsibility arising from the respective working post.

(4) Provisions referred to in paragraph (3) of this Article shall not apply to employees performing financial inspection as regards management of public funds/assets pursuant to law and supervising the conducting of the inspection activities.

Article 67

Employment Consent

(1) Budget users of the state Budget may employ new workers and fill the vacant working posts, employ part-time workers and conclude contracts for transfer of workers for temporary employment for performing temporary work, provided that funds are therefore allocated in the state Budget and planned in the plan for filling vacant working posts in the course of the fiscal year, which shall be submitted together with the budget calculation.

Budget users, except for public enterprises, shall submit the requests for employment consent through the parent budget users.

(2) Public enterprises and public-private entities established by the central government, as well as companies established by the Republic of North Macedonia, except for independent regulatory bodies with public authorizations stipulated by law, may employ new workers and fill the vacant working posts, employ part-time workers and conclude contracts for transfer of workers for temporary employment for performing temporary work, provided that funds are therefore allocated in the financial plans for the current fiscal year.

(3) Budget users of the municipal budgets may employ new workers and fill the vacant working posts, employ part-time workers and conclude contracts for transfer of workers for temporary employment for performing temporary work, provided that funds are therefore allocated in the municipal budgets.

(4) Principle of adequate and equitable representation of members of the communities in the Republic of North Macedonia shall be adhered to when employing new workers and filling the vacant working positions, employing part-time workers and concluding contracts for transfer of workers for temporary employment for performing temporary work referred to in paragraphs (1), (2) and (3) of this Article.

(5) Minister of Finance, i.e. Mayor of the municipality, shall be obliged, within 30 days of the day of receiving the employment request, to notify, in writing, the institutions referred to in paragraphs (1) and (2) of this Article on the provision of employment funds.

(6) The Ministry of Finance, i.e. the Mayor of the municipality, shall supply a written notification on the funds provided for employment of civil servants, upon prior positive opinion by the Ministry of Information Society and Administration on the systematization acts.

(7) Minister of Finance shall prescribe the manner of issuance of employment consents envisaged in this Article.

(8) Parliament of the Republic of North Macedonia shall act pursuant to the Law on Parliament of the Republic of North Macedonia as regards the consent for allocated financial resources for employment.

VII.10. Procedure for Allocation of Funds

Article 68

Allocation of Refundable Funds and Grants

(1) The state or the municipality may encourage and support certain programs and projects by awarding refundable funds for financing under favourable terms and conditions and/or grants for legal entities and natural persons.

(2) The budget user shall allocate funds through a public tender, a public call or by directly selecting the recipients/the beneficiaries under exceptional circumstances upon prior consent by the Government of the Republic of North Macedonia/the Municipal Council.

(3) Provisions of this Article shall not apply to procedure stipulated under other law or if the funds are awarded directly on the basis of a law.

VIII. TREASURY SINGLE ACCOUNT SYSTEM

Article 69

Treasury Single Account and Treasury Single Account System

(1) Ministry of Finance shall open TSA with the National Bank of the Republic of North Macedonia to make transaction and record the collection of all inflows and execution of all outflows from the state Budget, the municipal budgets and the budget users and other budget users, unless otherwise stipulated by other law.

(2) In addition to the TSA, Ministry of Finance may open other accounts, including foreign currency accounts, with the National Bank of the Republic of North Macedonia. Solely in exceptional cases, Ministry of Finance may open account with other credit institution or payment card provider for the purpose of managing certain cash funds requiring special operational execution and monitoring.

(3) Budget users and municipalities shall open accounts and may deposit funds only in the Treasury.

(4) TSA at the National Bank of the Republic of North Macedonia and other accounts opened by the Ministry of Finance with the National Bank of the Republic of North Macedonia or other credit institution or other payment card provider, accounts opened in the Treasury by the municipalities, the budget users and other public entities pursuant to law and all other accounts and sub-accounts opened in the Treasury for the purpose of making transactions, recording and managing public cash accounts pursuant to this Law or other law, shall comprise the TSA system.

(5) Credit institutions and other payment card providers may not open accounts or receive deposits from budget users, except for the Ministry of Finance, i.e. the Treasury.

(6) Minister of Finance shall adopt a manual prescribing, in more details, the manner of opening and keeping the accounts comprising the TSA system.

Article 70

Treasury and TSA System

(1) The Treasury shall mean an organizational unit within the Ministry of Finance, managing the TSA system and the Treasury General Ledger System and performing tasks and duties prescribed by law.

(2) TSA system, together with the Treasury General Ledger, shall comprise an organizational and information basis for a sound, effective, efficient and transparent public financial management system, in line with the uniform rules of the state Budget, the municipal budgets and all budget users and other public entities participating in the TSA system pursuant to this Law or other law.

(3) The Treasury shall carry out the following operations:

1. managing the TSA system, which shall include the following activities:

-open, close and manage the treasury accounts and the bank accounts opened by the Ministry of Finance, the state, the municipalities, the budget users and other public entities, comprising the TSA system in line with this Law or other law,

-perform payment services, as a payment service provider for the state, the municipalities, the budget users and other public entities pursuant to this Law or the law regulating the payment services and systems,

-distribute the revenues and other inflows to the recipients' accounts in line with this Law,

-provide information on payments and reimbursements of compulsory charges and other revenues collected or charged by the tax, the customs and other competent authorities and settle/reconcile them with the competent state and local authorities,

-debit the treasury accounts for improperly paid funds due to an failure/error by the payment service provider,

-debit the treasury accounts on the basis of contractual authorizations and in case of an adjustment of the error made by the Treasury,

-charge the accounts of budget users and other public entities with an account in the TSA on the basis of enforcement orders issued by competent courts and tax authorities and keep records of the enforcement orders,

-inform the account holders about all payment transactions and the account balance and provide other information stipulated by law and other acts adopted by the Minister of Finance,

-Provide data and information about all inflows to the state Budget and the municipality and the budget outflows,

-provide data on the budget users and the competent bodies and organization, required for statistical, tax and analytical purposes in line with the law and other acts stipulated by the Minister of Finance,

-manage the asset liquidity within the TSA system,

-may suspend the execution of payments of budget users in case of disruption of the projected liquidity,

-provide other services stipulated by law and other acts prescribed by the Minister of Finance.

2. managing the Treasury General Ledger System, among other, including the following activities:

-record the adopted budgets, the supplementary budgets and all other modifications related to the budgets,

-keep records of collection of inflows to the TSA within the TSA system and distribute them by users,

-keep records of budget allocations, reallocations, commitments (including contracts), verifications, payment orders, payments and other outflows from the budgets or the TSA system,

-support the liquidity management by generating projections of inflows and outflows, as well as by preparing and coordinating quotas and monthly liquidity plans,

-keep records of arrears/liabilities of budget users,

-prepare daily and periodical reports on collection of inflows and execution of outflows from the state Budget and the municipal budgets in line with the national and the international standards and this Law.

(4) Minister of Finance shall prescribe, in more details, the manner of treasury operations.

Article 71

TSA System Liquidity Management

(1) Ministry of Finance shall manage the liquidity of the TSA system, i.e. its participants within and outside the TSA system.

(2) Outside the TSA system, Ministry of Finance may invest in short-term deposits kept with the National Bank of the Republic of North Macedonia, the commercial banks or saving houses headquartered in the Republic of North Macedonia being licenced to render banking services in the country, extend short-term loans or purchase financial instruments on the money market, in accordance with the principles of safety, liquidity and cost-effectiveness.

(3) In case of shortfall of funds in the TSA system, the Ministry of Finance shall disburse funds on the basis of short-term loans or issue short-term securities and other financing instruments.

(4) Ministry of Finance may, within the TSA system, receive deposits and extend short-term loans to the state Budget, the municipal budgets and other public entities participating on the TSA system, under the terms and conditions stipulated by law and regulations prescribed by the Minister of Finance.

(5) Ministry of Finance shall keep detailed records of the activities related to liquidity management within and outside the TSA system and prepare special financial report, attached to the Annual Financial Statement.

(6) Minister of Finance shall prescribe, in more details, the manner of liquidity management of the TSA system.

IX. MANAGEMENT OF STATE AND MUNICIPAL ASSETS

IX.1. General Provisions

Article 72

State and Municipal Assets

(1) Financial and non-financial (tangible) assets of the state and the municipalities in terms of this Law shall mean assets owned by the state and by the municipalities.

(2) Financial assets shall mean cash funds and deposits, claims on the basis of extended loans, claims on the basis of paid guarantees, other claims, debt securities and shares, financial derivatives, parts and other holdings in legal entities.

(3) Non-financial assets shall mean fixed assets, inventories, valuables and land, natural wealth and other non-produced assets.

Article 73

Right to Manage and Dispose of Assets

(1) Government of the Republic of North Macedonia or the state-owned public entities shall manage the financial and the non-financial assets of the state, if so stipulated by law, and the Government of the Republic of North Macedonia shall alienate them unless otherwise stipulated by other law.

(2) The Mayor or the municipal public entities shall manage the financial and the non-financial assets of the municipality, and the municipality shall alienate them under a decision of the Municipal Council, unless otherwise stipulated by other law.

(3) Public entities shall manage the assets they use. i.e. possess. Head of the public entity shall be obliged to safeguard, manage and keep records of the assets used by the respective public entity and the assets owned by the respective public entity.

(4) Ministry of Finance shall keep a registry of financial assets at national and at local level and shall manage the financial assets of the state in accordance with this Law or other law.

(5) Minister of Finance shall stipulate the form and the contents of the registry of financial assets of both the state and the municipalities.

Article 74

Restrictions on Acquisition of Assets

(1) Public entities, except public enterprises, shall have no ownership nor shall acquire ownership over the non-financial assets, unless otherwise stipulated by other law.

(2) Public entities shall not acquire equity holding/participation, parts/stocks/stakes or other capital holding/equity interests in other public corporations or private companies without consent by the Government of the Republic of North Macedonia or the Municipal Council.

(3) Should the public entity, except public enterprises, acquire non-financial assets on the basis of gift, inheritance or otherwise, it shall forthwith undertake activities for transferring the ownership over the assets to its founder, the state or the municipality, unless otherwise stipulated by other law.

IX.2. Management of Non-Financial Assets

Article 75

Annual Program on Sale of Non-Financial Assets

(1) Non-financial assets management shall mean use of assets, their maintenance, sale and lease.

(2) Government of the Republic of North Macedonia shall adopt the Annual Program on Sale of Non-Financial Assets upon proposal by the Ministry of Finance, prepared in cooperation with the parent budget users.

(3) The program on sale of non-financial assets shall include all non-financial assets with a depreciation period not longer than five years and an estimated value of above Denar 6,000,000.

(4) Funds from the sale and lease of non-financial assets shall be deemed as State Budget revenues, unless otherwise stipulated by other law.

(5) Government of the Republic of North Macedonia shall inform the Parliament of the Republic of North Macedonia on the implementation of the Annual Program on Sale of Non-Financial Assets within the draft Annual Financial Statement.

(6) Annual Program on Sale of Non-Financial Assets of the municipality shall be adopted by the Council upon proposal by the Mayor.

Article 76

Reporting on Concession Contracts and Public Private Partnership Contracts

(1) Parent budget user shall keep registry of all concession and public private partnership contracts for all budget users and other public entities under its competence.

(2) Summary registry of all concession contracts referred to in paragraph (1) of this Article shall be kept with the Ministry of Finance.

(3) Parent budget users shall regularly submit all necessary data on the concession contracts within their competence to the Ministry of Finance.

(4) Summary registry of all public private partnership contracts referred to in paragraph (1) of this Article shall be kept with the Ministry of Finance.

(5) Ministry of Economy shall regularly submit all necessary data on the public private partnership contracts to the Ministry of Finance.

(6) Minister of Finance shall stipulate, in more details, the form and the contents of the Registry of Concession Contracts.

IX.3. Management of Financial Assets

Article 77

Investments in/Acquisition of Shares, Parts and Other Investments in a Legal Entity

(1) Investments in a legal entity may be direct or indirect.

(2) Direct investments shall be investments by the state or the municipality in a certain legal entity.

(3) Indirect investments by the state or the municipality shall mean investments made by a public enterprises or other company, in which the state or the municipality has a direct investment, in other legal entity.

Article 78

Registry of Shares and Parts

(1) Ministry of Finance shall keep Registry of Shares, Parts/Stocks/Stakes and Equity Holding/Participation in legal entities of the state and the municipalities.

(2) Minister of Finance shall, for the needs of the Registry, prescribe the manner and the deadlines for submission of information, which shall be provided by:

1. the municipalities, other budget users and other public entities managing the financial assets of the state or the municipalities;

2. the legal entities in which the state of the municipalities have a direct or indirect equity investments;

3. other legal entities referred to in paragraph (3) of this Article.

(3) In order to prepare and enforce the regulations and provide for periodic reporting to the international financial institutions and organizations, Ministry of Finance shall have the right to obtain the relevant information, including the right to free permanent access to data from:

- the Central Registry of the Republic of North Macedonia and other registries kept by the authorized state bodies,

- the Central Securities Depository,

- other public entities holding data on investments.

Article 79

Managing Public Entities which are not Budget Users

(1) Unless otherwise stipulated by other law, competent ministries and the mayors of the municipalities shall perform the following tasks and duties:

1. coordinate the working programs and the financial plans of the public entities which are not budget users;

2. supervise the operations, the implementation of approved programs and financial plans, as well as the borrowing by the respective public entities;

3. have a representative in the management boards or the supervisory boards of the respective public entities.

(2) Government of the Republic of North Macedonia or the Municipal Council shall, upon proposal by the minister in charge or the mayor, give consent/approve for the working program (operating and investment), the Annual Financial Plan, the annual financial reports/statements and the report on the operations of the public entities which are not budget users.

(3) All public entities which are not budget users shall submit the following to the Ministry of Finance:

- annual financial and business plans,
- quarterly financial reports/statements,
- annual financial reports/statements and business reports,
- all other financial data and information requested by the Ministry of Finance.

(4) Minister of Finance shall prescribe the manner, the form and the deadlines for submission of the financial and the business plans, the reports/statements, the statements and other information referred to paragraph (3) of this Article.

Article 80

Establishment and Dissolution of Public Entities which are not Budget Users and Acquisition and Sale of Parts/Stakes/Stocks in Legal Entities

(1) Government of the Republic of North Macedonia or the Municipal Council shall, upon proposal by the ministry of charge or the mayor of the municipality, adopt decision on establishment or dissolution of public entities which are not budget users, unless otherwise stipulated by other law.

(2) Government of the Republic of North Macedonia or the Municipal Council shall, upon proposal by the ministry of charge or the mayor of the municipality, decide on the acquisition of shares or parts/stakes/stocks in legal entities, should funds therefore be projected in the financial plan or should it be to the benefit of the national or the municipal interests.

(3) Government of the Republic of North Macedonia or the Municipal Council shall, upon proposal by the ministry of charge or the Ministry of Finance or the mayor of the municipality shall decide on the sale of shares or parts/stakes/stocks in legal entities, should the national or the local interests cease to exist.

(4) When purchasing or selling shares or parts/stakes/stocks or other equity holding/participation in the legal entity, the ministry in charge or the mayor shall submit proposal to the Ministry of Finance for review.

(5) Ministry of Finance shall review the proposal referred to in paragraph (4) of this Article and shall deliver an opinion therefore to the ministry in charge, i.e. the mayor.

Article 81

Collection of Claims on the basis of Called-Up Guarantee

(1) When a guarantee is paid by the state Budget or by the municipal budgets, claim shall be established against the principal debtor and claim collection procedure shall forthwith be initiated, unless otherwise stipulated by the Public Debt Law.

(2) Holder of the claim on the basis of called-up guarantee shall be the Ministry of Finance, when the guarantee is paid by the state Budget.

(3) Holder of the claim on the basis of called-up guarantee shall be the municipality, when the guarantee is paid by the municipal budget.

Article 82

Acquiring Equity Holding/Participation in Legal Entities with a Non-Monetary Contribution

The state or the municipalities may acquire equity holding/participation in legal entities with a non-monetary contribution as follows:

1. conversion of due taxes, contributions, except mandatory social insurance contributions, or other fees owned by the debtors to the state or the municipality arising from enforced collection procedures or enforced settlement procedures pursuant to the Bankruptcy Law;

2. conversion of claims arising from extended loans and called-up guarantees;

3. contribution in real estate and movable property, except real estate used for rendering public services.

Article 83

Sale or Conversion of Claims

(1) Budget user - claim holder may propose sale or conversion of claims, if they are economically justified, through the parent budget user, except for claims arising from due mandatory social insurance contributions of entities which are not general government entities.

(2) Government of the Republic of North Macedonia or the Municipal Council shall establish a Commission, which shall give a justified opinion for accepting or rejecting the proposal for sale or conversion of the claims.

(3) The Commission shall comprise of at least one authorized representative from each of the claim holder, the parent budget user, the Ministry of Finance, the Ministry of Economy and the Government of the Republic of North Macedoni when sale or conversion of claims of the state is proposed, and at least one authorized representative from each of the claim holder, the parent budget user, the municipality and the Association of the Units of Local Self-Government when sale or conversion of claims of a municipality, or more of them together, is proposed, and it may consist of 15 members at the most, with the number of members being always odd.

(4) The Commission shall decide upon the proposal with majority of the total number of members, and the Commission members shall be entitled to a fee for their engagement, which shall be paid on the claim holder's account.

(5) Government of the Republic of North Macedonia shall, upon proposal by the Ministry of Finance, adopt manual/guidelines on the Commission's composition and rules of procedure.

(6) Government of the Republic of North Macedonia shall decide about the sale or the conversion of the state's claims, and the Municipal Council shall decide about the sale or the conversion of the municipalities' claims.

Article 84

Debt Deferral and Repayment of Debt towards the State/the Municipality in Installments

(1) Government of the Republic of North Macedonia may, upon request by the debtor and upon proposal by the minister in charge, under a decision, defer the debt repayment or allow its repayment in installments, should such activity significantly improve the possibility for repayment of the debtor's debt, from whom it would otherwise not be possible to collect the entire debt in an enforcement, bankruptcy or liquidation proceedings.

(2) Governmet of the Republic of North Macedonia shall, upon proposal by the Ministry of Finance, regulate, under an act, the type of the debt, the size and the procedure for deferred repayment, repayment in installments, arising from paragraph (1) of this Article for the state and/or the municipality and between them.

(3) Value of the claims at each of the claim holders shall be written off from the accounting records on the basis of a final court ruling for a completed bankruptcy or liquidation proceedings or other law.

(4) For the purpose of this Article, debts towards the state and/or the municipalities which do not arise from mandatory social insurance contributions shall not be deemed as a debt.

(5) Government of the Republic of North Macedonia, the ministry in charge and the competent municipality shall be obliged to publicly disclose the data on the debt amount and the debtors for which deferred debt repayment and repayment in installments is approved.

Article 85

Annual Program on Sale and/or Conversion of Financial Assets

(1) Government of the Republic of North Macedonia shall adopt the Annual Program on Sale and/or Conversion of Financial Assets upon proposal by the Ministry of Finance, prepared in cooperation with the parent budget users managing the financial assets.

(2) The Annual Program on Sale and/or Conversion of Financial Assets shall include shares and stakes/parts/stocks of the same type in a legal entity and/or receivables of the same legal entity with an estimated value of more than Denar 3,000,000, except market (price) sensitive information.

(3) Government of the Republic of North Macedonia shall inform the Parliament of the Republic of North Macedonia on the implementation of the Annual Program on Sale and/or Conversion of Financial Assets within the draft Annual Financial Statement.

(4) Annual Program on Sale and/or Conversion of Financial Assets of the municipality shall be adopted by the Council upon proposal by the Mayor.

IX.4. Sale of Government and Municipal Financial and Non-Financial Assets

Article 86

Individual/Separate/Special Sale Program

Government of the Republic of North Macedonia or the Municipal Council shall, upon proposal by the competent parent budget user, notwithstanding paragraph (3) in Article 75 and paragraph (2) in Article 85, decide about the implementation of the procedure for sale of assets by adopting an individual/separate/special sale program.

Article 87

Method for Sale of Assets

Budget user managing the assets shall be responsible for the sale of individual financial or non-financial assets. Manager of the competent budget user or the Mayor shall appoint a Commission for implementation and supervision of the procedure for sale of assets.

X. BORROWING AND GUARANTEES

Article 88

Public Debt Management, Procedures for Borrowing and Issuance of Guarantees

(1) Public debt management, procedures and methods of borrowing, procedure for issuance, servicing and termination of sovereign guarantees, as well as information on public debt shall be regulated under the Public Debt Law.

(2) Ministry of Finance shall, on behalf of the state, manage the general government debt and shall be entitled to early debt repayment and/or early purchase or replacement of debt securities issued by the state, should it provide for the following:

1. reducing the costs for servicing the government debt or
2. improving the maturity, the currency or the interest structure of the general government debt to the end of reducing the exposure to at least one of the following risks:

- re-financing risk,
- market risks,
- macroeconomic risks.

(3) In case of temporary financing, Ministry of Finance may, on behalf of the state, borrow up to the amount necessary for refinancing the liabilities on the basis of principal and interest on the general government debt in the current fiscal year.

(4) Ministry of Finance may, on behalf of the state, borrow additionally in the current fiscal year, as well as during the temporary financing, for the purpose of financing the liquidity related to cash flows, whereby the balance of liquidity borrowing may not exceed 5%, on daily basis, of the total expenditures under the last adopted budget.

(5) Municipalities may borrow from the state Budget or conclude a loan agreement with banks and/or issue debt securities in the country or abroad for the purpose of executing the municipal budgets.

(6) The municipality shall obtain consent from the Ministry of Finance before each borrowing, in line with the procedure stipulated in the Public Debt Law and the Law on Financing the Units of Local Self-Government.

(7) Government of the Republic of North Macedonia may, on behalf of the state, issue sovereign guarantee in case of borrowing by public debt issuers defined in the Public Debt Law. Municipalities may issue a guarantee in case of borrowing by public enterprises and companies over which they have direct or indirect influence, under a decision adopted by the Municipal Council. Should a public enterprise or a company be owned by two or more municipalities, multilateral guarantee agreement may be concluded. No other forms of sovereign or municipality guarantees shall be allowed.

(8) Transactions made contrary to paragraph (7) of this Article shall be null and void.

(9) All public entities, except those listed in paragraph (6) of this Article may not issue any guarantees.

(10) For the purpose of state Budget execution in the current fiscal year, Ministry of Finance may, on behalf of the state, borrow in the country and abroad up to the total of:

1. the deficit amount set in the Statement of Revenues and Expenditures and the amount of the net reduction set in the Statement of Financial Assets and Liabilities and

2. the amount required for refinancing the liabilities on the basis of principal in the current fiscal year and the next two fiscal years set in the last approved Fiscal Strategy.

(11) Maximum borrowing amount referred to in points 1 and 2 in paragraph (10) of this Article shall be stipulated in the Law on Budget Execution.

Article 89

Debt Assuming

(1) Government of the Republic of North Macedonia may assume debt on the basis of public entities' loan and securities.

(2) Minister of Finance shall, on behalf of the Government of the Republic of North Macedonia, sign Debt Assuming Agreement following the adoption of a special debt assuming law.

(3) Draft law on the basis of which the Government of the Republic of North Macedonia shall assume debt on the basis of public entities' loan or securities in the next fiscal year shall be submitted to the Parliament of the Republic of North Macedonia by 1st October in the current fiscal year.

(4) Budget users and municipalities may not assume debt prescribed under this Article.

Article 90

Financial Leasing

(1) Ministry of Finance shall, upon proposal by the parent budget user or the Mayor, approve the proposals for concluding financial leasing agreements to the budget users of the state Budget or the municipal budget.

(2) Budget user may not initiate a procedure for conclusion of a financial leasing agreement prior to obtaining the approval from the Ministry of Finance.

(3) Minister of Finance shall prescribe, in more details, the manner of issuing the approval for the proposals for concluding financial leasing agreements to the budget users of the state Budget or the municipal budget.

XI. REPORTING AND TRANSPARENCY

Article 91

Reporting on Budget Execution

(1) Ministry of Finance shall publish in particular the following:

1. monthly report on execution of the state Budget;
2. summary quarterly report on execution of the municipal budgets;
3. consolidated quarterly report on execution of the state Budget and the municipal budgets.

(2) The reports shall be published on the Ministry of Finance's website within one month following the end of the respective month/quarter.

(3) The Mayor shall publish the monthly report on execution of the municipal budget on the municipality's website within one month following the end of the respective month/quarter.

(4) Ministry of Finance shall prescribe the form and the contents of the reports to be published.

Article 92

Semi-Annual Report on Budget Execution

(1) Minister of Finance or the Mayor shall submit reports to the Government of the Republic of North Macedonia or the Municipal Council on the execution of the budget in the first half of the year by 31st July at the latest in the current year.

(2) The reports shall include:

1. data on macroeconomic trends;
2. report on generated inflows and outflows in line with the structure of the adopted budget, budget balance, borrowing and projected performance/execution by the end of the year;

3. data on obligations/liabilities, reallocation, changes of/at/in budget users in the course of the year, use of budget reserves, issued and paid guarantees and collected receivables on the basis of the issued guarantees;

4. explanation on major deviations of the valid budget in relation to the projections.

(3) Government of the Republic of North Macedonia shall be obliged to submit the report to the Fiscal Council and the Parliament of the Republic of North Macedonia by 1st September in the current year at the latest.

(4) Minister of Finance shall prescribe, in more details, the manner of preparing, the form and the contents of the semi-annual report on the execution of the state Budget and the municipal budgets.

Article 93

Contents of the Annual Financial Statement

(1) Annual Financial Statement shall mean a legal act of the state or the municipality, showing the execution of the State Budget or the municipal budget for the previous budget year.

(2) Annual Financial Statement shall contain the following:

1. Financial Report on Budget Execution;
2. explanation of the general section of the Annual Financial Statement;
3. explanation of the special section of the Annual Financial Statement, including the report on achieved goals and results;
4. explanation of the balance sheet data.

(3) Financial Report on Budget Execution shall adhere to the Budget structure and contents. It shall include projected and generated inflows and executed outflows from the state Budget or the municipal budget.

(4) Explanation of the general section of the Annual Financial Statement shall include at least the following:

1. projected macroeconomic indicators as a starting point which the Budget is based on and their performance in the course of the year;
2. explanation of the general section of the Budget;
3. explanation of the reallocations in the course of the year;
4. changes of budget users in the course of the year in line with Article 57 of this Law;
5. explanation of the adopted measures for budget balancing in line with Article 60 of this Law;
6. explanation of the changes between the adopted and the valid budget in line with Article 47 of this Law;
7. report on the use of budget reserve requirement in line with Article 58 of this Law;
8. report on the use of general budget reserve requirement in line with Article 59 of this Law;
9. report on the Annual Program for Sale of Non-Financial Assets in line with Article 75 of this Law;
10. report on the Annual Program for Sale and/or Conversion of Financial Assets in line with Article 85 of this Law;
11. report on arrears;
12. report on borrowing on the domestic and the foreign capital market;
13. report on issued guarantees and extended loans;
14. report on impact of tax expenditures on the inflows;
15. report on execution of the municipal budgets;
16. other necessary data.

(5) explanation of the special section of the Annual Financial Statement, including the report on achieved goals and results, as well as gender-responsive indicators; The Report shall include assessment of the results when achieving the goals and explanation of the reasons for deviating from the set goals.

(6) Annual Financial Statement shall also include the following annexes:

1. consolidated balance sheets of the state and the municipalities;
2. the report referred to in paragraph (5), Article 71 of this Law.

(7) Minister of Finance shall prescribe, in more details, the manner of preparing, the form and the contents of the Annual Financial Statement (State Budget or municipal budgets), the consolidated annual report on implementation of the financial plans of the budget users within the competence of the parent budget user, as well as the annual financial reports of the budget users.

Article 94

Preparation and Adoption of Draft Annual Financial Statement (State Budget or Municipal Budget)

(1) Budget user shall prepare annual financial reports and provide data to the competent parent budget user pertaining to the preparation of the consolidated annual report on the implementation of the financial plans of the budget users within its competence for the previous year by 1st March in the current year at the latest.

(2) Parent budget user shall prepare consolidated annual report on implementation of the financial plans and provide data on the preparation of the draft Annual Financial Statement for the previous year, as well as submit it to the Ministry of Finance and the Mayor by 15th March in the current year at the latest.

(3) Ministry of Finance shall submit the draft Annual Financial Statement to the State Audit Office and the Fiscal Council by 30th April in the current year at the latest.

(4) When preparing a draft audit report, the State Audit Office may give audit recommendation to rectify the irregularities. These recommendations to rectify the irregularities shall have to be based on the provisions in effect and include legal basis and reference to authentic and reliable accounting/bookkeeping documents providing for the irregularities, detected by the State Audit Office in the draft Financial Report on State Budget Execution, to be rectified.

(5) Government of the Republic of North Macedonia shall decide upon and explain the activities to apply as regards the rectifying of the irregularities referred to in paragraph (4) of this Article and the respective method, inform the State Audit Office accordingly and define the final version of the Financial Report on State Budget Execution.

(6) Government of the Republic of North Macedonia shall adopt the draft Annual Financial Statement referred to in paragraph (2) of this Article together with the final report of the State Audit Office and the explanation for the possible rejection of certain audit recommendations for the activities pertaining to rectifying the irregularities, submit it to the Parliament of the Republic of North Macedonia not later than 1st October in the current year for its adoption.

(7) When adopting the Annual Financial Statement, the Parliament shall review the remarks/comments proposed by the auditor.

(8) The Mayor shall prepare draft Annual Financial Statement and submit it to the Ministry of Finance by 31st March in the current year at the latest.

(9) The Mayor shall submit the draft Annual Financial Statement to the Municipal Council not later than 30th April in the current year for its adoption.

(10) Annual Financial Statement (municipal budget) shall be submitted to the Ministry of Finance and the State Audit Office no later than 15 days following its adoption by the Municipal Council.

(11) Notwithstanding paragraph (10) of this Article, should the Municipal Council not adopt the Annual Financial Statement, it shall be submitted to the Ministry of Finance and the State Audit Office no later than 60 days following the date of its submission to the Municipal Council.

(12) Annual Financial Statement shall be published in the "Official Gazette of the Republic of North Macedonia", while the Financial Report on Budget Execution shall be published on the Ministry of Finance website within one month at the latest following their adoption.

(13) Annual Financial Statement (municipal budget) shall be published in the official gazette of the municipality, while the Financial Report on Municipal Budget Execution shall be published on the municipalities' website within one month at the latest following their adoption.

Article 95

Transparency of Public Entities which are not Budget Users

(1) All public enterprises and other public entities which are not budget users shall publish the following documents on their respective websites:

- annual financial and business plan for the current year,
- annual financial report for the previous year,
- quarterly and semi-annual financial reports,
- quarterly report on arrears,
- audit report and report of the supervisory body, if any.

(2) Documents referred to in paragraph (1) of this Article shall be published within one month from their adoption by the entity's competent body.

Article 96

Publishing on Websites

(1) Budget users shall publish at least the following on their respective websites:

1. approved financial plans;
2. quarterly execution reports;
3. annual financial statements;
4. annual gender-responsive budget initiative.

(2) In addition to the documents referred to in paragraph (1) of this Article, parent budget users shall publish the following within one month after the reporting period on their respective websites:

1. organizational setup of all budget users and other public entities within their competence, together with the links to their websites;
2. registries of all concession and public private partnership contracts referred to in paragraph (1), Article 76 of this Law.

(3) Ministry of Finance shall publish at least the following on its website:

1. adopted state Budget, with accompanying budget documentation;
2. Citizens' Budget;
3. reports on execution of the state Budget and the municipal budgets;
4. Semi-Annual Report on State Budget Execution;
5. Audit report of the State Audit Office pursuant to paragraph (6), Article 94 of this Law;
6. Annual Financial Statement.

(4) Plans, reports and other documents listed in paragraphs (1), (2) and (3) of this Article shall be published within one month following their preparation or adoption, unless otherwise stipulated by this Law or other law.

XII. ACCOUNTING AND CONSOLIDATION

Article 97

Accounting System

Rules on budget and budget users' accounting shall apply for keeping the accounting and compiling the financial reports for the budget and the budget users, unless otherwise stipulated by this Law.

Article 98

Responsibilities of the Accounting Office/Department/Service

Competent service for budget and budget users' accounting shall provide and process the data on the basis of the accounting records arising from business events, keep business books, prepare payment documentation, prepare various reports, carry out accounting oversight and organize the storing of original accounting documents, unless otherwise stipulated by a special law.

Article 99

Authorized Accounting Officer

(1) Authorized accounting officer shall be a person performing the functions and the tasks and duties of the accounting service, and shall be responsible for preparation of financial reports. Authorized accounting officer shall be responsible for preparation of the data for the Annual Report on Budget Execution.

(2) Authorized accounting officer shall be appointed by the manager of the budget user. Should the budget users organize a joint accounting service, the person in charge of accounting at a certain budget user shall be appointed by the authorized accounting officer of the joint accounting service.

(3) Authorized accounting officer shall act pursuant to this Law, the Law on Budget Institutions' Accounting, the Law on Budget Execution, i.e. the Decision on Execution of the Municipal Budget, and other related regulations. Should the authorized accounting officer consider that the payment is contrary to the above-mentioned regulations, he/she shall suspend the payment and notify the respective manager of the budget user in writing. Suspended payment may be made with a written request by the respective manager.

Article 100

Annual Financial Reports/Statements

(1) Income Statement and Balance Sheet shall comprise the Annual Financial Statements of the budget users.

(2) Budget users shall be obliged to prepare an explanation attached to the annual financial statements, as an integral part of the statements, and they shall be publicly available.

Article 101

Submission of Annual Financial Reports/Statements

Budget users shall submit the annual financial statements referred to in paragraph (1), Article 100 of this Law to the Central Registry of the Republic of North Macedonia by 28th February in the current year.

Article 102

Consolidation

(1) Parent budget users shall consolidate the annual financial reports/statements of the budget users within their competence and shall prepare consolidated annual financial reports/statements.

(2) Parent budget users shall submit the consolidated annual financial reports referred to in paragraph (1) of this Article to the Central Registry of the Republic of North Macedonia by 15th March in the current year.

(3) Central Registry of the Republic of North Macedonia shall submit the financial reports referred to in paragraph (2) of this Article to the Ministry of Finance in an electronic form by 31st March in the current year.

Article 103

Consolidated Balance Sheets of the State and the Municipalities

(1) Ministry of Finance shall prepare the consolidated balance sheets of the state and the municipalities and it shall be an integral part of the Annual Financial Statement.

(2) Ministry of Finance shall submit the consolidated balance sheets referred to in paragraph (1) of this Article to the Central Registry of the Republic of North Macedonia within 15 days following the adoption of the Annual Financial Statement by the Parliament of the Republic of North Macedonia.

XIII. PUBLIC SECTOR INTERNAL FINANCIAL CONTROL

Article 104

Internal Financial Control

(1) Public sector internal financial control system shall include financial management and control, internal audit, and harmonization and coordination of activities for their establishment and development.

Standards, methodology, relations, responsibilities and competences of the Ministry of Finance and other bodies in implementing the public sector internal financial control system shall be regulated by a separate law.

XIV. PUBLIC SECTOR FINANCIAL INSPECTION

Article 105

Public Sector Financial Inspection

(1) Ministry of Finance shall conduct financial inspection in line with the law.

(2) Objectives, principles, competence, organizational setup of public sector financial inspection, as well as procedure for conducting financial inspection, shall be regulated by a separate law.

XV. INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM

Article 106

Integrated Financial Management Information System

(1) Ministry of Finance shall establish Integrated Financial Management Information System.

(2) Main components of the Integrated Financial Management Information System shall be the following:

- budget planning (multiannual, including planning the capital projects/public investments),
- budget execution (including all expenditures, revenues and TSA operations),
- keeping records for the needs of the Treasury General Ledger System and reporting,
- debt management,
- establishing and managing the necessary registries and classifications,
- connecting with other automated data exchange systems in both the Government of the Republic of North Macedonia and the country,
- data warehouse and reporting tools for decision making support and monitoring,
- Web portal for ensuring a secure access for/to all authorized budget user and other authorized public entities and
- other necessary components to support the implementation of the Organic Budget Law and sound public financial management.

Working Body for Implementation of the Integrated Financial Management Information System

Article 107

(1) Minister of Finance shall establish a Working Body for Implementation of the Integrated Financial Management Information System (hereinafter referred to as: Working Body).

(2) The Working Body shall be responsible for: implementing, upgrading, optimizing, enforcing, regulating, maintaining, controlling, educating the personnel and analyzing all process and functionalities related to the Integrated Financial Management Information System.

(3) The Working Body shall comprise a chairman, deputy, coordinators and members from among the Ministry's employees, appointed by the Minister of Finance, with a 5-year term of office.

(4) Notwithstanding paragraph (3) of this Article, the Minister may also engage other persons in the Working Body to implement, upgrade, optimize, enforce, regulate, maintain, control, educate and carry out other activities related to the Integrated Financial Management Information System.

(5) Criteria for appointment and dismissal of the chairman, the deputy, the coordinators and the members of the Working Body referred to in paragraphs (3) and (4) of this Article, their rights, tasks and duties and responsibilities shall be determined by the Minister of Finance under a separate act.

(6) Chairman, deputy, coordinators and members of the Working Body referred to in paragraphs (3) and (4) shall be entitled to fee/compensation/remuneration, to be determined by the Minister of Finance with a separate act.

(7) Method of operations of the Working Body shall be prescribed, in more details, in the Rules of Procedure.

(8) The Working Body shall submit a report on its operations to the Minister of Finance, as needed, however, at least twice a year.

(9) Minister of Finance may establish expert working groups/commissions for the needs of the Working Body, and he/she may accordingly determine fee/compensation/remuneration depending on the scope and the complexity of the working tasks and duties.

(10) Funds for financing the Working Body and the expert working groups/commissions shall be provided from the Budget of the Republic of North Macedonia.

XVI. FINANCIAL INSPECTION

Article 108 Financial Inspection

Ministry of Finance shall, through public sector financial inspection, conduct financial inspection over the implementation/enforcement of the provisions of this Law in accordance with the Law on Public Sector Financial Inspection.

XVII. PENAL PROVISIONS

Article 109

Penal Provisions for the Budget Users

(1) Responsible person at the legal entity - budget user shall be fined with EUR 1,000 to EUR 10,000 in Denar equivalent for a misdemeanor, should he/she:

1. fail to submit filled-in form on assessment of medium-term fiscal implications when submitting draft laws and regulations to the Government of the Republic of North Macedonia in accordance with paragraph (1), Article 8 of this Law;

2. present unrealistically the additional fiscal implications on the Budget of the Republic of North Macedonia when submitting the fiscal form referred to in Article 8 of this Law;

3. fail to adjust the budget user's projects and activities in accordance with Article 42 within the deadline prescribed in paragraph (2) of the respective Article;

4. fail to ensure timely collection the budget revenues within their competence and their allocation in the budget in accordance with paragraphs (1) and (2), Article 44 of this Law;

5. enter into commitments contrary to Articles 50 and 51 of this Law;

6. enter into commitments or make payments from the Budget in an amount exceeding the allocated budget appropriations contrary to paragraph (4), Article 50 of this Law;

7. fail to inform or belatedly inform the State Attorney's Office of the Republic of North Macedonia of court and out-of-court disputes which might have direct or indirect financial consequences on the Budget in accordance with paragraph (1), Article 56 of this Law;

8. enter into new commitments or reallocate budget appropriations beyond the deadline referred to in paragraph (1), Article 62 of this Law or without prior consent from the Ministry of Finance contrary to paragraph (2), Article 62 of this Law;

9. make payments contrary to Article 63 of this Law;

10. borrow funds or issue guarantees without meeting the requirements laid down in Article 88 of this Law;

11. open an account without prior consent from the Minister of Finance (Articles 69 and 70 of this Law);

12. fail to submit or belatedly submit data on the preparation of the consolidated annual report on the implementation of the financial plans of the budget users within its competence to the competent budget user in accordance with paragraph (1), Article 94 of this Law;

13. fail to publish the approved financial plans, the quarterly reports or the annual financial statements on the respective website in accordance with paragraph (1), Article 96 of this Law;

14. fail to submit or belatedly submit the financial reports/statements to the Central Registry of the Republic of North Macedonia in accordance with Article 101 of this Law.

Article 110

Penal Provisions for the Parent Budget Users

(1) Responsible person at the legal entity - parent budget user shall be fined with EUR 1,000 to EUR 10,000 in Denar equivalent for a misdemeanor, should he/she:

1. fail to prepare a strategic plan on the activities within the competences of the respective institution in accordance with Article 13 of this Law;

2. fail to submit or belatedly submit the baseline scenartio and the draft new financing initiatives to the Ministry of Finance in accordance with Article 17 of this Law;

3. fail to submit or belatedly submit the draft financial plans of all budget users within its competence to the Ministry of Finance in accordance with paragraph (1), Article 33 of this Law;

4. fail to submit the approved financial plan to the Ministry of Finance in accordance with paragraph (2), Article 43 of this Law;

5. fail to monitor the collection of revenues and other inflows and the payments made to the accounts of the budgets users within its competence in accordance with paragraph (3), Article 44 of this Law;

6. fail to keep registry of all concession and public private partnership in accordance with paragraph (1), Article 76 of this Law;

7. fail to submit or belatedly submit the consolidated annual report on implementation of the financial plans of the budget users within its competence to the Ministry of Finance in accordance with paragraph (2), Article 94 of this Law;

8. fail to publish the necessary data on the respective website in accordance with paragraphs (1) and (2), Article 96 of this Law;

9. fail to submit or belatedly submit the consolidated annual financial reports to the Central Registry of the Republic of North Macedonia in accordance with paragraph (2), Article 102 of this Law.

Article 111

Penal Provisions for the Mayor of the Municipality

Mayor of the municipality shall be fined with EUR 250 to EUR 500 in Denar equivalent for a misdemeanor, should he/she:

1. fail to prepare a budget comprising general section of the budget, special section of the budget and project and multi-annual section of the budget in accordance with paragraph (1), Article 22 of this Law;

2. fail to prepare the special section of the budget in line with the organizational classification, program classification, economic classification and classification of sources of financing in accordance with paragraph (2), Article 24 of this Law;

3. fail to publish monthly report on execution of the municipal budget in accordance with paragraph (3), Article 91 of this Law;

4. fail to submit or belatedly submit the report on execution of the budget in the first half of the year to the Municipal Council in accordance with paragraph (1), Article 92 of this Law;

5. fail to submit or belatedly submit the draft or the adopted Annual Financial Statement (municipal budget) to the Ministry of Finance, the State Audit Office and the Municipal Council in accordance with paragraphs (8), (9), (10) and (11), Article 94 of this Law;

6. fail to publish the financial report and the Annual Financial Statement (municipal budget) in accordance with paragraph (13), Article 94 of this Law.

Article 112

Penal Provisions for Public Enterprises, Other Public Corporations, Other Public Entities and Other Legal Entities

Responsible person at a public enterprise, other public entity or other legal entity referred to in Article 79 of this Law shall be fined with EUR 400 to EUR 500 in Denar equivalent for a misdemeanor, should he/she:

1. fail to submit the financial plans, the reports and the statements to the Ministry of Finance in accordance with paragraphs (3) and (4), Article 79 of this Law;

2. fail to publish the annual financial reports/statements and statements on the respective website in accordance with paragraph (2), Article 95 of this Law.

Article 113

(1) Should a misdemeanour be committed by failing to meet the obligation referred to in Articles 109, 110, 111 and 112 of this Law, and the perpetrator has committed the misdemeanour for the first time in the calendar year, and should the perpetrator meet the stipulated obligation prior to the adoption of the misdemeanour decision, a reprimand shall be pronounced as a misdemeanor sanction.

(2) The reprimand as a misdemeanour sanction referred to in paragraph (1) of this Article shall not be pronounced for the misdemeanours referred to in points 6, 7, 9, 10 and 12, Article 109 of this Law.

Article 114

(1) Public sector financial inspection shall be authorized to submit the request for initiating a misdemeanour procedure as regards the misdemeanours referred to in Articles 109, 110, 111 and 112 of this Law.

(2) Should the financial inspector find a misdemeanor, he/she shall compile agreed minutes, indicating the important elements of the action the legal character of the misdemeanor arising from - personal name, address and personal identification number of the citizen, while with respect to legal entity - name, headquarters and tax identification number, time, place and manner of committing the misdemeanor,

description of the action, legal classification of the misdemeanor and the persons on site, and he/she shall give a proposal for settlement by issuing misdemeanor payment order. The agreed minutes shall be signed by the financial inspector and the perpetrator.

(3) Should the perpetrator not agree to be issued a misdemeanor payment order, it shall be indicated in the agreed minutes for the concerned misdemeanor and the financial inspector shall submit a request for initiating misdemeanor procedure before a competent court.

(4) As regards the committed misdemeanours referred to in Articles 109, 110, 111 and 112 of this Law, the financial inspectors shall be obliged to propose a settlement procedure to the perpetrator prior to submitting the request for misdemeanor procedure in line with the Law on Misdemeanours.

(5) Minister of Finance shall prescribe the form and the contents of the misdemeanor payment order.

Article 115

Competent court shall conduct misdemeanor procedure and pronounce misdemeanor sanctions for the misdemeanours envisaged by this Law.

XVIII. TRANSITIONAL AND FINAL PROVISIONS

Article 116

(1) Provision in point 24, Article 2 of this Law shall be subject to additional two-year period of adjustment after this Law starts applying.

(2) During the period of adjustment, the entities referred to in paragraph (1) of this Article shall not be recorded as general government entities referred to in point 24, Article 2 of this Law, which they shall be recorded as general government debt as referred to in point 49, Article 2 of this Law.

Article 117

When electing the first member composition of the Fiscal Council, the term of office of the member elected upon proposal by the National Bank of the Republic of North Macedonia shall for last two years, the term of office of the member elected upon proposal by the State Audit Office shall last for four years, and the term of office of the member elected upon proposal by Macedonian Academy of Sciences and Arts (MANU) shall last for six years. Thereby, members of the Fiscal Council, the term of office of which shall last for two, i.e. four, years, shall have the right to re-election.

Article 118

Laws prescribing provisions pertaining to budget planning and financing shall be harmonized with the provisions of this Law within six months following the entry into force of this Law.

Article 119

Budget Law ("Official Gazette of the Republic of Macedonia", nos. 64/2005, 4/2008, 103/2008, 156/2009, 95/10, 180/11, 171/12, 192/15 and 167/16) and Law on Reporting and Recording Liabilities shall cease to apply the day this Law enters into force.

Article 120

Bylaws envisaged under this Law shall be adopted within 24 months from the day this Law enters into force.

Article 121

Provisions referred to in paragraphs (3) and (4), Article 7 and provisions in Article 107 of this Law shall start to apply the day this Law enters into force.

Provisions in paragraphs (4), (5) and (6) in Article 6, Article 10, Article 11, Article 13, Article 14, Article 16, Article 17, Article 18, Article 19, paragraphs (3) and (4) in Article 66 and Article 104 shall start to apply from 1st January 2023.

Budget users as stipulated in accordance with the Budget Law ("Official Gazette of the Republic of Macedonia", nos. 64/2005, 4/2008, 103/2008, 156/2009, 95/10, 180/11, 171/12, 192/15 and 167/16) shall apply the obligations of the parent budget users referred to in paragraphs (3) and (5) in Article 13, paragraph (3) in Article 16, paragraphs (2), (3) and (5) in Article 17, paragraph (6) in Article 18, point 3, paragraph (1) and paragraph (2) in Article 19 from the day this Law enters into force till the day this Law starts applying.

Provisions in Article 15, Article 15-a, Article 16, Article 17 and Article 18 of the Budget Law ("Official Gazette of the Republic of Macedonia", nos. 64/2005, 4/2008, 103/2008, 156/2009, 95/10, 180/11, 171/12, 192/15 and 167/16) shall cease to be valid on the day this Law enters into force.

Article 122

This Law shall enter into force on the eighth day from the day it is published in the "Official Gazette of the Republic of North Macedonia" and shall start applying as of 1st January 2025, except for the provisions in Article 121 of this Law.