

**ACT
of 26 November 1998
on Public Finances**

**Section I
The General Principles of Public Finances**

**Chapter 1
Basic Definitions**

Art. 1.

The Act defines:

- 1) the terms: public funds, including public income and revenues, public expenditure and outlays, the deficit and surplus of the public finance sector and the state public debt,
- 2) the rules and methods of ensuring openness and transparency of public finances,
- 3) the organizational and legal forms of units within the public finance sector,
- 4) the rules of planning public funds and controlling these,
- 5) the rules of managing the state public debt and the prudential and rehabilitation procedures introduced in the event of excessive indebtedness,
- 6) the manner of financing a deficit and the rules of financial transactions carried out by entities of the public finance sector,
- 7) the scope of planned and passed budgets, based on public income, including the rules of classification of income and expenditure,
- 8) the rules of drawing up draft budgets,
- 9) the rules of passing budgets,
- 10) the rules and procedure of executing budgets,
- 11) the liability for violating discipline of public finances.

Art. 2.

Whenever in the Act there is reference to the Minister of Finance, this shall mean accordingly the minister competent for budget matters, the minister competent for public finance matters and the minister competent for matters concerning financial institutions.

Art. 3.

1. The following shall be public funds:
 - 1) public income,
 - 2) funds derived from foreign sources, not returnable,
 - 3) revenues of organizational units and legal persons classified under the public finance sector, derived from activity and other sources,
 - 4) revenues of the state budget and of budgets of local government units, derived from:
 - a) sale of securities and other financial transactions,
 - b) privatization of assets of the State Treasury and assets of local government units,
 - c) repayment of loans granted from public funds,
 - d) obtained loans and credits.
2. The following shall be public income:
 - 1) public levies which include taxes and other cash payments incurred for the state under separate laws,
 - 2) other income, namely:
 - a) fees,

- b) income from property, especially from lease or tenancy and other agreements of a similar character, dividend on capital brought in,
- c) income from the sale of things and rights as well as from performing services by the units referred to in art. 5 para. 1,
- d) income from the sale of rights that is not revenue in the meaning of para. 1 subpara. 4 let. a),
- e) inheritances, bequests and gifts in cash,
- f) other income obtained under separate regulations, provided it is collected by bodies financed with public funds or by units referred to in art. 5 para. 1, subordinated or supervised by these bodies.

Art. 4.

1. Public funds may be used for:
 - 1) public expenditures,
 - 2) outlays of the state budget and the budgets of local government units.
2. The following shall be public outlays:
 - 1) repayments of acquired loans and credits,
 - 2) redemption of securities and other financial transactions,
 - 3) granted loans.

Art. 5.

1. The following shall be classified to the public finance sector:
 - 1) bodies of public authority and organizational units subordinated to them,
 - 2) state legal persons and other organizational units not within the National Court Register, the activity of which is financed with public funds in whole or in part, with the exception of:
 - a) state owned enterprises,
 - b) state banks,
 - c) commercial-law companies.
2. The public finance sector shall be divided into:
 - 1) the central government sector,
 - 2) the local government sector, consisting of local government units and their bodies and organizational units subordinated to these bodies.

Art. 6.

Public finances concern processes connected with accumulation of public funds and the distribution of these, and in particular:

- 1) collection and accumulation of income,
- 2) spending public funds,
- 3) financing a deficit,
- 4) drawing commitments that involve public funds,
- 5) managing public funds,
- 6) managing public debt.

Art. 7.

1. A positive difference between public income increased by funds derived from foreign sources, not returnable, and public expenditures, established for the accounting period, shall be a surplus of the public finance sector, while a negative difference shall be a deficit of the public finance sector.

2. Income and expenditures and a deficit or surplus of the public finance sector shall be established after eliminating cash flows between entities belonging to this sector.

Art. 8.

The loan needs of the state budget shall be understood as the financial resources necessary for financing the state budget deficit, repayment of commitments drawn earlier, financing loans granted by the State Treasury and for performing other financial transactions connected with State Treasury debt.

Art. 9.

1. A state public debt shall be understood as the nominal indebtedness of entities of the public finance sector established after eliminating financial flows between entities belonging to this sector.
2. The State Treasury debt shall be understood as the nominal indebtedness of the State Treasury.

Art. 10.

1. The state public debt shall consist of commitments of the public finance sector under the following:
 - 1) issued securities for cash liabilities,
 - 2) drawn credits and loans,
 - 3) accepted deposits,
 - 4) payable commitments:
 - a) of budgetary units,
 - b) resulting from laws and court decisions, extended guarantees and other.
2. The Minister of Finance shall define by a regulation the detailed rules of classification of debt types classified within state public debt, in this within State Treasury debt, taking into account especially the basic categories according to type of debt and type of entity and the periods of maturity.

Chapter 2

Openness and Transparency of Public Finances

Art. 11.

1. Public finances shall be open.
2. The openness of public finances shall be effected especially through the following, except as provided under para. 3:
 - 1) openness of the Sejm budgetary debate and budgetary debates of local government units,
 - 2) openness of the Sejm debate on the report on the execution of the state budget and debates on the execution of budgetary reports of local government units,
 - 3) announcing publicly:
 - a) the sums of subsidies granted from the state budget and budgets of local government units,
 - b) aggregate data concerning public finances by the Minister of Finance,
 - 4) making available annual reports concerning finances and the activity of units belonging to the public finance sector.

3. Openness of public finances shall be excluded in the case of public funds the origin or appropriation of which is considered to be state secrecy on the basis of separate regulations or if this follows from international agreements.
4. Units of the public finance sector shall apply uniform rules of accounting.

Art. 12.

1. The Minister of Finance shall announce by a statement in the Official Gazette of the Republic of Poland, *Monitor Polski*:
 - 1) the amount of:
 - a) the state public debt,
 - b) unmatured commitments due to guarantees extended by entities of the public finance sector,
 - c) the debt of the State Treasury,
 - d) unmatured commitments due to guarantees extended by the State Treasury,
 - 2) the ratios of the following to the gross domestic product:
 - a) the amount of the state public debt,
 - b) the total amount of the state public debt increased by the amount of predicted payments due to guarantees extended by entities of the public finance sector, to the gross domestic product,
 - c) the amounts of the debt of the State Treasury,
 - d) the total amount of the debt of the State Treasury increased by the amount of predicted payments due to guarantees extended by the State Treasury, to the gross domestic product.
2. The amounts referred to in para. 1 subpara. 1 shall be announced with regard to:
 - 1) the budgetary year - until 31 May of the following year,
 - 2) the first half of the budgetary year - until 30 September of this year.
3. The ratios referred to in para. 1 subpara. 2 shall be announced as for the budgetary year - until 31 May of the following year.
4. The basis for calculating the ratios referred to in para. 1 subpara. 2 shall be the amount of the gross domestic product announced by the Chairman of the Central Statistical Office (GUS).

Art. 13.

1. Public income and expenditure and the revenues referred to in art. 3 para. 1 subpara. 3 shall be classified by:
 - 1) sections and chapters, defining the type of activity,
 - 2) paragraphs, defining the type of income, revenue or expenditure.
2. The revenues referred to in art. 3 para. 1 subpara. 4 and the outlays referred to in art. 4 para. 2 shall be classified by paragraphs, defining the source of the revenue or type of outlay.
3. The Minister of Finance shall define by a regulation the detailed classification of income and expenditure as well as revenues and outlays, on taking into account the rules of the Polish Classification of Activity.
4. In the regulation referred to in para. 3 the Minister of Finance may define classification of expenditure of greater detail than that specified in para. 1, for tasks in the field of internal and external security.

Art. 14.

1. The Minister of Finance shall define by a regulation:
 - 1) the standard chart of accounts for units of the public finance sector,

- 2) the special accounting rules and charts of accounts for the state budget, budgets of local government units, budgetary units, budgetary establishments and ancillary enterprises of budgetary units as well as budgetary units having their seat beyond the borders of the Republic of Poland,
 - 3) the accounting rules and charts of accounts for tax bodies as regards collection and settlement of taxes, fees and other untaxed receivables of the budget, the determination or definition of which is the competence of the tax bodies.
2. The charts of accounts referred to in para. 1 should take into account the principles defined in the provisions of the Act on Accounting and International Standards, with the understanding that:
- 1) income and expenditure shall be expressed at the time of its payment, irrespective of the annual budget that it concerns,
 - 2) all the settlement stages preceding payment of income and expenditure shall also be expressed, and as regards expenditure also the exposure of funds,
 - 3) interest on default payment shall be accrued and recorded not later than at the end of each quarter,
 - 4) reappraisal of foreign exchange assets and liabilities according to current currency exchange rates shall be carried out not later than at the end of the quarter,
 - 5) indebtedness shall be appraised according to the issue value increased by the sums accrued from interest,
 - 6) receivables and liabilities denominated in foreign currencies shall be appraised also according to the current currency exchange rates.
3. Special accounting rules shall apply to:
- 1) recording budget execution,
 - 2) recording fixed assets constituting the property of the State Treasury or local government units,
 - 3) appraisal of individual components of assets and liabilities,
 - 4) drawing up financial statements.

Art. 15.

1. Units of the public finance sector shall draw up reports on the execution of the processes referred to in art. 6, hereinafter referred to as "budgetary statements."
2. The Minister of Finance shall define by a regulation, after consulting the Chairman of the Central Statistical Office:
 - 1) the types, forms, time limits and rules of drawing up budgetary statements on the execution of the budgets of local government units and on the execution of financial plans of:
 - a) budgetary units,
 - b) budgetary establishments, ancillary enterprises of budgetary units, special resources of budgetary units,
 - c) earmarked funds,
 - d) other units of the public finance sector,
 - 2) the types and rules of drawing up statements concerning the state public debt and guarantees of the public finance sector,
 - 3) the rules of drawing up aggregate, consolidated budgetary statements of local government units,
 - 4) the rules of drawing up aggregate, consolidated budgetary statements of controllers of budgetary parts and of the state budget,

- 5) the units obliged to draw up the individual types of financial statements, including budgetary statements, that special accounting rules may apply to, the time limits for drawing up these statements and the recipients of the statements.
3. An aggregate annual statement on the execution of budgets of local government units shall be drawn up by the Chairman of the Central Statistical Office.

Art. 16.

1. The Minister of Finance shall announce publicly aggregate data concerning the whole of financial transactions of the public finance sector, including in particular the income and expenditure, receivables and liabilities, guarantees.
2. The Minister of Finance shall announce publicly information on the following, within the time limits referred to in art. 12 para. 2:
 - 1) the amount of the state budgetary deficit or surplus,
 - 2) the amount of debt of the State Treasury,
 - 3) a list of guarantees granted by the State Treasury, with specification of the entities that these guarantees concern,
 - 4) a list of the legal and natural persons for whom significant amounts of tax arrears have been annulled, with indication of the annulled amount and the reasons for annulment.
3. The Council of Ministers shall define by a regulation the amounts of and the manner of announcing publicly the list referred to in para. 2 subpara. 4.

Chapter 3
Organizational and Legal Forms of Units of the Public Finance Sector

Art. 17.

Units of the public finance sector may be created only in forms envisaged by *laws*.

Art. 18.

1. Budgetary units shall be organizational units of the public finance sector that cover their expenditure directly from the budget, and pay collected income accordingly into the account of state or local government unit budgetary income.
2. A budgetary unit shall conduct financial management according to the rules defined in the Act.
3. Budgetary units shall be created, merged and liquidated by:
 - 1) ministers, heads of central offices and voivods as well as other bodies acting on the basis of separate regulations - state budgetary units,
 - 2) decision-making bodies of local government units - gmina, powiat or voivodship budgetary units.
4. When liquidating a budgetary unit, the body referred to in para. 3 shall define the appropriation of the property being used by the unit; in the case of a state budgetary unit, the decision on appropriation of this property shall be made in agreement with the minister competent for matters of the State Treasury.
5. The provision of para. 4 shall apply accordingly to merger of budgetary units.
6. The basis of financial management of a budgetary unit shall be the plan of income and expenditure, hereinafter referred to as the "financial plan."

Art. 19.

1. Budgetary establishments shall be organizational units of the public finance sector that:
 - 1) perform separated tasks against payment,

- 2) cover the costs of their activity from own revenues, except as provided under para. 7 and 8.
2. Budgetary establishments shall be created, merged and liquidated by:
 - 1) ministers, heads of central offices and voivods as well as other bodies acting on the basis of separate regulations - state budgetary establishments,
 - 2) decision-making bodies of local government units - gmina, powiat or voivodship budgetary units.
3. When liquidating a budgetary establishment, the body referred to in para. 2 shall define the appropriation of the property being used by the establishment; in the case of a state budgetary establishment, the decision on appropriation of this property shall be made in agreement with the minister competent for matters of the State Treasury.
4. The provision of para. 3 shall apply accordingly to merger of budgetary establishments.
5. The receivables and liabilities of a liquidated budgetary establishment shall be taken over by the body that liquidated it.
6. The basis of financial management of a budgetary establishment shall be the annual financial plan, containing the revenues and expenditures that are costs of activity, and the status of working assets and settlements with the budget.
7. A budgetary establishment may receive a purpose-defined subsidy from the budget.
8. Within the scope defined in separate regulations, a budgetary establishment may receive an entity-defined subsidy or purpose-defined subsidy for cofinancing the costs of an investment project.
9. A newly created budgetary establishment may be assigned a one-time subsidy from the budget for the first supply of working assets.
10. Altogether subsidies for a budgetary establishment may not exceed 50% of *expenditures*; *this shall not apply to investment subsidies*.
11. A budgetary establishment shall pay into the budget surpluses of working assets, established at the end of the accounting period.
12. The following shall be specified in particular in the financial plan:
 - 1) own revenues,
 - 2) subsidies from the state budget or the budget of a local government unit,
 - 3) expenditures for remuneration and contributions assessed on remuneration,
 - 4) investment expenditures.
13. Changes may be made in the financial plan of a budgetary establishment within the year, in the case of effecting revenues and expenditures that are higher than planned, on the condition that this does not diminish payments into the budget or increase subsidies from the budget.

Art. 20.

1. An ancillary enterprise shall be a part of primary activity or a side activity, organizationally and financially separated from a budgetary unit.
2. An ancillary enterprise shall cover the costs of its activity with acquired own revenues, except as provided under para. 7.
3. An ancillary enterprise shall be created and liquidated by the head of a budgetary unit, upon the prior consent of:
 - 1) the competent minister, head of a central office or voivod - in the case of ancillary enterprises of state budgetary units,
 - 2) the management board of a local government unit - in the case of ancillary enterprises of gmina, powiat and voivodship budgetary units.
4. When creating an ancillary enterprise, the head of the budgetary unit shall define the name and seat of the ancillary enterprise, the type of activity separated from the activity of the

budgetary unit, and the property components assigned to the enterprise by the budgetary unit.

5. The property components, receivables and liabilities of a liquidated ancillary enterprise shall be taken over by the budgetary unit by which the enterprise operates.
6. The basis of financial management of an ancillary enterprise shall be the annual financial plan, containing the revenues, expenditures constituting costs of activity, the income statement, the status of working assets and the settling of accounts with the budget.
7. An ancillary enterprise may receive purpose-defined subsidies from the budget.
8. A newly created ancillary enterprise of a budgetary unit may receive a subsidy from the budget for the first supply of working assets.
9. An ancillary enterprise shall sell services for the parent budgetary unit according to its own costs.
10. An ancillary enterprise shall pay half of the earned profit into the budget.
11. The financial plan of an ancillary enterprise of a budgetary unit shall distinguish in particular:
 - 1) own revenues,
 - 2) subsidies from the state budget or the budget of a local government unit,
 - 3) expenditures for remuneration and contributions assessed on remuneration.
12. Changes may be made in the financial plan of an ancillary enterprise within the year, in the case of effecting revenues and expenditures that are higher than planned, on the condition that this does not diminish payments into the budget or increase subsidies from the budget.

Art. 21.

1. Special resources shall be financial resources accumulated by budgetary units in separated bank accounts:
 - 1) on the basis of separate laws and resolutions of decision-making bodies of local government units,
 - 2) from inheritances, bequests and gifts in cash form, made to the budgetary unit,
 - 3) from compensation and payments for lost or damaged property turned over to the budgetary unit for management or use,
 - 4) from the sale of stocks of material resources stored for mobilization purposes.
2. Special resources shall be appropriated for:
 - 1) the purposes indicated in the law or resolution on the basis of which these resources have been created,
 - 2) the purposes indicated by the donor or testator,
 - 3) repairs or reconstruction of the property referred to in para. 1 subpara. 3 and 4.
3. The annual financial plan, containing revenues and expenditures of special resources, shall be drawn up for the special resources referred to in para. 1 subpara. 1 and 4.
4. The financial plan for special resources derived from the sources referred to in para. 1 subpara. 2 and 3 shall be drawn up for the period in which these resources will be spent.
5. The financial plans of the special resources referred to in para. 3 shall distinguish in particular:
 - 1) remuneration and contributions assessed on remuneration,
 - 2) investment expenditures.

Art. 22.

1. An earmarked fund shall be a fund statutorily established before the day the Act enters into force, the revenues of which are derived from public income, and the expenditures are appropriated for the execution of separated tasks.

2. An earmarked fund may operate as a legal person or constitute a separate bank account under the control of the body designated in the law establishing the fund.
3. An earmarked fund that carries out tasks separated from the budget:
 - 1) of the state - shall be a state earmarked fund,
 - 2) of a gmina, powiat or voivodship - shall be a gmina, powiat or voivodship earmarked fund.
4. The basis of financial management of an earmarked fund shall be the annual financial plan.
5. Expenditures of an earmarked fund may be effected, except as provided under para. 6, only within held financial resources that include current revenues, including subsidies from the state budget or the budgets of local government units and the remainder of resources from previous periods.
6. Earmarked funds may draw credits and loans, provided the law establishing the fund stipulates so.
7. The detailed rules of financial management of a state earmarked fund, within the scope not regulated by the law establishing the fund, shall be defined by a regulation by the minister supervising the state earmarked fund, in agreement with the Minister of Finance.

Art. 23.

The State Treasury may not establish a foundation.

Chapter 4

The Rules of Financial Management of Entities of the Public Finance Sector

Art. 24.

1. The manner of accumulating public funds under individual titles shall be defined by separate laws.
2. Public funds derived under individual titles may not be used for financing expenditures designated by name, unless a separate law stipulates otherwise.
3. The restriction resulting from para. 2 shall not apply to:
 - 1) expenditures financed with credits granted by international financial institutions,
 - 2) expenditures financed with non-returnable funds derived from foreign sources,
 - 3) units carrying on economic activity.

Art. 25.

1. All entities shall have the right to carry out tasks financed with public funds, unless laws stipulate otherwise.
2. An entity applying for public funds for carrying out a separated task should present the contracting offer in accordance with the rules of honest competition, guaranteeing that the task is carried out in an efficient, economizing and timely manner.

Art. 26.

1. The following, expressed in the budgets of units of the public finance sector:
 - 1) income - shall constitute forecasts of its amount,
 - 2) expenditures and outlays - shall constitute the impassable limit.
2. The following, expressed in the financial plans of units of the public finance sector:
 - 1) revenues - shall constitute forecasts of their amounts,
 - 2) expenditures - may undergo change if:
 - a) effected revenues are higher than predicted,

- b) the change of expenditures will not cause an increase of subsidy from the budget and will not diminish the amount of planned payments into the budget, or profit and the planned resources as at 31 December of the year that the planning concerns.
3. Changes of the revenues and expenditures referred to in para. 2 shall require changes made in the annual financial plan.

Art. 27.

1. The inclusion in the state budget of income from specific sources or expenditures for specific purposes shall not be grounds for claims or commitments of the state to third persons, or claims of these persons to the state.
2. The provision of para. 1 shall not apply to expenditures of the state budget for subventions for local government units.
3. The provision of para. 1 shall apply accordingly to the budgets of local government units.

Art. 28.

1. Public expenditures may be borne for the purposes and in the amount established in the Budgetary Act, a budgetary resolution of a local government unit and in the financial plan of a unit of the public finance sector.
2. Units of the public finance sector shall effect expenditures in accordance with regulations concerning the individual types of expenditures.
3. Public expenditures should be effected:
 - 1) in an expedient and economizing manner, on observing the principle of acquiring the best returns from given outlays,
 - 2) in a manner making possible punctual execution of tasks,
 - 3) in an amount and in a time resulting from commitments drawn earlier.
4. Units of the public finance sector shall procure deliveries, services and construction works under the principles defined in the provisions of the Act on Public Procurement.
5. Planning and effecting expenditures to carry out each successive stage of a long-term program shall be preceded by an analysis and evaluation of the effects achieved in previous stages.

Art. 29.

1. The Minister of Finance, in agreement with the controllers of the budgetary parts referred to in art. 67 para. 4, shall prepare a timetable of realization of income and expenditure of the state budget.
2. The managing board of a local government unit shall prepare a timetable of realization of income and expenditure of the budget of the local government unit.
3. The controller of a budgetary part and the managing board of a local government unit shall inform subordinated and supervised units of the timetable referred to in para. 1 and 2.
4. Expenditures should be effected in accordance with the timetable referred to in para. 1 and 2.
5. To bear a one-time expenditure higher than the amount resulting from the timetable, it shall be necessary to obtain the consent of the Minister of Finance or the managing board of a local government unit accordingly.
6. Units of the public finance sector may draw commitments up to the amount resulting from the plan of expenditures of the unit, diminished by expenditures for remuneration and salaries and by mandatory payments of the remitter.

7. The controller of a budgetary part or the managing board of a local government unit may establish additional restrictions for subordinated units in drawing commitments or effecting expenditures.

Art. 30.

Funds derived from foreign sources that are not returnable shall be:

- 1) appropriated only for the purposes defined in an international agreement or a declaration of the donor,
- 2) spent in accordance with the procedures contained in this agreement or other procedures that are binding for the use of such funds.

Art. 31.

1. Presentation of draft acts in law to the Council of Ministers, the financial effect of which may be an increase or diminution of income of entities of the public finance sector, in relation to the values resulting from binding regulations, shall require a definition of the amount of these effects and a prior opinion of the Minister of Finance.
2. The issue of a normative act by a central-government administration body that evokes financial effects for the state budget, not predicted in the given budgetary part, shall require agreement with the Minister of Finance.
3. A draft law resulting in a change of own income or expenditures of local government units shall require a definition of the amount of the effects of these changes and an opinion of the Joint Committee of the Central and Local Government.
4. In forwarding to the Sejm the draft law referred to in para. 3, the Council of Ministers shall attach the opinion of the Joint Committee of the Central and Local Government.

Art. 32.

The Minister of Finance shall define by a regulation the detailed rules of financial management of budgetary units, budgetary establishments, ancillary enterprises of budgetary units, and the detailed rules and time limits of annual settlements and payments to the budget, on taking into account:

- 1) the rules and procedure of drawing up financial plans and making changes in these plans,
- 2) the procedure of collecting income and effecting expenditure of state budgetary units,
- 3) the manner of establishing the surplus of working assets in budgetary establishments,
- 4) the time limits and manner of establishing advance payments to the budget of the following:
 - a) a surplus of working assets of budgetary establishments,
 - b) half of the profit of ancillary enterprises of budgetary establishments.
- 5) the specific character of activity of organizational units subordinated to or supervised by the minister competent for national defense, the minister competent for internal affairs, *the Head of the State Security Office* and organizational units operating beyond the borders of the Republic of Poland.

Art. 33.

1. Units that are state legal persons and are classified within the public finance sector shall draw up financial plans in accordance with the regulations that are the basis for their establishment, with the inclusion of the provisions of this Act.
2. The units referred to in para. 1 shall distinguish the following in financial plans:
 - 1) own revenues,
 - 2) subsidies from the state budget or the budgets of local government units,

- 3) expenditures:
 - a) for remuneration and contributions assessed on remuneration,
 - b) proprietary expenditures.
3. The financial plans of the units referred to in para. 1, after being approved or ratified by the body indicated in the regulations on the basis of which the unit has been established, shall be forwarded to the Minister of Finance within 14 days from the day of approval or ratification.
4. In the case of gaining revenues higher than those expressed in the financial plan, the state legal persons referred to in para. 1 shall make the relevant changes in the plan of expenditures.

Art. 34.

1. Repayment of cash liabilities to which the provisions of the Act - The Tax Regulations do not apply, falling on the basis of special regulations, on the state units of the public finance sector referred to in art. 18-22, in particularly justified cases may be canceled, postponed or spread into installments.
2. The Council of Ministers shall define by a regulation the detailed rules and procedure of canceling, postponing or spreading into installments the liabilities referred to in para. 1, and shall also designate the bodies authorized to this, on taking into account:
 - 1) the conditions justifying the cancellation, postponement or spreading into installments of liabilities,
 - 2) the type and scope of granted reliefs in repaying the liabilities,
 - 3) designating the bodies competent for canceling the liabilities, postponing or spreading into installments in accordance with the amount of the granted relief.
3. Execution of the liabilities referred to in para. 1 with the exception of civil-law liabilities, shall take place in the procedure and under the principles defined in the provisions on executive procedure in administration.

Art. 34a.

The decision-making body of a local government unit may define the detailed principles and procedure of canceling debt of its organizational units from cash liabilities, to which the provisions of the Act – The Tax Regulations do not apply, granting other reliefs in the repayment of these liabilities and designate the bodies empowered to this.

Art. 35.

The Council of Ministers shall define by a regulation the rights and obligations of the chief accountant of the state budget, the chief accountants of budgetary parts, of state budgetary units, budgetary establishments and ancillary enterprises, and treasurers and chief accountants of local government units.

**Section II
The State Public Debt**

**Chapter 1
General Principles**

Art. 36.

1. The total amount of the state public debt, under the titles referred to in art. 10 para. 1, shall be calculated as the nominal value of commitments, with the exclusion of mutual commitments of entities of the sector of public finances.
2. The nominal value of a commitment shall be understood as:
 - 1) the nominal value of issued securities,
 - 2) the nominal value of a drawn loan, credit or other commitment, i.e. the amount of the principal payment, payable on the day of maturity of the commitment.
3. The nominal value of indexed or capitalized commitments shall correspond to the initial nominal value with the addition of the capital increase resulting from indexation or capitalization, assessed for the end of the reporting period.
4. The provisions of para. 1-3 shall apply for calculating amounts of unmatured commitments under guarantees not classified as within the state public debt, and also accordingly for calculating the State Treasury debt and amounts of commitments under guarantees not classified as within the State Treasury debt.
5. The Minister of Finance shall define by a regulation the detailed rules of establishing:
 - 1) the value of commitments classified within:
 - a) the state public debt,
 - b) the State Treasury debt,
 - 2) the value of commitments under guarantees,
 - 3) the amounts of predicted payments under guarantees.

Art. 37.

1. The Minister of Finance shall perform control of the public finance sector with regard to observance of the principle whereby the public debt, increased by the amount of predicted payments under guarantees, may not exceed 3/5 of the value of the annual gross domestic product.
2. The Minister of Finance shall perform control of the State Treasury debt for the purpose of ensuring that the principle referred to in para. 1 is observed.

Art. 38.

1. The Minister of Finance shall draw up the strategy of management of the State Treasury debt and the state public debt, containing the following in particular:
 - a) the macroeconomic stability of the economy and its capacity for development,
 - b) security in financing the loan needs of the state budget,
 - c) the costs of servicing the State Treasury debt,
 - d) modeling the indebtedness structure,
 - e) the impact of debt transactions on the domestic financial market,
2. The Minister of Finance shall draw up a three-year strategy of influencing the public finance sector.
3. The Minister of Finance shall put forward the documents referred to in para. 1 to the Council of Ministers for approval.
4. After approving the documents referred to in para. 1, the Council of Ministers shall put them forward to the Sejm together with a justification of the draft Budgetary Act.

Art. 39.

If it is not possible to recover liabilities of the State Treasury occurred in connection with granted guarantees in the full amount, the Council of Ministers may express consent for their sale below the amount resulting from the correct calculation.

Chapter 2

Financing the Loan Needs of the State Budget

Art. 40.

For the purpose of financing the loan needs of the state budget referred to in art. 8, and in connection with management of the State Treasury debt, the Minister of Finance shall be authorized to:

- 1) draw financial commitments in the name of the State Treasury, especially through the issue of securities and drawing loans and credits on the domestic and foreign market,
- 2) repay the drawn commitments referred to in subpara. 1,
- 3) carry out other financial transactions connected with debt management, including transactions related with derivative financial instruments.

Art. 41.

1. The Minister of Finance shall carry out tasks resulting from management of the State Treasury debt, in particular by:
 - 1) executing all legal and actual transactions connected with:
 - a) acquiring returnable funds to finance the loan needs of the state budget,
 - b) servicing commitments of the State Treasury due to issued securities and drawn credits and loans,
 - 2) managing available funds of the state budget, and also managing financial assets of the State Treasury, including public funds separated in connection with managing the State Treasury debt.
2. Management of the available funds referred to in para. 1 shall in particular consist of investing them in the financial market.
3. Management of the financial assets referred to in para. 1 shall in particular consist of the execution of transactions and actions on financial markets that contribute to a change of the State Treasury debt structure, for the purpose of:
 - 1) increasing the financial security of the loan needs of the state budget,
 - 2) lowering the risk and costs of servicing the State Treasury debt,
 - 3) carrying out other objectives of management of the State Treasury debt, defined in the strategy referred to in art. 38.

Art. 42.

1. From the moment of redemption, treasury securities shall be canceled.
2. Treasury securities acquired by the State Treasury for the purpose of managing the State Treasury debt shall not be canceled.

Art. 43.

1. The State Treasury may draw loans and credits only for financing the needs referred to in art. 8.
2. In the name of the State Treasury, loans and credits may be drawn only by the Minister of Finance, except as provided under para. 3.
3. In the case of drawing a loan or credit by an international agreement in which it is required that the body acting in the name of the borrower be the government, the Council of Ministers shall authorize the Minister of Finance to sign the agreement and shall define the conditions of executing it.
4. The amount of drawn loans and credits referred to in para. 1 may not exceed the limit of debt increase defined in the Budgetary Act.

Art. 44.

For drawing loans and credits by the State Treasury, issuing treasury securities and other transactions directly connected with management of the state public debt, the provisions of the Act referred to in art. 28 para. 4 shall not apply.

Chapter 3 Prudential and Rehabilitation Procedures

Art. 45.

1. When the value of the ratio of the total amount of the state public debt increased by the amount of predicted payments due to guarantees granted by entities of the public finance sector, to the gross domestic product, referred to in art. 12 para. 1 subpara. 2 let. b), announced and calculated in accordance with art. 12 para. 3 and 4:
 - 1) is greater than 50%, but not greater than 55%:
 - a) the Council of Ministers shall pass the draft Budgetary Act in which the ratio of the state budget deficit to the income of the state budget may not be higher than the parallel ratio of the current year,
 - b) the ratio referred to in let. a) shall be the upper limit of the ratio of the deficit of each local government unit to its income that may be passed in the budget of the local government unit,
 - 2) is greater than 55%, and smaller than 60%:
 - a) the Council of Ministers shall pass the draft Budgetary Act, adopting as the upper limit of the deficit its level ensuring that the ratio of the State Treasury debt increased by the amount of predicted payments due to guarantees granted by the State Treasury to the gross domestic product predicted for the end of the budgetary year that the draft act concerns, will be lower than the ratio referred to in art. 12 para. 1 subpara. 2 let. d), announced and calculated in accordance with art. 12 para. 3 and 4,
 - b) the upper limit of the ratio of the deficit of each local government unit to its income that may be passed in the budget of a local government unit, defined in para. 1 subpara. 1 let. b), shall be diminished by multiplying by the coefficient R, calculated in the following manner:
$$R = (0.6 - SPD/GDP) : 0.05,$$
where GDP - the gross domestic product, SPD - the state public debt, increased by the amount of predicted payments due to guarantees granted by entities of this sector, shall be amounts announced for the preceding budgetary year,
 - c) the Council of Ministers shall present to the Sejm a rehabilitation program designed to lower the ratio referred to in art. 12 para. 1 subpara. 2 let. b),
 - 3) is equal to or greater than 60%:
 - a) starting with the seventh day after announcing the ratio referred to in art. 12 para. 1 subpara. 2 let. b), entities of the public finance sector may not grant new guarantees,
 - b) within one month from the day of announcement of the ratio referred to in art. 12 para. 1 subpara. 2 let. b), the Council of Ministers shall present to the Sejm a rehabilitation program designed to lower the ratio referred to to less than 60%,
 - c) in the subsequent budgetary year there shall be a ban on granting new guarantees by entities of the public finance sector,

- d) the draft Budgetary Act for the subsequent budgetary year shall not include the state budget deficit, and the budgets of local government units shall be passed without a deficit in them.
2. The limitations referred to in para. 1 subpara. 1, subpara. 2 let. a) and b) shall not apply to amounts of the deficit of local government units or the state budget financed by a budgetary surplus from previous years, and in the case of a state budget deficit, also financed with state budget revenues derived from the sale of separated assets of the State Treasury, and spent for financing reform of the social insurance system, in accordance with the Act of 25 June 1997 on the Use of Receipts from Privatization of Part of the Assets of the State Treasury for Purposes Connected with Reform of the Social Insurance System (Dz. U. No. 106, item 673).

Art. 46.

The rehabilitation program shall contain:

- 1) specification of the reasons for the development of the state public debt ratio referred to in art. 12 para. 1 subpara 2 let. b),
- 2) a program of measures designed to lead to a lowering of the ratio referred to in art. 12 para. 1 subpara. 2 let. b), taking into account the analysis of quantitative limits and other legal circumstances,
- 3) a three-year forecast concerning the ratio of the state public debt to the gross domestic product along with the predicted macroeconomic developments of the country.

Art. 47.

The provisions of art. 45 and 46 shall not apply in the case of the introduction of a state of emergency, making impossible or significantly hampering the execution of the rehabilitation program.

Chapter 4

The General Rules of Drawing Commitments by Entities of the Public Finance Sector Other than the State Treasury

Art. 48.

1. Local government units may draw credits and loans and issue securities:
 - 1) to cover a deficiency of the budget of a local government unit,
 - 2) to finance expenditures not covered in the planned income of a local government unit.
2. Loans and credits drawn and securities issued for the purpose referred to in para. 1 subpara. 1 shall be repaid or redeemed in the same year in which they have been drawn or issued.

Art. 49.

1. The sum of drawn credits and loans and commitments from issued securities, referred to in art. 48 para. 1, may not exceed the amount defined in the budget of the local government unit.
2. When a local government unit applies for a credit or loan, and also when a local government unit plans to issue securities, at the request of the local government unit the regional accounting office shall issue an opinion on the possibility of repayment of the credit or loan, or redemption of the securities.

3. The opinion referred to in para. 2 shall be forwarded by the local government unit to the entity granting the loan or credit and made known to the entities to which the offer of acquiring securities is addressed.

Art. 50.

1. Local government units may only draw financial commitments for the purpose referred to in art. 48 para. 1 subpara. 2, with servicing costs borne at least once a year, with the understanding that:
 - 1) the discount on securities issued by local government units may not exceed 5% of the nominal value,
 - 2) capitalization of interest shall be inadmissible.
2. The restriction referred to in para. 1 shall apply accordingly to entities of the public finance sector other than the State Treasury and to local government units.

Art. 51.

1. Local government units and other entities of the public finance sector, with the exception of the State Treasury, may not draw financial commitments with the maximum nominal value, expressed in zlotys, not established on the day of concluding the transaction.
2. The Council of Ministers shall define by a regulation the cases in which the restrictions referred to in para. 1 do not apply, taking into account especially credits and loans from international institutions or from government lenders.

Art. 52.

1. Local government units may grant guarantees on taking into account the provisions of this Act. The total amount of guarantees shall be defined in the Budgetary Act.
2. The guarantees referred to in para. 1 shall be term-defined and granted up to a specified amount.

Chapter 5
The Rules and Procedure of Issuing Securities and Drawing Credits and Loans
by the State Treasury

Art. 53.

1. A treasury security shall be a security in which the State Treasury states that it is the debtor to the owner of such a security and shall undertake to fulfill a specific cash or non-cash performance for it.
2. Treasury securities may be issued or made out within the indebtedness limit defined in the Budgetary Act.
3. Treasury securities made out for cash performances may be issued or made out only by the Minister of Finance.
4. Treasury securities made out for non-cash performances shall be issued by the Minister of the State Treasury in agreement with the Minister of Finance.
5. The State Treasury shall be liable with all its assets for commitments resulting from treasury securities issued or made out.

Art. 54.

- Treasury securities may be issued or made out as securities with the original maturity period:
- 1) shorter than one year (364 days or less), which include in particular treasury bills (short-term treasury securities),

- 2) not shorter than one year (365 days), which include in particular treasury bonds.

Art. 55.

The Minister of Finance shall define by a regulation the conditions of issuing a given type of treasury security, concerning the issue, and in particular:

- 1) the limit of the quantity of the issue and the manner of establishing it, defining the limits of drawing commitments by the State Treasury due to the issue of treasury securities of the given type,
- 2) the unit nominal value,
- 3) the currency in which the issue is to take place or the manner of defining the currency of the issue,
- 4) the rules and procedure of sale, including the time and manner of establishing the sale price of issued securities on the primary market,
- 5) the entities to which the treasury securities of the given issue are offered for purchase on the primary market,
- 6) the restrictions in trading in registered treasury securities on the primary and secondary market,
- 7) the manner of carrying out performances under the treasury securities.

Art. 56.

1. The Minister of Finance shall define by publishing an issue letter the detailed conditions of issue of treasury securities concerning the contents of performances resulting from the treasury security and the manner of carrying them out.
2. The Minister of Finance may authorize another entity to publish an issue letter concerning treasury securities appropriated for financial markets.
3. An issue letter shall contain in particular:
 - 1) the date of the issue,
 - 2) reference to the legal grounds of the issue,
 - 3) the nominal value of the issue,
 - 4) the sale price,
 - 5) the interest rate or the manner of calculating it,
 - 6) definition of the manner, place and date of payment of the principal amount and collateral amounts,
 - 7) the date from which interest on the treasury securities of this issue is accrued,
 - 8) the redemption date and reservations concerning the possibility of earlier redemption.
4. The Minister of Finance shall announce publicly the detailed conditions of the given issue. Announcing publicly the issue letter shall be a condition of effectiveness of the issue.

Art. 57.

A treasury bill shall be a short-term security, offered for sale in Poland, on the primary market with a discount and redeemed according to the nominal value, upon expiry of the period for which it had been issued.

Art. 58.

1. A treasury bond shall be a security offered for sale in Poland or abroad, bearing interest in the form of a discount or an interest rate.
2. A treasury bond shall be sold on the primary market:
 - 1) with a discount,
 - 2) according to the nominal value,
 - 3) above the nominal value,

and redeemed upon the expiry of the specified time, not shorter than one year (365 days).

Art. 59.

1. A treasury savings security shall be a treasury security offered for sale only to domestic natural persons.
2. A treasury savings security may be excluded from trading on the secondary market, or may be traded only among domestic natural persons, provided the conditions of the issue stipulate so.

Art. 60.

1. Treasury securities shall be sold on the primary market against payment.
2. An issue shall be effected as of the day of the cash settlement of treasury securities declared for purchase and in the amount resulting from the settlement.

**Section III
The State Budget**

**Chapter 1
Basic Definitions and Rules**

Art. 61.

1. The state budget shall be the annual plan of income and expenditure as well as revenues and outlays of:
 - 1) the bodies of: state authority, control and protection of the law,
 - 2) courts and tribunals,
 - 3) central-government administration.
2. The state budget shall be passed in the form of the Budgetary Act for the period of one calendar year, hereinafter referred to as the "budgetary year."
3. The state budget shall include funds derived from foreign sources that are not returnable and the expenditures financed with them.
4. The Budgetary Act shall also contain:
 - 1) a statement of revenues and expenditures of budgetary establishments, ancillary enterprises of budgetary units and special resources,
 - 2) plans of revenues and expenditures of state earmarked funds,
 - 3) a statement of subsidies for state agencies and foundations with the participation of the State Treasury.
5. The Budgetary Act may contain plans of revenues and expenditures of:
 - 1) the units referred to in para. 4 subpara. 1,
 - 2) other units of the central government sector.

Art. 62.

The following shall be income of the state budget:

- 1) taxes and fees which under separate laws do not constitute income of local government units, earmarked funds and other entities of the public finance sector,
- 2) customs duties,
- 3) payments from profit of state owned enterprises and single-shareholder companies of the State Treasury,
- 4) dividends,

- 5) payments from profit of the National Bank of Poland,
- 6) payments of surpluses of working assets of state budgetary establishments and parts of the profit of ancillary enterprises of state budgetary units,
- 7) income collected by state budgetary units, unless detailed regulations stipulate otherwise,
- 8) income from lease or tenancy and other agreements of a similar character of property components of the State Treasury, unless special regulations stipulate otherwise,
- 9) fees on guarantees granted by the State Treasury,
- 10) interest on funds in bank accounts of state budgetary units, unless special regulations stipulate otherwise,
- 11) interest on term deposits established from funds accumulated in the central current account of the state budget,
- 12) interest on domestic and foreign loans granted from the state budget,
- 13) fines, summons to pay and other cash penalties, unless under separate regulations these are income of other units of the public finance sector,
- 14) cash inheritances, bequests and gifts to the State Treasury,
- 15) other public income.

Art. 63.

1. Except as provided under para. 2, expenditures of the state budget shall be used for:
 - 1) tasks carried out by bodies of state authority, control and protection of the law and central government administration, courts and tribunals,
 - 2) general subventions for local government units,
 - 3) earmarked subsidies for central-government administration tasks and other tasks commissioned to local government units by laws,
 - 4) cofinancing of own tasks of local government units,
 - 5) subsidies for tasks defined by laws,
 - 6) joint financing of programs carried out with non-returnable funds derived from foreign sources.
2. Expenditures with the financing source being non-returnable funds derived from foreign sources shall be distinguished from expenditures of the state budget.

Art. 64.

1. The difference between income and expenditure of the state budget shall be a surplus of the state budget or deficit of the state budget accordingly.
2. A deficit of the state budget may be covered with revenues derived from:
 - 1) the sale of treasury securities on the domestic and foreign market,
 - 2) credits drawn in domestic and foreign banks,
 - 3) loans,
 - 4) from privatization of assets of the State Treasury,
 - 5) a surplus of the state budget from previous years.

Art. 65.

1. From the state budget, within the scope established in the Budgetary Act, loans may be granted:
 - 1) for local government units within reparation proceedings,
 - 2) resulting from international agreements,
 - 3) resulting from laws other than the Budgetary Act.
2. Loans granted from the state budget shall bear interest, the amount of which shall be defined by an agreement.

Art. 66.

1. A general reserve shall be created in the state budget, not higher than 0.2% of the budget expenditure.
2. Earmarked reserves may be created in the state budget:
 - 1) for expenditures, the detailed division of which into budgetary classification items cannot be made in the period of preparation of the budget,
 - 2) for expenditures with financing sources being funds derived from foreign sources, including also non-returnable funds,
 - 3) when other laws stipulate so.
3. The sum of the earmarked reserves referred to in para. 2 subpara. 1 and 3 may not exceed 5% of the budgetary expenditures.

Art. 67.

1. The state budget shall consist of parts corresponding to bodies of state authority, control, protection of the law, courts and tribunals, referred to in art. 83 para. 2, and central government administration, *where for the individual departments of central government administration and for offices supervised by the Prime Minister, separate parts of the budget shall be determined respectively.*
2. The following shall be expressed in separate parts of the budget:
 - 1) general subventions for local government units,
 - 2) the general reserve,
 - 3) earmarked reserves,
 - 4) servicing the State Treasury debt,
 - 5) revenues and outlays connected with financing a deficit and distributing a surplus of the budget.
3. In justified cases separate parts may be created in the state budget for the following:
 - 1) state organizational units that are not bodies of central government authority or administration,
 - 2) general tasks, if the separation of the parts is justified by the necessity of ensuring current control of expenditures.
4. Parts of the state budget shall be under the control of heads of the bodies specified in art. 83 para. 2, the competent ministers, chairmen of committees within the Council of Ministers defined in separate laws, heads of central offices, voivods and heads of state organizational units referred to in para. 3 subpara. 1, hereinafter referred to as "controllers of a budgetary part."
5. *In cases when one minister heads more than one department of central government administration, the said minister shall be the controller of all parts of the budget separated for these departments.*

Art. 68.

1. State budget income and expenditure as well as revenues and outlays shall be classified according to the rules defined in art. 13 and according to the budgetary parts referred to in art. 67 para. 4 and 5.
2. The Minister of Finance shall establish by a regulation the classification of budgetary parts and the controllers of parts referred to in art. 67 para. 4.

Art. 69.

1. State budget expenditures shall be divided into:
 - 1) current expenditures,

- 2) expenditures for servicing the State Treasury debt,
- 3) proprietary expenditures.
2. Current expenditures shall consist of:
 - 1) general subventions for local government units,
 - 2) subsidies,
 - 3) remuneration and salaries and contributions assessed on these,
 - 4) other performances for natural persons,
 - 5) the purchase of goods and services,
 - 6) other expenditures connected with the operation of budgetary units or the execution of statutory tasks.
3. Performances for natural persons shall consist of state budget expenditures addressed, under separate regulations, directly or indirectly to natural persons that are not remuneration for performed work.
4. Subsidies shall be state budget expenditures, subject to special rules of settlement, appropriated for:
 - 1) financing or cofinancing:
 - a) central-government administration tasks and other tasks commissioned to local government units by laws,
 - b) statutorily defined tasks carried out by units other than local government units,
 - c) current own tasks of local government units,
 - d) tasks commissioned to units not classified within the public finance sector, *in this* to foundations and associations,
 - e) the costs of execution of the investment projects referred to in art. 74 para. 2, hereinafter referred to as "earmarked subsidies,"
 - 2) cofinancing current activity of a statutorily designated entity, hereinafter referred to as "entity-defined subsidies,"
 - 3) supplementary payments to specific types of goods or services, calculated according to unit rates, hereinafter referred to as "purpose-defined subsidies,"
 - 4) supplementary payments to interest on bank credits within the scope defined in a separate law,
 - 5) the first supply of working assets of newly created budgetary establishments and ancillary enterprises of budgetary units, hereinafter referred to as "subsidies for the first supply of working assets."
5. Expenditures for servicing the State Treasury debt shall in particular consist of state budget expenditures due to interest and discount on treasury securities, interest on drawn credits and loans as well as payments related with guarantees granted by the State Treasury.
6. Proprietary expenditures shall consist of:
 - 1) expenditures for the purchase and takeover of shares and making contributions to commercial-law companies,
 - 2) investment expenditures of state budgetary units as well as earmarked subsidies for financing or cofinancing the costs of carrying out investment projects.

Art. 70.

A separate law shall define the rules and procedure of granting earmarked subsidies for local government units for:

- 1) execution of central-government administration tasks and other tasks commissioned by laws,
- 2) cofinancing own current and investment tasks.

Art. 71.

1. Units not classified within the public finance sector, *in this foundations and associations*, may obtain earmarked subsidies to carry out the tasks referred to in art. 69 para. 4 subpara. 1 let. d), on the basis of agreements concluded with the controller of a budgetary part.
2. The agreement referred to in para. 1 should define:
 - 1) the detailed description of the task and the time limit of its execution,
 - 2) the earmarked subsidy payable to the unit performing the task and the procedure of payment,
 - 3) the procedure of control of execution of the task,
 - 4) the manner of settling the assigned earmarked subsidy and the rules of returning the unused part of the subsidy.

Art. 72.

1. Purpose-defined subsidies may be granted from the state budget, calculated according to the unit rates for:
 - 1) entrepreneurs manufacturing specific types of goods or providing specific types of services, on taking into account their equal rights,
 - 2) state budgetary establishments,
 - 3) ancillary enterprises of state budgetary units,
 - 4) various entities performing tasks for agriculture.
2. The Budgetary Act shall define the amounts and the purpose of the subsidies referred to in para. 1.
3. The Minister of Finance shall establish by a regulation, with the reservation of para. 4 and 5, the rates of the purpose-defined subsidies specified in para. 1 subpara. 1-3, and shall define the detailed rules and procedure of assigning and settling these subsidies.
4. In the case when the Budgetary Act defines the purpose-defined subsidies for school and academic textbooks, the minister competent for education and upbringing and the minister competent for higher education, in agreement with the Minister of Finance, shall establish by a regulation the rates and shall define the detailed rules, the procedure of granting and settling these subsidies.
5. The minister competent for agriculture and the minister competent for rural development, in agreement with the Minister of Finance shall establish by a regulation the rates of the subsidies referred to in para. 1 subpara. 4, per unit of service or product, and the detailed rules and procedure of granting and settling these subsidies, on taking into account the equal rights of the entities.

Art. 73.

1. Entity-defined subsidies may be granted within a statutorily defined scope.
2. With the reservation of para. 3, the Budgetary Act shall contain a list of the units for which entity-defined subsidies have been planned.
3. In the case when under rules and procedure of granting a subsidy defined in separate regulations it follows that it is not possible to include a unit on the list referred to in para. 2, the list may contain groups of units and the total amount of the subsidy.
4. In the case referred to in para. 3, the controller of the state budget part in which the subsidies have been planned shall announce publicly by a proclamation a list of the units along with the amounts of subsidies assigned to the individual units.

Art. 74.

1. Investment projects of state budgetary units, including their ancillary enterprises, shall be financed by the state budget, with the reservation of para. 3.

2. Earmarked subsidies may be granted from the state budget for financing or cofinancing the costs of carrying out investment projects of:
 - 1) state budgetary establishments,
 - 2) other state organizational units for which the rules of financial management are defined by separate laws,
 - 3) units not classified within the public finance sector, on the basis of a separate authorization included in the Budgetary Act or other law,
 - 4) carried out by local government units as tasks:
 - a) of their own,
 - b) of central-government administration,
 - c) other tasks delegated by laws,
 - 5) connected with scientific research or research-and-development work.
3. Investment projects of state budgetary units may be cofinanced with:
 - 1) part of the profit of an ancillary enterprise of a state budgetary unit,
 - 2) special resources of a state budgetary unit.

Art. 75.

The head of a state budgetary unit shall be competent for making decisions as regards investment projects of an ancillary enterprise of this unit.

Art. 76.

1. Earmarked subsidies for entrepreneurs may be assigned for carrying out investment projects in the field of technical infrastructure and environmental protection, of special significance for the national economy.
2. The total amount of the subsidies referred to in para. 1, assigned in successive years for cofinancing an investment project carried out by an entrepreneur, may not be higher than 50% of the planned cost estimate value of the project, unless separate regulations stipulate otherwise.
3. The total amount of the subsidy referred to in para. 2 and its projected amount in successive years of execution of the investment project shall be established when introducing this project in the Budgetary Act.

Art. 77.

An increase of the planned cost-estimate value of an investment project in the course of its execution, resulting from:

- 1) an increase of the scope of the project,
 - 2) changes in the design documentation,
 - 3) an extension of the period of execution of the project
- shall not be grounds for raising the total amount of an earmarked subsidy.

Art. 78.

1. Investment projects financed or cofinanced by the state budget:
 - 1) with a period of execution that exceeds the budgetary year,
 - 2) with a cost-estimate value higher than the amount defined by the Minister of Finance in a regulation issued on the basis of art. 82 para. 4

- hereinafter referred to as "long-term investment projects," shall be expressed on a list constituting an annex to the Budgetary Act.
2. The list referred to in para. 1 shall define:
 - 1) the name and location of the project,
 - 2) the name of the investor,

- 3) the planned substantive effects of the project,
- 4) the time of its beginning and completion,
- 5) the planned cost-estimate value of the project,
- 6) the financing sources of the project, divided into:
 - a) outlays financed by the state budget,
 - b) outlays financed with:
 - own funds of the investor,
 - a credit or loan covered by a guarantee of the State Treasury,
 - other sources (including subsidies from local government units and earmarked funds),
- 7) outlays to be borne and the sources of financing them in the budgetary year and in the two subsequent years.

Art. 79.

The Council of Ministers shall define by a regulation the detailed rules of financing an investment project by the state budget, including a definition of the amounts of subsidies in successive years of execution of the project as well as the rules and procedure of raising the cost-estimate value of the project, resulting from a change in the prices of investment goods and building-assembly goods and services.

Art. 80.

1. The Budgetary Act may define, apart from the limits of expenditures for the period of the budgetary year, the limits of expenditures for long-term programs, expressed on a list constituting an annex to the Budgetary Act.
2. Long-term programs shall be established by the Council of Ministers, and by virtue of a law if the costs of execution of a program exceed zł.100,000,000.
- 2a. *The provision of para. 2 shall not apply to support programs referred to in the Act of 12 May 2000 on the Principles of Supporting Regional Development (Dz. U. No. 48, item 550).*
3. A long-term program may be established only for the purpose of carrying out tasks concerning:
 - 1) state defense and security,
 - 2) environmental protection,
 - 3) development of the economy, including restructuring of selected domains,
 - 4) development of science,
 - 5) protection of the national cultural heritage,
 - 6) *support of regional development.*
4. The list referred to in para. 1 shall define the following for each program:
 - 1) the name of the program,
 - 2) the organizational unit carrying out the program or coordinating its execution,
 - 3) the purpose of the program,
 - 4) the tasks that are to be financed by the state budget,
 - 5) the period of execution of the program,
 - 6) the total outlays, including from the state budget, for carrying out the program,
 - 7) the amount of expenditures in the budgetary year and in two subsequent years.
5. Execution of long-term programs may be divided into stages.

Art. 81.

The Council of Ministers may define by a regulation the rules of financing tasks carried out within international cooperation in the field of internal and external security of the state, resulting from agreements and understandings.

Chapter 2

Preparation and Passing of the State Budget

Art. 82.

1. The Minister of Finance shall present to the Council of Ministers the assumptions of the draft state budget for the following year.
2. Together with the assumptions referred to in para. 1, the Minister of Finance shall present to the Council of Ministers a list of the units of the government sector that have plans of revenues and expenditures that may be included in the Budgetary Act according to art. 61 para. 5.
3. The material for the draft Budgetary Act shall be prepared and put forward to the Minister of Finance by the controllers of budgetary parts.
4. The Minister of Finance shall define by a regulation the detailed rules, procedure and time limits of preparation of the material referred to in para. 3, including:
 - 1) the substantive plans of the tasks carried out with budgetary funds,
 - 2) the draft plans of income and expenditure of individual budgetary parts,
 - 3) specimens of the forms.

Art. 83.

1. The Minister of Finance shall present to the Council of Ministers the draft Budgetary Act for the following year together with a justification.
2. The Minister of Finance shall include in the draft Budgetary Act the income and expenditure of the Sejm Chancellery, the Senate Chancellery, the Chancellery of the President of the Republic of Poland, the Supreme Court, the Supreme Administrative Court, the Constitutional Tribunal, the Supreme Chamber of Control, the Commissioner for Civil Rights Protection, *the Commissioner for Children's Rights Protection*, the National Radio and Television Council, the General Inspector for Personal Data Protection, *the Institute for National Commemoration – the Commission for Prosecuting Crimes Against the Polish Nation*, the National Electoral Office and the State Labor Inspectorate.

Art. 84.

1. The Council of Ministers shall pass the draft Budgetary Act or the draft Interim Budget Act and together with a justification shall present it to the Sejm until 30 September of the year preceding the budgetary year.
2. In the case of presenting to the Sejm a draft Interim Budget Act, the Council of Ministers shall present to the Sejm the draft Budgetary Act not later than 3 months before the end of the period of effectiveness of the interim budget.
3. For a draft Interim Budget Act the provisions of the Act referring to the draft Budgetary Act shall apply.

Art. 85.

1. When a Budgetary Act or an Interim Budget Act is not promulgated before 1 January, pending promulgation of the appropriate law:

- 1) the basis for financial management shall be the appropriate draft law referred to in art. 84, presented to the Sejm,
 - 2) the rates of budgetary dues and contributions for earmarked funds in the amount established for the year preceding the budgetary year shall be binding.
2. The provision of para. 1 shall apply accordingly when the basis for financial management of the state is an Interim Budget Act or a draft Interim Budget Act for a defined part of the year, and when the Budgetary Act is not passed before the end of the time of effectiveness of the interim budget.

Art. 86.

1. The Budgetary Act shall establish:
 - 1) the state budget income,
 - 2) the state budget expenditure,
 - 3) the state budget deficit and the sources of covering it,
 - 4) the limits of employment *of persons to whom multiplier remuneration systems apply in state budgetary units*,
 - 5) the revenues and outlays of the state budget,
 - 6) a statement of the revenues and expenditures of state budgetary establishments, ancillary enterprises and special resources,
 - 7) the financial plans of state earmarked funds,
 - 8) a list of long-term programs,
 - 9) a list of long-term investment projects,
 - 10) earmarked subsidies for local government units for carrying out central-government administration tasks and tasks commissioned by laws,
 - 11) the scope and amounts of purpose-defined subsidies,
 - 12) a list of the units receiving purpose-defined subsidies and the amounts of the subsidies,
 - 13) *earmarked subsidies for carrying out tasks included in the support program referred to in art. 80 para. 2a*.
2. Non-returnable funds derived from foreign sources and expenditures that will be financed with them shall be included in the Budgetary Act.
3. The sum of the expenditures referred to in para. 1 subpara. 2 and in para. 2 shall be the limit of state budget expenditures.
4. The Budgetary Act may establish financial plans of other units of the central government sector.
5. State budget income shall be expressed in the Budgetary Act according to:
 - 1) the more important sources of income,
 - 2) the parts and sections of budgetary classification.
6. Expenditures of the state budget shall be expressed in the Budgetary Act in the division into: parts, sections and chapters of classification of expenditures, with separation of the expenditures referred to in para. 2.
7. The financial plans of state budgetary establishments, ancillary enterprises and special resources, included in the Budgetary Act, shall be expressed in the division into budgetary parts and types of activity, with separation of the initial and final state of working assets, own revenues, subsidies from the state budget, expenditures for remuneration and contributions assessed on remuneration, proprietary expenditures and payments to the budget.
8. Financial plans of state earmarked funds shall be expressed in the Budgetary Act separately for each fund, with separation of the initial and final state of the fund, own revenues and subsidies from the state budget,

9. Earmarked subsidies for local government units for central government administration tasks and other tasks commissioned by laws, shall be expressed in the Budgetary Act in division into the individual levels of local government units, budgetary parts from which subsidies are transferred and budgetary classification sections.
10. The financial plans referred to in para. 4 shall be expressed in the Budgetary Act separately for each unit, with separation of own revenues and subsidies from the state budget.
11. The Budgetary Act may not contain provisions changing other laws.

Art. 87.

A justification shall be attached to the Budgetary Act, containing in particular:

- 1) the main goals of the social and economic policy,
- 2) the macroeconomic assumptions for the budgetary year and two subsequent years, concerning:
 - a) the development of the gross domestic product,
 - b) the state public debt and the State Treasury debt,
 - c) the level of prices of consumer goods and services,
 - d) the balance of payments,
 - e) the current turnover,
 - f) the level of employment and unemployment,
 - g) income of the state budget,
 - h) the state budget deficit,
- 3) the directions of privatization of assets of the State Treasury,
- 4) the projected execution of the state budget for the year preceding the year that the draft Budgetary Act concerns,
- 5) a description of the planned:
 - a) revenues and outlays as well as income and expenditure of the budget,
 - b) revenues and expenditures of state earmarked funds,
 - c) *lists of tasks covered by the support program referred to in art. 80 para. 2a*
- 6) information on the amount of the State Treasury debt and the financial assets of the State Treasury predicted for the end of the budgetary year, being at the same time the debt of other entities of the public finance sector, together with the relevant values referring to the amount of commitments due to guarantees.

Art. 88.

1. Until 25 October, controllers of budgetary parts shall convey information:
 - 1) to subordinated units - on the amount of income and expenditure, *in this of remunerations, and the limits of employment of persons to whom multiplier remuneration systems apply,*
 - 2) to local government units - on the amounts of subsidy for central-government administration tasks,
adopted in the draft Budgetary Act.
2. Until 1 December the units referred to in para. 1 subpara. 1 shall draw up and convey to the competent controllers of budgetary parts the draft financial plans for the following budgetary year, in accordance with the draft Budgetary Act.

Chapter 3
The Rules and Procedure of Executing the Budgetary Act

Art. 89.

1. Within 21 days from the day of promulgation of the Budgetary Act, the controllers of budgetary parts shall present to the Minister of Finance a detailed plan of income and expenditure of the given budgetary part, hereinafter referred to as the "execution plan."
2. An execution plan shall be drawn up in division into sections, chapters and paragraphs of income and expenditure classification.
3. Within the time limit referred to in para. 1, the controllers of budgetary parts shall convey information on the final amounts of income and expenditure to subordinated units, *in this of remunerations, and the limits of employment of persons to whom multiple remuneration systems apply.*
4. The units referred to in para. 3 shall draw up financial plans to ensure their compliance with the Budgetary Act.

Art 90.

1. With the reservation of para. 2, earmarked reserves shall be divided by the Minister of Finance in agreement with the competent controllers of budgetary parts, not later than until 31 October, with the exception of the reserves referred to in art. 66 para. 2 subpara. 2.
2. The earmarked reserve for *increasing remunerations and employment limits resulting from organizational changes and new tasks in state budgetary units shall be under the control of the Council of Ministers.*
3. Earmarked reserves may be used only for the purpose that they have been created, except as provided under para. 4.
4. After obtaining a positive opinion of the Sejm committee competent for budgetary matters, the Minister Finance may change the appropriation of an earmarked reserve.
5. The general reserve shall be controlled by the Council of Ministers.
6. The Council of Ministers may authorize by a regulation the Prime Minister and the Minister of Finance to control the general reserve up to the amount of specific sums.
7. The general reserve may not be appropriated for increasing expenditures which as a result of the transfers made on the basis of art. 96 para. 4 have been previously diminished.
8. The restrictions referred to in para. 1, 3, 4 and 7 shall not apply in the case of carrying out tasks resulting from regulations concerning the introduction of states of emergency on the territory of Poland or its part.

Art. 91.

1. The Council of Ministers shall direct the execution of the state budget.
2. The Minister of Finance shall perform general control of:
 - 1) execution of income and expenditure of the state budget,
 - 2) the level of the deficit.
3. The controllers of budgetary parts shall perform supervision and control of the whole of financial management of organizational units subordinated to them and for this purpose, not less frequently than once every quarter, shall make periodical evaluations of:
 - 1) the course of execution of tasks and income and expenditure by organizational units subordinated to them,
 - 2) the use of subsidies granted from the state budget,
 - 3) the execution of other tasks financed by the state budget- and shall take up, in case of need, measures towards correct execution of the budget.
4. The evaluations referred to in para. 3 shall concern in particular:
 - 1) the correctness and punctuality of income collection,
 - 2) the compliance of expenditures with the planned appropriation,

- 3) the correctness of utilization of financial resources, including the scope of completed tasks,
- 4) the amount of and time limits of transferring subsidies,
- 5) the correctness of utilization of subsidies granted from the state budget, with respect to compliance with the appropriation and the amount of utilized subsidy with the extent of execution of tasks planned for financing with a subsidy from the state budget.

Art. 92.

In the course of execution of the state budget, the following principles of financial management shall be binding:

- 1) full execution of tasks shall take place within the time limits defined by regulations and the timetable referred to in art. 29 para. 4,
- 2) state budget income shall be established, collected and paid under the principles and within the time limits resulting from binding regulations,
- 3) expenditures shall be effected within the amounts defined in the financial plan, with due regard for correctly effected transfers and in accordance with the planned appropriation, in a purposeful and economizing manner,
- 4) expenditures for cofinancing of programs carried out with non-returnable funds from foreign sources may be effected after these funds are obtained,
- 5) tasks should be commissioned under the principle of selection of the most favorable offer, with due regard for the provisions of the Act on Public Procurement, *and with regard to non-profit entities, in the procedure of open selection of the best offer as defined by the Act on Public Procurement, with the relevant application of art. 25 and art. 71,*
- 6) expenditures for servicing the State Treasury debt shall be effected before other expenditures of the state budget,
- 7) unexpected expenditures, the mandatory payment of which arises from execution writs or court verdicts, may be effected irrespective of the level of financial resources planned for this purpose; they should be refunded in the procedure of transfer of expenditures defined in art. 96,
- 8) expenditures may be transferred in the state budget under the rules and within the scope defined in art. 96,
- 9) earmarked subsidies assigned to local government units for carrying out central-government administration tasks and other tasks commissioned by laws, not used in a given year, shall be returned to the state budget in the part in which the task has not been carried out.

Art. 93.

1. Subsidies granted from the state budget and used inconsistently with the appropriation or collected in an excessive amount, shall be returned to the state budget together with interest in the amount defined as for tax arrears, until 28 February of the following year, unless special regulations provide otherwise.
2. The interest referred to in para. 1 shall be assessed accordingly from the day of transferring the subsidy from the state budget or ascertaining incorrect assessment of the subsidy.
3. In the case of collection of a subsidy in an excessive amount, the part of the subsidy that has been excessively collected shall be returned to the state budget.
4. Utilization of a subsidy inconsistently with its appropriation shall exclude the right to apply for a subsidy for the following three years.

Art. 94.

1. The local government unit, the Minister of Finance and the minister competent for public administration matters shall be immediately notified by the voivod of a change in the amounts of earmarked subsidies assigned to local government units.
2. Amounts of subsidies for tasks commissioned to local government units may be changed until 15 November of the budgetary year, and amounts of subsidies for cofinancing own tasks of local government units may be changed until 30 November of the budgetary year.
3. The time limits defined in para. 2 shall not be binding in the case of cofinancing tasks of local government units in connection with a force majeure event.

Art. 95.

1. Non-returnable funds derived from foreign sources shall be accumulated in a separate bank account and may be spent up to the amount accumulated in this account.
2. In the case of using the funds referred to in para. 1 inconsistently with the appropriation or without observance of the procedures referred to in art. 30 subpara. 2, they shall be returned into the account in which they are accumulated.

Art. 96.

1. The disposers of budgetary parts may transfer expenditures between chapters and paragraphs of classification of expenditures, except as provided under of para. 5, within a given part and section of the state budget.
2. Transfers of expenditures that cause an increase of expenditures in any expenditure classification *chapter* included in the state budget by more than 5% shall not be allowed.
3. Transfers consisting of a reduction or an increase of proprietary expenditures shall require the consent of the Minister of Finance.
4. The disposers of budgetary parts may authorize heads of subordinated units to transfer expenditures within one chapter, with due regard for the provision of para. 3.
5. Transfers of the expenditures referred to in para. 1 and 4 may not increase the planned expenditures for remuneration, unless separate regulations stipulate otherwise.
6. The restrictions resulting from the provisions of para. 1-4 shall not apply to transfers of expenditures from state budget reserves.

Art. 97.

In the case of introduction of a state of emergency on the territory of Poland or its parts, the Council of Ministers may transfer planned budgetary expenditures by a regulation between parts and sections of the state budget for the purpose of carrying out tasks resulting from regulations concerning the introduction of these states.

Art. 98.

1. Funds from the state budget appropriated for financing long-term investment projects and programs, expressed in the lists referred to in art. 86 para. 1 subpara. 8 and 9, may not be used for other purposes, except as provided under para. 2.
2. The Council of Ministers may express consent for changing the use of budgetary funds previously appropriated for financing long-term investment projects and programs, after obtaining a positive opinion of the Sejm committee competent for budget matters. These funds may not be used for financing current expenditures.

Art. 99.

1. Making changes in the plan of revenues of a state earmarked fund shall be inadmissible.

2. Expenditures may be transferred between individual items of the plan, by the bodies or the disposer of the fund, after consent is obtained from the minister supervising the state earmarked fund.

Art. 100.

1. In the case of ascertaining:
 - 1) uneconomical management in specific units,
 - 2) delays in execution of tasks,
 - 3) an excess of owned funds,
 - 4) violation of the principles of financial management referred to in art. 92,
- a decision may be taken on blocking the planned budgetary expenditures; this blocking shall signify a ban that is temporary or effective until the end of the year, on disposing of part or the whole of the planned expenditures, or discontinuance of transfer of funds for carrying out tasks financed by the state budget.
2. Decisions on blocking planned expenditures, in the cases specified in para. 1, shall be taken by:
 - 1) the Minister of Finance - as regards the whole state budget, with the exclusion of expenditures of the entities referred to in art. 83 para. 2,
 - 2) the disposers of budgetary parts - as regards their parts of the budget.
3. The disposers of budgetary parts shall immediately inform the Minister of Finance of the decisions referred to in para. 2 subpara. 2
4. The decisions referred to in para. 2 may include a list of the expenditures that may not be effected.
5. After obtaining a positive opinion of the Sejm committee competent for budget matters, the Minister of Finance may create a new earmarked reserve and transfer to this reserve the amounts of expenditures blocked on the basis of para. 1 subpara. 2 and 3.
6. The reserve referred to in para. 5 shall be appropriated for financing the commitments of the State Treasury for purposes separately designated in the Budgetary Act.
7. The Minister of Finance shall immediately inform the Council of Ministers of the reasons of the actions referred to in para. 2 subpara. 1. The Council of Ministers may revoke the decision of the Minister of Finance.

Art. 101.

1. In the case of a threat to the execution of the Budgetary Act, there may be a blocking for the time designated for the planned expenditures of the state budget; this blocking shall signify a ban that is temporary or binding until the end of the year, on disposing of part or the whole of the planned expenditures, or discontinuance of transfer of funds for carrying out tasks financed by the state budget.
2. The decision on blocking expenditures shall be taken by the Council of Ministers by a regulation, after obtaining a positive opinion in this matter from the Sejm committee competent for budget matters.

Art. 102.

1. Amounts of expenditures of the state budget that are not effected shall expire with the end of the budgetary year, except as provided under para. 2.
2. The following expenditures shall not expire with the end of the budgetary year:
 - 1) with the following planned financing sources:
 - a) revenues from foreign credits,
 - b) non-returnable funds derived from foreign sources,

- 2) appropriated for joint financing of programs carried out with non-returnable funds derived from foreign sources.
3. Not later than until 15 December of the budgetary year, the Council of Ministers may establish, after obtaining an opinion in this matter from the Sejm committee competent in budget matters, a list of expenditures for which the provision of para. 1 shall not apply. When establishing this list, the Council of Ministers should take into consideration the following in particular:
 - 1) the time limits of ending the procedures resulting from the Act referred to in art. 28 para. 4,
 - 2) in the case of investment expenditures - the completed, but not invoiced, scope of substantive tasks of the given investment project,
 - 3) the degree of execution of long-term investment projects and programs.
4. Together with a list of expenditures that do not expire with the end of the budgetary year, the Council of Ministers shall establish the financial plan of these expenditures, in the detail defined in art. 86 para. 5, and of the expenditures referred to in para. 2 subpara. 1 let. a) and subpara. 2, and shall also define the deadline for effecting them.
5. Financial resources for expenditures:
 - 1) included in the list referred to in para. 3,
 - 2) referred to in para. 2 subpara. 1 let. a) and subpara. 2- shall be accumulated in a separate subaccount of the central current account of the state budget, hereinafter referred to as "subaccount."
6. Until 31 December of the budgetary year, the Minister of Finance shall transfer into the subaccount financial resources in an amount equal to the total expenditures expressed in the plan referred to in para. 4.
7. Financial resources not used within the time defined by the Council of Ministers shall be transferred towards income of the state budget.

Art. 103.

1. Execution of the state budget shall be subject to control by the Sejm.
2. Until 31 May of the year following the end of the budgetary year, the Council of Ministers shall present to the Sejm and the Supreme Chamber of Control the annual report on execution of the state budget together with:
 - 1) a report on income and expenditure connected with central-government administration tasks, carried out by local government units, and other tasks commissioned to local government units by laws,
 - 2) aggregate information on the execution of the budgets of local government units,
 - 3) together with the report the Council of Ministers shall put forward an appraisal of the execution of the macroeconomic assumptions and the course of privatization of assets of the State Treasury.
3. The report on execution of the Budgetary Act should contain:
 - 1) the income, expenditure and surplus or deficit of the public finance sector,
 - 2) the income and expenditure resulting from closing of accounts of the state budget, drawn up according to the detail and arrangement of the Budgetary Act,
 - 3) the revenues and expenditures of budgetary establishments, ancillary enterprises of budgetary establishments, special resources and state earmarked funds,
 - 4) a description of execution of the state budget, with the inclusion of the differences between the passed and executed budget,
 - 5) information on execution of expenditures that did not expire with the end of the budgetary year,

- 6) information on the use of financial resources derived from supplementary payments to rates in numerical games.
4. Information on the execution of the budgets of local government units should contain the following, separately for each local government unit level:
 - 1) a statement of income according to the more important sources,
 - 2) a statement of expenditures according to sections,
 - 3) a statement of expenditures according to the more important types of expenditures,
 - 4) a statement of revenues and expenditures of budgetary establishments, ancillary enterprises, special resources and earmarked funds,
 - 5) a description of execution of the budgets of local government units.
5. The Council of Ministers shall attach the following to the report referred to in para. 2:
 - 1) a report concerning the observance of the principle whereby:
 - a) the total amount of the state public debt increased by the amount of predicted payments due to guarantees extended by entities of the public finance sector,
 - b) the total amount of the State Treasury debt increased by the amount of predicted payments due to guarantees extended by the State Treasury
- may not exceed 3/5 of the value of the annual gross domestic product in the given budgetary year,
 - 2) information concerning the debt, deficit, guarantees of the public finance sector, referred to in art. 12 para. 1.

Art. 104.

The Minister of Finance shall present to the Sejm committee competent for budget matters and the Supreme Chamber of Control information on the course of execution of the state budget for the 1st half-year, by 10 September of that year.

**Chapter 4
Cash Servicing of the Budget**

Art. 105.

1. Expenditures of the state budget shall be effected by debiting the central account of the state budget, except as provided under para. 2 and 3.
2. Expenditures of the units specified in art. 83 para. 2 shall be effected by debiting the current accounts of these units.
3. Expenditures of the state budget financed with non-returnable funds derived from foreign sources shall be effected from the current account of these funds.
4. The Minister of Finance may grant an authorization for cash realization of expenditures to all or some disposers of budgetary parts by:
 - 1) opening a separate account of expenditures for the disposer of a budgetary part,
 - 2) defining the types of expenditures that will be effected from the account of the disposer of a budgetary part.
5. The Minister of Finance may authorize the disposers of budgetary parts to transfer the right to cash realization of expenditures to subordinated budgetary units.

Art. 106.

The Minister of Finance shall define by a regulation the detailed manner of executing the state budget, and in particular:

- 1) the rules and conditions of establishing lower-level disposers by disposers of budgetary parts,

- 2) the procedure and time limit of transferring to the central current account of the state budget income collected by revenue offices and other state budgetary units,
- 3) the procedure of effecting expenditures to debit the central current account of the state budget.

Art. 107.

1. The following bank accounts shall be kept for servicing the state budget:
 - 1) the central current account of the state budget,
 - 2) current accounts of the units specified in art. 83 para. 2,
 - 3) the current account of non-returnable funds derived from foreign sources,
 - 4) current accounts of state earmarked funds,
 - 5) current accounts of budgetary establishments, ancillary enterprises and special resources,
 - 6) ancillary accounts,
 - 7) accounts of state budgetary units domiciled beyond the borders of the Republic of Poland.
2. Banking servicing of the state budget as regards the bank accounts specified in para. 1 - with the exclusion of accounts of state budgetary units domiciled beyond the borders of the Republic of Poland - shall be performed by the National Bank of Poland, except as provided under para. 3.
3. The bank for servicing the accounts specified in para. 1 subpara. 5 and 6 shall be selected with the observation of the regulations on public procurement.
4. Banking servicing of accounts of the state budget shall be performed under a bank account agreement.
5. The Minister of Finance shall define by a regulation, after obtaining an opinion of the President of the National Bank of Poland, the detailed rules of servicing the central account of the state budget, the scope of information on the execution of the state budget as well as the time limits of making these available within servicing of the central current account of the state budget.

Art. 108.

1. In the event of occurrence of temporary surpluses of funds in the central current account of the state budget, the Minister of Finance may make interest-bearing deposits in the National Bank of Poland, except as provided under para. 2.
2. The Minister of Finance, after obtaining the opinion of the President of the National Bank of Poland, may make the deposits referred to in para. 1 in any bank of his choice.

Section IV
The Budget of a Local Government Unit

Chapter 1
Basic Definitions and Rules

Art. 109.

1. The budget of a local government unit shall be passed in the form of a budgetary resolution for the budgetary year.
2. The budget of a local government unit shall be the annual plan of:
 - 1) income and expenditure as well as revenues and outlays of this unit,
 - 2) revenues and expenditures of:

- a) budgetary establishments, ancillary enterprises of budgetary units and special resources,
 - b) earmarked funds of a local government unit.
3. A budgetary resolution shall be the basis of financial management of a local government unit.

Art. 110.

1. Apart from the limits of expenditures for the period of the budgetary year, a budgetary resolution may define the limits of expenditures for long-term investment programs, *and tasks resulting from voivodship contracts concluded between the Council of Ministers and the voivodship self-government*, expressed in a list constituting an annex to the budgetary resolution.
2. The decision-making body of a local government unit shall define the following in the annex referred to in para. 1:
 - 1) the name of the program, its purpose and the tasks that will be financed with the budget of the local government unit,
 - 2) the organizational unit carrying out the program or coordinating execution of the program,
 - 3) the period of execution of the program and the total financial outlays,
 - 4) the amount of expenditures in the budgetary year and in the two subsequent years,
3. Successive budgetary resolutions shall define the outlays for the started program in an amount making possible its punctual completion.
4. The amounts of expenditures for program execution may be changed by a resolution of the decision-making body of the local government unit, changing the scope of program execution or discontinuing its execution.

Art. 111.

1. The income of budgets of local government units shall be defined by a separate law.
2. The expenditures of budgets of local government units shall be appropriated for carrying out the tasks defined in laws, and in particular for:
 - 1) own tasks of local government units,
 - 2) central-government administration tasks and other tasks commissioned to local government units by laws,
 - 3) tasks taken over by local government units to be carried out under an agreement or understanding,
 - 4) tasks carried out jointly with other local government units,
 - 5) material and financial assistance for other local government units, defined by the decision-making body of the local government unit.
3. Expenditures of local government units shall be divided in accordance with art. 69.

Art. 112.

1. The difference between income and expenditure of the budget of a local government unit shall constitute a surplus of the budget of the local government unit or a deficit of the budget of the local government unit, accordingly.
2. A deficit of the budget of a local government unit may be covered with revenues derived from:
 - 1) the sale of treasury securities issued by the local government unit,
 - 2) credits drawn in domestic banks,
 - 3) loans,
 - 4) privatization of assets of the local government unit,

- 5) a surplus of the budget of the local government unit from previous years,
- 6) *unused funds as surplus of cash resources in the current account of the local government unit, resulting from settlements of credits and loans from past years.*

Art. 113.

1. The total amount of credits and loans falling for repayment in the given budgetary year, and of potential repayments of amounts resulting from guarantees extended by local government units, together with interest outstanding in the given year on these credits and loans, and outstanding interest and discounts as well as redemptions of securities issued by local government units falling on the given year, may not exceed 15% of the income of the local government unit planned for the given year.
2. When the ratio referred to in art. 12 para. 1 subpara. 2 let. b) exceeds 55%, the amount referred to in para. 1 may not exceed 12% of the planned income of a local government unit, unless these burdens entirely result from commitments drawn before the date of announcement of this ratio.

Art. 114.

The total amount of debt of a local government unit for the end of the budgetary year may not exceed 60% of the income of this unit in this budgetary year.

Art. 115.

1. Regional accounting offices shall present opinions in the following matters:
 - 1) the possibilities of financing the deficit presented by local government units,
 - 2) the correctness of the forecast attached to the budget and concerning the amount of debt of the local government unit, with particular regard for ensuring the observance of provisions of the Act concerning passing and execution of budgets of subsequent years.
2. The opinions referred to in para. 1 should be published within one month from the day of delivering the budgetary resolution of the local government unit to the regional accounting office, in the procedure envisaged for publishing a budgetary resolution.
3. In the case of a negative opinion of the regional accounting office, a suitable resolution of the local government unit shall be required.

Art. 116.

1. Earmarked reserves and a general reserve may be created in the budget of a local government unit.
2. Earmarked reserves shall be created for expenditures, which may not be divided in detail into budgetary classification items in the period of preparation of the budget.
3. The sum of earmarked reserves may not exceed 5% of the budget expenditures.
4. The general reserve may not be higher than 1% of the budget expenditures.
5. The reserves referred to in para. 1 shall be at the disposal of the management board of the local government unit.

Art. 117.

1. Purpose-defined subsidies may be granted for budgetary establishments and ancillary enterprises from the budget of a local government unit, calculated according to unit rates.
2. The amounts and scope of the subsidies referred to in para. 1 shall be defined by the budgetary resolution.
3. The rates of purpose-defined subsidies shall be defined by the decision-making body of the local government unit.

Art. 117a.

Material or financial aid may be provided from the budget of local government units to other local government units.

Art. 118.

- 1. Entities not classified to the public finance sector and not operating for profit may receive from the budget of a local government unit subsidies for public purposes related to the execution of tasks of this unit.*
- 2. A task shall be entrusted and a subsidy shall be granted on the basis of an agreement of a local government unit with an entity referred to in para. 1. The provision of art. 71 para. 2 shall apply respectively.*
- 3. The procedure of granting a subsidy, the manner of settling it and the manner of supervising the execution of an entrusted task shall be defined by a resolution of a decision-making body of a local government unit, ensuring openness of the procedure for granting a subsidy and settling it.*

Chapter 2

Preparation and Passing of the Budget of a Local Government Unit

Art. 119.

Preparation of the draft budgetary resolution together with explanations, as well as the initiative concerning changes in this resolution shall be the sole competence of the management board of the local government unit.

Art. 120.

The management board of a local government unit shall draw up information on the state of municipal property, containing:

- 1) data concerning ownership rights of the local government unit,
- 2) data concerning proprietary rights other than ownership, including in particular limited material rights, perpetual usufruct, debts, stakes in companies, shares and possession,
- 3) data on changes in the state of municipal property, within the scope defined in subpara. 1 and 2, from the day of submitting the previous information,
- 4) data on income acquired from exercising the ownership right and other proprietary rights and from exercising possession,
- 5) other data and information on events that affect the state of municipal property.

Art. 121.

1. The management board of a local government unit shall present the draft budgetary resolution together with explanations and the information referred to in art. 120 to:
 - 1) the regional accounting office - for the purpose of obtaining an opinion,
 - 2) the decision-making body of the local government unit- until 15 November of the year preceding the budgetary year at the latest.
2. The management board of a local government unit shall be obliged to present the opinion of the regional accounting office on the draft budgetary resolution to the decision-making body of the local government unit, before passing the budget.
3. In the case when income and expenditure of the state are defined by an Interim Budget Act, at the request of the management board, the decision-making body of the local

government unit may pass an interim budget of the local government unit for the period embraced by the state interim budget.

Art. 122.

The decision-making body of a local government unit shall pass the budgetary resolution before the beginning of the budgetary year, and in particularly justified cases not later than until 31 March of the budgetary year.

Art. 123.

1. Until the budgetary resolution is passed, but not later than until 31 March of the budgetary year, the basis of financial management shall be the draft budgetary resolution presented to the decision-making body of the local government unit.
2. Without the consent of the management board of the local government unit, the decision-making body may not introduce changes in the draft budgetary resolution of the local government unit that would cause a diminution of income or an increase of expenditures and at the same time an increase of the budget deficit of the local government unit.
3. In the case of not passing the budgetary resolution within the time limit defined in para. 1, until 30 April of the budgetary year the regional accounting office shall establish the budget of the local government unit as regards mandatory own tasks and commissioned tasks. Pending the establishment of the budget by the regional accounting office, the basis of financial management shall be the draft resolution referred to in para. 1.

Art. 124.

1. The budgetary resolution of a local government unit shall define:
 - 1) the projected income of the local government unit according to the more important classification sources and sections,
 - 2) the expenditures of the budget of the local government unit, in division into sections and chapters of classification of expenditures, distinguishing:
 - a) current expenditures, including in particular:
 - remuneration and derivatives of remuneration,
 - subsidies,
 - expenditures for servicing the debt of the local government unit,
 - expenditures due to guarantees extended by the local government unit,
 - b) proprietary expenditures,
 - 3) the sources of covering a deficit or the appropriation of a surplus of the budget of the local government unit,
 - 4) expenditures connected with long-term investment programs, distinguishing expenditures for financing the individual programs,
 - 5) the plans of revenues and expenditures of budgetary establishments, ancillary enterprises of budgetary units and special resources,
 - 6) the plans of revenues and outlays of earmarked funds,
 - 7) authorizations for the management board of the local government unit to draw a debt and to repay commitments of the local government unit,
 - 8) the scope and amounts of purpose-defined subsidies,
 - 9) income and expenditure connected with carrying out central-government administration tasks and other tasks commissioned to the local government unit by laws,
 - 10) the subsidies,

- 11) income and expenditure connected with carrying out joint tasks, carried out under agreements or understandings between local government units, within the budget of the local government unit to which these tasks have been entrusted.
2. The budgetary resolution of a local government unit may contain:
 - 1) authorization for the management board of the local government unit to draw credits and loans and to issue securities to cover a deficit of the local government unit occurring during the year,
 - 2) authorization for the management board of the local government unit to make changes in the budget, within the scope established in art. 128 para. 2,
 - 3) other decisions concerning the execution of the budget of the local government unit.
3. The budgetary resolution of a gmina shall also define income due to the issue of permits for the sale of alcoholic beverages and expenditures for carrying out the tasks defined in the program of prevention and resolution of alcoholic problems.
4. The budgetary resolution may also define:
 - 1) the expenditures of ancillary units of the gmina,
 - 2) the powers of an ancillary unit to conduct financial management within the gmina budget.

Chapter 3

Execution of the Budget of a Local Government Unit

Art. 125.

1. Within 7 days from the day of forwarding the draft budgetary resolution to the decision-making body of a local government unit, the management board of the local government unit shall convey to subordinated units information necessary to prepare the drafts of their financial plans.
2. The units referred to in para. 1 shall prepare the draft financial plans within 30 days from the day of receiving the data referred to in para. 1, but not later than until 22 December.

Art. 126.

1. Within 21 days from the day of passing the budgetary resolution, the management board of a local government unit shall:
 - 1) draw up the execution plan of the budget of the local government unit in the detail defined in art. 89 para. 2,
 - 2) convey to subordinated units information on the final amounts of income and expenditure of these units and the amount of subsidies and payments to the budget,
 - 3) draw up the financial plan of central-government administration tasks and other tasks commissioned to the local government unit by laws, adopting as the basis for this plan the amount of subsidies assigned for this purpose in the given budgetary year and the amount of income connected with the execution of these tasks that is to be transferred to the state budget.
2. Organizational units of a local government unit shall adjust their draft plans to the budgetary resolution.
3. The financial plan of an office of a local government unit shall express all budgetary expenditures not expressed in the financial plans of other budgetary units, including expenditures connected with the operation of the decision-making body and the management board of the local government unit.
4. The plan referred to in para. 3 shall also express:
 - 1) subsidies for budgetary establishments and ancillary enterprises of budgetary units,

- 2) other subsidies and funds transferred for the budgets of other local government units and municipal associations,
 - 3) payments for associations of local government units,
 - 4) payments and contributions paid for domestic and foreign institutions.
5. The Minister of Finance shall define by a regulation the detailed rules, procedure and time limits of drawing up financial plans in the field of central-government administration tasks and other tasks commissioned to local government units by laws, and of transferring earmarked subsidies to local government units for carrying out these tasks.
 6. In the regulation referred to in para. 5, the Minister of Finance shall define in particular:
 - 1) the time limits for transferring information on the amount of earmarked subsidies to local government units by disposers of budgetary parts,
 - 2) the detail of the financial plan under preparation.

Art. 127.

The management board of a local government unit shall perform general supervision of the execution of the income and expenditure of the local government unit, defined by the budgetary resolution.

Art. 128.

1. In the course of execution of the budget, the management board may - after obtaining a positive opinion of the committee competent for budget matters - make changes in the plan of income and expenditure of the local government unit, consisting of:
 - 1) changes in the plan of income and expenditure connected with the introduction of changes in the course of the budgetary year, in the amount of earmarked subsidies transferred from the state budget and from the budgets of other local government units,
 - 2) shifting expenditures from budgetary reserves, in accordance with the planned appropriation of expenditures,
 - 3) changes in the plan of income of the local government unit, resulting from changes in the amounts of subventions as a result of division of reserves.
2. The decision-making body of a local government unit may authorize the management board to:
 - 1) make other changes in the plan of expenditures, with the exclusion of shifts of expenditures between sections,
 - 2) transfer certain powers to make shifts of planned expenditures to other organizational units of the local government unit.
3. The heads of organizational units making the shifts of planned expenditures on the basis of the powers referred to in para. 2 subpara. 2, when introducing changes in the financial plans they inform the management board of the local government unit of the effected shifts.

Art. 129.

1. In the course of executing the budget of a local government unit, the rules of financial management defined in art. 92 shall be effective accordingly.
2. Income collected by a local government unit, connected with the execution of central-government administration tasks and other tasks commissioned to local government units by laws, shall be paid into the account of income of the state budget by the management board of the local government unit, in the procedure and time limit defined in the regulation of the Minister of Finance referred to in art. 126 para. 5.

Art. 130.

1. Amounts of expenditures included in the budget of a local government unit and not effected shall expire with the end of the budgetary year, except as provided under art. 102 para. 2.
2. The decision-making body of a local government unit may establish a list of expenditures to which the provision of para. 1 does not apply, and define the deadline of each expenditure expressed in this list.
3. Together with the list of expenditures that do not expire with the end of the budgetary year, the decision-making body shall establish the financial plan of these expenditures in division into sections and chapters of classification of expenditures, distinguishing proprietary expenditures.
4. The financial resources expressed in the list referred to in para. 3 shall be accumulated in a separate subaccount of the basic bank account of the local government unit.

Art. 131.

1. In the cases defined in art. 100 para. 1, the management board of a local government unit may decide to block the planned budgetary expenditures.
2. The management board of a local government unit shall notify the decision-making body of the local government unit of the decision taken.
3. The management board of a local government unit may - after obtaining a positive opinion of the committee competent for budget matters - transfer blocked amounts of expenditures to an earmarked reserve, with the understanding that the decision on appropriation of these funds is made by the decision-making body of the local government unit.

Art. 132.

For the purpose of carrying out tasks, the head of a budgetary unit of a local government unit may draw cash commitments up to the amount of the expenditures defined in the approved financial plan of the unit.

Art. 133.

1. Acts in law consisting of drawing credits and loans as well as granting loans, guarantees and the issue of securities, shall be performed by two members of the management board designated in a resolution by the management board. For these acts to be valid, it shall be necessary to have the countersignature of the treasurer of the local government unit.
2. The treasurer who refuses to countersign, shall do this on the written instruction of the chairman of the management board of the local government unit, with the exception of the case when execution of the instruction would be a crime or misdemeanor; in such a case he shall notify the decision-making body and the regional accounting office of this.

Art. 134.

1. Banking servicing of the budget of a local government unit shall be performed by the bank selected by the decision-making body of the given unit in the procedure defined in the provisions on public procurement.
2. The rules of carrying out banking servicing shall be defined by an agreement concluded between the management board of the local government unit and the bank.
3. The decision-making body of a local government unit may authorize the management board of the given unit to deposit unused budgetary funds in accounts in other banks.
4. The management board of a local government unit may draw bank credits in banks selected by itself, within the limits of the authorizations contained in the budgetary resolution.

Art. 135.

1. The management board of a local government unit shall present to the decision-making body of the local government unit and regional accounting office information on the course of execution of the budget of the local government unit for the 1st half-year, until 31 August.
2. The scope and form of the information referred to in para. 1 shall be defined by the decision-making body of the local government unit.

Art. 136.

1. The management board of a local government unit shall present to the decision-making body an annual report on the execution of the budget of the local government unit, containing a statement of income and expenditure ensuing from the closing of the accounts of budgets of the local government unit, until 31 March of the following year, in detail no greater than that of the budgetary resolution and shall forward it to the regional accounting office.
2. The decision-making body of a local government unit shall examine the report on the execution of the budget of the local government unit until 30 April of the year following the reporting year, and shall pass a resolution on a vote of acceptance for the executive body.

Section V
Liability for Violating Discipline of Public Finance

Chapter 1
The Rules of Liability

Art. 137.

Employees of the public finance sector and other persons with public funds at their disposal, including persons responsible for management of public funds transferred to entities outside the public finance sector, shall be liable for violating discipline of public finances.

Art. 138.

1. Violation of discipline of public finances shall consist of perpetrating the following acts:
 - 1) failure to establish a receivable of the State Treasury, a local government unit or other unit of the public finance sector, as well as collection, establishment or vindication of it in an amount lower than this would follow from correct calculation, and cancellation inconsistently with the regulations or allowing for its limitation,
 - 2) overstepping the scope of authorization for effecting expenditures with public funds,
 - 3) overstepping powers to make changes in the budget or in the plan of a budgetary unit, a budgetary establishment, an ancillary enterprise of a budgetary unit or an earmarked fund,
 - 4) the use of public funds received from the budgetary reserve and a subsidy from the budget or from an earmarked fund inconsistently with the appropriation,
 - 5) the use of the resources of an earmarked fund inconsistently with the appropriation,
 - 6) failure to make a punctual and full payment to the budget by a budgetary establishment or ancillary enterprise of a budgetary unit,
 - 7) overstepping the scope of authorization to draw commitments burdening the budget,

- 8) payment of remuneration in a unit of the public finance sector without simultaneous execution of the obligation ensuing from special laws and weighing on the employer, to collect, remit or pay dues or contributions,
 - 9) violation of the rules of assigning subsidies from the budget,
 - 10) appropriating income acquired by a budgetary unit for expenditures borne in this unit,
 - 11) allowing for a delay in settling commitments of a unit of the public finance sector, causing a diminution of public funds due to payment of interest for a delay in payment,
 - 12) infringement of the principle, form or procedure of conduct when awarding a public order, established by the Act referred to in art. 28 para. 4,
 - 13) discontinuing execution and settlement of accounts of an inventory or making an inventory in a manner that is inconsistent with the actual state,
 - 14) showing data in the budgetary report that are inconsistent with the data resulting from accounting records,
 - 15) discontinuing of notification of the public finance discipline commissioner by the head of a unit of the public finance sector, of a disclosed violation of discipline of public finances,
 - 16) committed delay in submission of a motion by the commissioner for public finance discipline asking for punishment, and committed delay in carrying out proceedings by the adjudicating committee, concerning violation of public finance discipline,
 - 17) delay or discontinuance of execution of a legally valid decision of the adjudicating committee in matters concerning violation of public finance discipline.
2. Violation of public finance discipline shall also consist of allowing for a diminution of revenues due to the state budget or the budget of a local government unit, as a result of neglects in organization of work and managing the unit.
 3. The head of a unit or other superior to an employee shall be liable for infringing the discipline of public finance also in the case of neglecting obligations in the area of supervision.

Art. 139.

1. The action defined in art. 138 in para. 1 subpara. 2, 4, 5, 7 and 10, taken up only for the purpose of preventing damage in public property or removal of such a damage, or limitation of the social effects of a force majeure event, shall not be violation of discipline of public finances.
2. The provisions of art. 138 para. 1 subpara. 1 shall not apply to tax receivables and to customs duties collected in human movement.

Art. 140.

Liability shall not be executed for violation of public finance discipline for an act defined in art. 138 para. 1 subpara. 1, 2, 4, 7 and 11, consisting of diminution of public funds, overstepping the powers to spend them or drawing commitments by an amount not exceeding the average monthly remuneration announced before the day of issuing the decision by the adjudicating committee by the Chairman of the Central Statistical Office in the Official Gazette of the Republic of Poland, *Monitor Polski*, in accordance with art. 5 para. 7 of the Act of 4 March 1994 on the Social Benefits Fund of the Establishment (Dz. U. of 1996 No. 70, item 335, No. 118, item 561, No. 139, item 647 and No. 147, item 686 and of 1997 No. 82, item 518 and No. 121, item 770).

Art. 141.

1. Liability for violating public finance discipline shall be borne both for intentional as well as unintentional actions and neglects, unless the violation could not have been avoided despite due diligence as required from persons responsible for the good of public finance.
2. Intentional violation of public finance discipline shall occur when the perpetrator has the intention of perpetrating a prohibited act, that is, he wants to perpetrate it or consents to this, having predicted the possibility of perpetrating it.
3. Unintentional violation of public finance discipline shall occur when the perpetrator had no intention of perpetrating it, yet does this as a result of failure to preserve caution as required in the given circumstances, even though he had foreseen the possibility of perpetrating a punishable act or was able to foresee it.

Art. 142.

In cases concerning violation of public finance discipline, the provisions of art. 2, art. 4, art. 7 and art. 17 of the Act of 20 May 1991 - the Code of Misdemeanors (Dz. U. No. 12, item 114, of 1981 No. 24, item 124, of 1982 No. 16, item 125, of 1983 No. 6, item 35 and No. 44, item 203, of 1984 No. 54, item 275, of 1985 No. 14, item 60 and No. 23, item 100, of 1986 No. 39, item 193, of 1988 No. 20, item 135 and No. 41, item 324, of 1989 No. 34, item 180, of 1990 No. 51, item 297, No. 72, item 422 and No. 86, item 504, of 1991 No. 75, item 332 and No. 91 item 408, of 1992 No. 24, item 101, of 1994 No. 123, item 600, of 1995 No. 6, item 29, No. 60, item 310 and No. 95, item 475, of 1997 No. 54, item 349, No. 60, item 369, No. 85 item 539, No. 98, item 602, No. 104, item 661, No. 106, item, 677, No. 111, item, 724, No. 123, item 779, No. 133, item 884 and No. 141, item 942 and of 1998 No. 113, item 717) shall apply accordingly.

Art. 143.

1. Liability for violating public finance discipline shall be independent of other liabilities defined by provisions of the law, with the reservation of para. 2 and 3.
2. In the event of institution of penal or fiscal penal proceedings in connection with an offense at the same time constituting a violation of public finance discipline, proceedings over violation of public finance discipline shall be suspended pending completion of the penal or fiscal penal proceedings.
3. In the event of a legally valid sentencing for an offense at the same time being a violation of public finance discipline, the instituted proceedings over violation of public finance discipline shall be discontinued; measured out and not executed fines shall not be exacted.

Art. 144.

An employee who has received instructions for action that violates public finance discipline shall not be liable if before carrying out the instructions he has reported in writing a suitable reservation to his superior, and despite this warning, has received a written confirmation of the instructions; in this case responsibility shall be borne by the head of the unit or other superior of the employee who issued such instructions. Written instructions do not relieve the employee of responsibility when carrying out the instructions is a crime or a misdemeanor.

Art. 145.

1. A legally valid adjudication or decision of the adjudicating committee, stating that there has been a significant transgression in the actions of a state, local government body or other unit of the public finance sector, conducive to violation of public finance discipline, shall be conveyed as information to the Minister of Finance.
2. If the transgressions referred to in para. 1 have been perpetrated by a perpetrator of violation of public finance discipline, apart from measuring out the penalty, in the

adjudication the adjudicating committee shall apply to his employer for consideration of the advisability of further employment of the punished person at the occupied post, and shall notify the Minister of Finance of this.

Art. 146.

1. Punishability of violation of public finance discipline shall cease to exist if from the time of its commitment 3 years have passed; if during this time proceedings were instituted, the punishability of violating public finance discipline shall cease to exist with the passing of 2 years from the date of institution of proceedings.
2. In the case of revocation of a legally valid decision, the adjudication shall become limited after 2 years from the date of revoking the legally valid decision.
3. A legally valid decision may not be recognized as invalid or revoked if 6 months have passed from the date of its validation.
4. Invalidity of a legally valid decision shall not be ascertained and a legally valid decision shall not be revoked if one year has passed from the date of its validation.
5. Invalidity of a legally valid decision on punishment following obliteration of the penalty shall not become invalid.

**Chapter 2
Penalties**

Art. 147.

1. The following shall be penalties for violating public finance discipline:
 - 1) admonition,
 - 2) reprimand,
 - 3) a fine,
 - 4) a ban on performance of managerial functions connected with disposing of public funds, for a period of 5 years from the day of validation of the adjudicating decision.
2. A fine shall be measured out in the amount of one-month's to three-months' employee remuneration referred to in art. 140, except as provided under para. 3.
3. If the remuneration of a person violating public finance discipline, calculated as remuneration for a vacation leave due in the year in which the act was committed, is higher than the remuneration referred to in art. 140, the fine shall be measured out in the amount of one-month's to three-months' higher remuneration.
4. The penalty envisaged in para. 1 subpara. 4 shall be measured out only in cases of glaring violation of public finance discipline, envisaged in art. 138 para. 1 subpara. 1, 2, 4, 5, 7, 9, 11 and 12.
5. Punishment by the penalty envisaged in para. 1 subpara. 4 shall exclude the possibility of performing the following functions during the time defined in the decision on punishment:
 - 1) manager, deputy manager or director general,
 - 2) member of the management board,
 - 3) treasurer, chief accountant or deputy chief accountant,
 - 4) manager or deputy manager of the cell directly responsible for the execution of the budget or financial planof a unit of the public finance sector.

Art. 148.

1. The committee adjudicating in cases over violation of public finance discipline shall measure out the penalty at its own discretion, within the limits envisaged in the Act, taking

into consideration the degree of the fault and the effects and degree of harmfulness of the act for order of public finances, with due regard for the purposes of the penalty in its social impact and the preventive and educational purposes that it is to achieve for the punished person.

2. In the case of ascertaining intentional violation of public finance discipline and in the case when the given person has already been punished before committing the act for violation of budgetary discipline or the discipline of public finances, a stricter penalty than an admonition shall be measured out.
3. If the guilty party has perpetrated several acts and the lawsuit over these acts is under a single procedure, one combined penalty for all acts shall be measured out.

Art. 149.

1. Circumstances affecting the penalty shall be taken into consideration only as regards the person they concern.
2. When measuring out the penalty, the adjudicating body shall take into consideration the motives, circumstances and manner of acting, as well as the attributes, personal and financial circumstances of the perpetrator, the length of work and vocational experience and behavior after committing the act.
3. The following in particular shall be taken into consideration as extenuating circumstances:
 - 1) acting through motives that deserve to be taken into consideration,
 - 2) distinction of the perpetrator, before perpetrating the punishable act, in the fulfillment of duties, especially professional duties,
 - 3) contributing to the removal of the harmful consequences of his act or taking up efforts to do so.
4. The following in particular shall be taken into consideration as aggravating circumstances:
 - 1) acting to achieve illegal material benefits or other blameworthy motives of the perpetrator,
 - 2) acting in a particularly condemnable way or disregarding the obligation of particular professional diligence,
 - 3) previous punishment of the perpetrator for an act of a similar kind.

Art. 150.

1. In cases that deserve particular consideration, on taking into account the character and circumstances of the act or the personal features and conditions of the perpetrator, extraordinary mitigation of punishment may be applied, or measuring out of a punishment may be refrained from.
2. Extraordinary mitigation of a penalty shall consist of measuring out a punishment below the lower limit of statutory threat or a penalty of a milder kind.
3. Refraining from measuring out a punishment shall not apply in the case of a perpetrator of intentional violation of public finance discipline, or a perpetrator previously punished for violation of public finance discipline.

Art. 151.

1. Punishment of an employee of the public finance sector for violating public finance discipline with a penalty of reprimand or a fine shall be tantamount to a negative qualifying evaluation of him, envisaged in separate laws, and shall lead to the consequences envisaged in these laws.
2. An employee of a unit of the public finance sector repeatedly punished for violation of budgetary discipline or public finance discipline shall lose the right to distinctions, cash bonuses according to regulations and discretionary awards, pending erasure of the penalty.

3. Punishment of an employee of a unit from outside the public finance sector for violation of public finance discipline shall not restrict the rights of the State Treasury or the rights of a local government unit to claim equalization of the loss in public finance.
4. Valid punishment by the penalty envisaged in art. 147 para. 1 subpara. 4 shall be recorded in a register kept by the Main Adjudicating Committee in cases over violation of public finance discipline, next to the Minister of Finance, for the time of adjudication of the ban on performing functions connected with disposing of public funds.
5. Before establishing an employment relationship with a person who is to be entrusted with a function referred to in art. 147 para. 5, the employer shall address the Main Adjudicating Committee with the question on whether the candidate is included in the register referred to in para. 4.

Art. 152.

1. Each person who is found guilty of violation of public finance discipline shall return the costs of proceedings to the State Treasury. These costs shall be defined in a lump sum, at 10% of the remuneration referred to in art. 140.
2. In the case of acquittal of the defendant, or discontinuance of proceedings, the costs of the proceedings shall be borne by the State Treasury.
3. The decision on returning the costs of proceedings shall be included in the adjudication or ruling.
4. Cash penalties and return of the costs of proceedings shall be executed to benefit the State Treasury, in the procedure established by the Act on Executive Procedure in Administration.

Art. 513.

1. The chairman of the adjudicating body in the first instance shall direct valid rulings to be executed and shall execute fines and the costs of proceedings.
2. The valid ruling shall be delivered to the defendant, the prosecutor of first instance, the head of the unit that the ruling applies to and the unit in which the defendant is employed or, if the penalty has been imposed on the head of a unit, to the superior unit. On delivering the valid ruling on punishment, the head of the unit shall be instructed about the consequences of the punishment as envisaged in art. 151.

Art. 154.

1. A penalty for violation of public finance may not be executed, and adjudicated costs of proceedings may not be executed if one year has passed from the day of validation of the judicial decision. Limitation of execution of a fine shall not run in the period of postponement of this penalty or its repayment in established installments.
2. Limitation of execution and erasure of the penalty envisaged in art. 147 para. 1 subpara. 4, adjudicated for a time longer than 2 years, shall occur after the end of the time for which it has been adjudicated, beginning with the validation of the decision.

Art. 155.

1. Erasure of a penalty for violation of public finance discipline shall occur by law, if two years have passed from the execution of the penalty or its limitation.
2. At the request of the punished party, his superior or the head of a superior unit, supported by the main commissioner for public finance discipline, the Minister of Finance may decide to erase the penalty for violation of public finance discipline before the end of the time limit referred to in para. 1, with the exclusion of employees of the bodies specified in art. 161.

3. The decision referred to in para. 2 may not be appealed against.

Art. 156.

1. The Prime Minister may mitigate, remit or remit and consign to oblivion a legally ruled penalty for violation of public finance discipline.
2. An executed fine and costs of proceedings may not be returned.
3. The decision referred to in para. 1 may not be appealed against.

Art. 157.

As regards employees of the bodies referred to in art. 161, the rights referred to in art. 155 para. 2 and art. 156 para. 1 shall be vested in the managers of these bodies.

**Chapter 3
Adjudicating Parties and Committees**

Art. 158.

1. The parties in proceedings concerning violation of public finance discipline shall be the defendant and the commissioner for public finance discipline as the prosecutor.
2. The defendant shall be a person against whom the commissioner of public finance discipline has filed a motion for punishment for violation of public finance discipline.
3. The defendant may use the assistance of a counsel.

Art. 159.

1. The main commissioner for public finance discipline and his deputies shall be appointed and recalled by the Prime Minister on the motion of the Minister of Finance.
2. Within the scope of the performed function, the main commissioner for public finance discipline shall be the superior of commissioners for public finance discipline competent in cases examined in the first instance.
3. Commissioners for public finance discipline competent in the first instance and their deputies shall be appointed and recalled by the main commissioner for public finance discipline.

Art. 160.

1. The adjudicating bodies of the first instance shall be the following, with the reservation of art. 161:
 - 1) government adjudicating committees in cases concerning violation of public finance discipline next to ministers or chairmen of committees within the Council of Ministers, and the adjudicating committee next to the Chief of the Chancellery of the Prime Minister,
 - 2) adjudicating committees in cases concerning violation of public finance discipline next to voivods,
 - 3) adjudicating committees in cases concerning violation of public finance discipline next to regional accounting offices.
2. The adjudicating body in cases concerning violation of public finance discipline of the second instance shall be the Main Adjudicating Committee next to the Minister of Finance.
3. The adjudicating committees referred to in para. 1:

- 1) in subpara. 1 - shall be competent in cases concerning the execution of the budget within the scope of central-government administration sections, directed or supervised by the minister or chairman of the committee within the Council of Ministers,
- 2) in subpara. 2 - shall be competent in cases concerning the execution of the budget of the voivod,
- 3) in subpara. 3 - shall be competent in cases concerning the execution of budgets of local government units.

Art. 161.

1. The adjudicating body of first instance in cases concerning the violation of public finance discipline within the scope concerning the Sejm Chancellery, the Senate Chancellery, the Chancellery of the President of the Republic of Poland, the Supreme Court, the Supreme Administrative Court, the Constitutional Tribunal, the Supreme Chamber of Control, the Commissioner for Civil Rights Protection, the National Radio and Television Council, the General Inspector for Personal Data Protection, *the Institute for National Commemoration – the Commission for Prosecuting Crimes Against the Polish Nation*, the National Electoral Office, the State Labor Inspectorate and units subordinated to them or supervised by them, shall be a joint adjudicating committee appointed by the President of the Republic of Poland from among own candidates and candidates nominated by the Speaker of the Sejm, the Speaker of the Senate, the Chairman of the Supreme Chamber of Control, the Commissioner for Civil Rights Protection, the Chairman of the National Radio and Television Council, the General Inspector for Personal Data Protection, *the Chairman of the Institute for National Commemoration – the Commission for Prosecuting Crimes Against the Polish Nation*, the Chief of the National Electoral Office, the Chief Labor Inspector, the Chairmen of Courts and the Tribunal.
2. The chairman and deputy chairmen of the committee referred to in para. 1 shall be appointed and recalled by the President of the Republic of Poland from among its members, and the commissioner for public finance discipline competent in this field and his deputy shall be appointed and recalled by the President of the Republic of Poland from among candidates presented by the bodies referred to in para. 1.
3. The President of the Republic of Poland, in agreement with the bodies specified in para. 1, may establish by a regulation:
 - 1) the special rules of work organization and the procedure before the joint adjudicating committee, and the rules of executing legally valid decisions,
 - 2) the procedure of operation of the commissioner for public finance discipline competent in cases examined by the joint adjudicating committee,
 - 3) the scope of openness of hearings conducted by the joint adjudicating committee.
4. The seat, the material-technical conditions, the legal and administrative servicing of operation of the joint adjudicating committee and the commissioner for public finance discipline referred to in para. 2 shall be ensured by the Chancellery of the President of the Republic of Poland. It shall also bear the expenses connected with operation of these.

Art. 162.

1. The adjudicating committees in cases concerning violation of public finance discipline shall be composed of: the chairman, his deputies and members.
2. The chairman, his deputies and the other members of the committee of the first instance shall be appointed and recalled accordingly by the competent minister, chairman of the committee within the Council of Ministers, the Chief of the Chancellery of the Prime Minister or the voivod.

3. The procedure of appointing the chairman, the deputies of the chairman and members of the adjudicating committee next to the regional accounting office shall be defined by the Act of 7 October 1992 on Regional Accounting Offices (Dz. U. No. 85, item 428, of 1994 No. 76, item 344, of 1995 No. 124, item 601, of 1996 No. 58, item 262, No. 106, item 496 and of 1997 No. 28, item 153, No. 41, item 255, No. 106, item 679, No. 113, item 734 and No. 141, item 943).
4. The chairman and deputies of the chairman of the Main Adjudicating Committee shall be appointed and recalled by the Prime Minister on the motion of the Minister of Finance, and members of the committee shall be appointed and recalled by the Minister of Finance.

Art. 163.

1. Members of adjudicating committees in cases concerning violation of public finance discipline shall be independent within the scope of adjudication and shall be subordinated only to laws.
2. The term of a committee shall be 4 years.

Art. 164.

1. Persons who are members of adjudicating committees in cases concerning violation of public finance discipline and commissioners for public finance discipline and their deputies shall be entitled to a lump-sum remuneration.
2. Members of the adjudicating committee, the prosecutor and the recording clerk shall be entitled to a lump-sum remuneration for participation in a hearing or session.
3. The head of a unit who is the employer of the person appointed to the adjudicating committee, and also performing the function of commissioner for public finance discipline or his deputies shall be obliged to relieve him of official duties for the time needed to perform the appointed function. An employee of a unit of the public finance sector shall retain the right to remuneration for this time.

Chapter 4
The Rules of Conduct

Art. 165.

1. The head of a unit of the public finance sector (unit making use of public funds) and the head of the superior unit, as well as the body of control shall be obliged to immediately notify the competent commissioner for public finance discipline of a disclosed violation of public finance discipline.
2. To determine whether there are grounds to motion for punishment and to collect data essential for drawing up such a motion, or to supplement it or check facts specified in the motion, within the limits of his competence the commissioner for public finance discipline may summon for depositions, explanations and opinions to be given and for issue or presentation of an object or document that is to be essential evidence in the case.

Art. 166.

1. Proceedings in cases concerning violation of public finance discipline shall be instituted by the chairman of the adjudicating committee of the first instance on the basis of a motion for punishment submitted by the commissioner for public finance discipline, the Minister of Finance, the Supreme Chamber of Control or the Chairman of the Regional Accounting Office.

2. A motion submitted by the Minister of Finance or the Supreme Chamber of Control shall be binding for the commissioner for public finance discipline.
3. Without the consent of the Main Commissioner for public finance discipline, the prosecutor may refrain from supporting the motion for punishment submitted by the Chairman of the Regional Accounting Office.

Art. 167.

1. Within 30 days from receiving a motion for punishment, the chairman of the adjudicating committee of the first instance shall institute proceedings, designate the adjudicating board and the date of a hearing, or shall issue a decision on refusal to institute proceedings.
2. The parties and the person submitting the motion shall have the right to an appeal against a decision to refuse institution of proceedings.
3. The chairman of the adjudicating committee shall notify of institution of proceedings the parties and the person who submitted the motion for punishment. Along with the notification on institution of proceedings the defendant shall receive a copy of the motion for punishment. A copy of this motion shall also be received by the commissioner for public finance discipline if the motion for punishment has been submitted by another body.
4. The head of the work establishment of the defendant shall be notified of institution of proceedings, and if the case concerns the head of the establishment - the superior unit.
5. The head of the work establishment of the defendant or the head of the superior unit accordingly, notified of institution of proceedings in a case concerning violation of public finance discipline, shall halt, pending completion of the proceedings, awarding of distinctions to the defendant, especially state distinctions related to professional work.

Art. 168.

1. Proceedings in cases concerning violation of public finance discipline shall consist of two instances.
2. The remedy at law of decisions issued by adjudicating committees of the first instance shall be appeals or complaints.

Art. 169.

1. A hearing before the adjudicating committee in cases concerning public finance discipline shall be open. A notice shall be posted at the seat of the adjudicating committee, specifying the date and subject of the hearing, in a place accessible to the public, at least 7 days before the hearing.
2. Openness of a hearing (or part of a hearing) before the adjudicating committee may be excluded only:
 - 1) to protect state secrecy,
 - 2) due to a threat to public peace and order.
3. Announcement of the decision in a case concerning violation of public finance discipline shall be open.
4. The body by which the adjudicating committee has been appointed shall ensure conditions that allow for an open hearing.

Art. 170.

In proceedings in cases concerning violation of public finance discipline the provisions of art. 5-9, art. 10 § 1 subpara. 1-5, 7 and 9, art. 18, art. 18a, art. 18b, art. 18c, art. 21 § 4, art. 26 § 1 and 3, art. 28 § 1, 3 and 4, art. 30-31, art. 34-39, art. 46-51, art. 52 § 1, art. 53-55, art. 57-58, art. 59 § 1, art. 60, art. 62, art. 63 § 1, art. 79 § 2-5, art. 80, art. 84-86, art. 89, art. 91, art. 93,

art. 119-125, art. 126 § 1-3, art. 127-128, art. 128a § 2, art. 129-134 and art. 135 § 1 and 2 of the Code of Procedure in Cases Concerning Misdemeanors (Dz. U. of 1971 No. 12, item 116, of 1972 No. 49, item 312, of 1975 No. 16, item 91 and No. 45, item 234, of 1982 No. 16, item 125 and No. 45, item 291, of 1983 No. 6, item 35 and No. 44, item 203, of 1985 No. 23, item 100, of 1986 No. 39, item 193, of 1988 No. 20, item 135, of 1989 No. 34, item 180, of 1990 No. 20, item 121, No. 43, item 251 and No. 72, item 422, of 1991 No. 32, item 131 and No. 94, item 419, of 1992 No. 24, item 101, of 1994 No. 27, item 96, of 1995 No. 5, item 475, of 1997 No. 43, item 272, No. 102, item 643 and No. 123, item 779 and of 1998 No. 113, item 717) shall apply accordingly.

Art. 171.

1. The minister competent for national defense, the minister competent for internal affairs and the minister competent for foreign affairs may establish by a regulation, in agreement with the Minister of Finance, the scope of openness and the procedure before a departmental adjudicating committee in cases concerning violation of public finance discipline.
2. After obtaining the opinion of the Minister of Finance and the Chief of the State Protection Office, the Prime Minister may establish by a regulation the scope of openness and the procedure before a departmental adjudicating committee in cases concerning violation of public finance discipline.

Art. 172.

1. Invalidity of a decision which is invalid by law shall be ascertained by the Main Adjudicating Committee.
2. On the motion of the Minister of Finance, the Main Adjudicating Committee may revoke a legally valid decision if it is in contravention of the law or obviously incorrect.

Art. 173.

1. Decisions of the Main Adjudicating Committee concerning ascertaining of invalidity, revocation of a valid decision, as well as valid decisions ending pending proceedings may be complained against to the Supreme Administrative Court - in the procedure defined by the Act of 11 May 1995 on the Supreme Administrative Court (Dz. U. No. 74, item 368 and No. 104, item 515 and of 1997 No. 75, item 471, No. 106, item 679, No. 114, item 739 and No. 144, item 971).
2. Lodging a complaint to the Supreme Administrative Court against a valid decision shall not halt its execution, unless the court thus decides.

Art. 174.

The Council of Ministers shall define by a regulation the detailed rules and procedure of serving and executing the penalty envisaged in art. 147 para. 1 subpara. 4, with particular regard for:

- 1) the bodies competent for executing it,
- 2) the rules, procedure and conditions of keeping a register of persons punished with such a penalty and the procedure of obtaining information from this register.

Art. 175.

The Council of Ministers shall define by a regulation the detailed rules of appointing and recalling, as well as establishing the competence of commissioners for public finance discipline, their rights and obligations as well as the procedure of operation, and in particular:

- 1) the manner of conducting the proceedings referred to in art. 165 para. 2,

- 2) the time limits of submitting motions for punishment,
- 3) the conditions of refusal to submit a motion for punishment and the procedure in cases of appealing against a decision to refuse submission of a motion for punishment,
- 4) the conditions and rules of payment and the amount of the monthly lump-sum remuneration and remuneration for participation in a hearing or session, payable to the commissioner for public finance discipline or his deputies.

Art. 176.

The Council of Ministers shall define by a regulation the detailed rules of appointing and recalling persons within adjudicating committees as well as their rights and obligations, and in particular:

- 1) the requirements that have to be fulfilled by persons appointed to adjudicating committees and the instances when it is admissible to recall a member of an adjudicating committee before the end of the term,
- 2) the conditions, rules and amount of the monthly lump-sum remuneration payable to the chairman and deputy chairman and members of an adjudicating committee,
- 3) the conditions, rules and amount of remuneration payable to the members of an adjudicating committee in cases concerning violation of public finance discipline and to the recording clerk for participation in a hearing or session.

Art. 177.

The Council of Ministers shall define by a regulation the detailed rules and procedure of relieving persons who are members of adjudicating committees and commissioners for public finance discipline of the first and second instance of professional duties and the conditions, rules of payment and procedure of returning earnings lost by these persons, as well as reimbursement of the costs of business travel to them.

Art. 178.

The Council of Ministers shall define by a regulation the detailed rules of establishing the competence and the procedure before adjudicating committees in cases concerning violation of public finance discipline in the first and second instance, and of ascertaining invalidity by law and revocation of legally valid decisions, and in particular:

- 1) the powers of the chairman of the Main Adjudicating Committee regarding resolving litigations concerning the competence of a committee,
- 2) the rules of operation of adjudicating committees and the procedure before them, including the procedure of convening and holding a hearing before an adjudicating committee of the first and second instance, the procedure in the second instance, the detailed rules and the procedure of lodging means of appeal, the competence in examining means of appeal in the second instance,
- 3) the means of appeal issued by adjudicating bodies of the first instance, the time limits and persons authorized to lodge them, the bodies competent to examine them in the second instance,
- 4) the procedure in ascertaining invalidity of a decision by law and the rules of conduct in this respect,
- 5) the scope and time limits of reports on activity submitted by adjudicating committees and commissioners for public finance discipline.

Art. 179.

The Minister of Finance shall define by a regulation:

- 1) the regulations of operation of adjudicating committees,

- 2) the rules of organizational-legal and office servicing of adjudicating committees and commissioners for public finance discipline,
- 3) the rules of organizing, holding and financing training of members of adjudicating committees and commissioners for public finance discipline,
- 4) the conditions under which the files of cases concerning violation of public finance discipline shall be destroyed in whole or in part, or transferred to state archives.

Section VI

Changes in Binding Provisions, Transitional and Final Provisions

Chapter 1

Changes in Binding Provisions

Art. 180.

In the Act of 29 July 1992 on Games of Chance and Mutual Bets (Dz. U. No. 68, item 341, of 1993 No. 28, item 27, of 1994 No. 98, item 472, of 1996 No. 106, item 496 and No. 132, item 621 and of 1997 No. 80, item 503, No. 121, item 770 and No. 137, item 926), the following changes shall be introduced:

- 1) in art. 39 para. 5 shall read:
"5. Financial management of the funds referred to in para. 3 shall be carried out by the Minister of Finance in the form defined in art. 21 of the Act of 26 November 1998 on Public Finances (Dz. U. No. ..., item)";
- 2) in art. 47^b para. 2a shall read:
"2a. Financial management of the funds referred to in art. 47^a para. 1 shall be carried out by the Chairman of the Office of Physical Culture and Tourism in the form defined in art. 21 of the Act of 26 November 1998 on Public Finances (Dz. U. No. ..., item)".

Art. 181.

In the Act of 7 October 1992 on Regional Accounting Offices (Dz. U. No. 85, item 428, of 1994 No. 76, item 344, of 1995 No. 124, item 601, of 1996 No. 58, item 262 and No. 106, item 496 and of 1997 No. 41, item 255, No. 106, item 679 and No. 113, item 734), in art. 17 in para. 2 subpara. 4 shall be deleted.

Art. 182.

In the Act of 29 September 1994 on Accounting (Dz. U. No. 121, item 591, of 1997 No. 32, item 183, No. 43, item 272, No. 88, item 554, No. 118, item 754, No. 139, item 933 and 934, No. 140, item 939, No. 141, item 945 and of 1998 No. 60, item 382, No. 106, item 668 and No. 107, item 669) in art. 2 in para. 1 subpara. 4 shall read:

- "4) of gminas, powiats, voivodships and their associations, as well as state, gmina, powiat and voivodship:
- a) budgetary units,
 - 2) ancillary enterprises of budgetary units,
 - c) budgetary establishments,
 - d) earmarked funds,".

Art. 183.

In the Act of 23 December 1994 on Modeling Funds for Remuneration in the State Budgetary Domain and on Amendment of Certain Acts (Dz. U. of 1995 No. 34, item 163, of 1996 No. 106, item 496 and No. 139, item 647 and of 1997 No. 133, item 883), the following changes shall be introduced:

- 1) in art. 2 in para. 1 subpara. 1 shall read:
"1) "the state budgetary domain" - shall mean state organizational units that carry out financial management under the rules defined in art. 18-20 of the Act of on Public Finances (Dz. U. No. ..., item) and higher-education schools and other units carrying out financial management under the rules defined in art. 30 of the Act of 12 September 1990 on Higher Education (Dz. U. No. 65, item 385, of 1992 No. 54, item 254 and No. 63, item 314, of 1994 No. 1, item 3, No. 43, item 163, No. 105, item 509 and No. 121, item 591, of 1996 No. 5, item 34 and No. 24, item 110 and of 1997 No. 28, item 153, No. 96, item 590, No. 104, item 661, No. 121, item 770 and No. 141, item 943),";
- 2) in art. 6 in para. 2 the words "art. 45 of the Act - the Budgetary Law" shall be replaced with the words "art. 96 of the Act on Public Finances."

Art. 184.

In the Act of 8 August 1996 on the Rules of Exercising Powers Vested in the State Treasury (Dz. U. No. 106, item 493, No. 156, item 775, of 197 No. 106, item 673, No. 115, item 741, No. 141, item 943), in art. 2 in subpara. 6 the words "foundations or" shall be deleted.

Art. 185.

In the Act of 12 December 1997 on Additional Annual Remuneration for Employees of Units of the Budgetary Domain (Dz. U. No. 160, item 1080), in art. 1 in para. 2 subpara. 3 shall read:

- "3) local government budgetary units, budgetary establishments, ancillary enterprises of budgetary units carrying out financial management under the rules defined in the Act of 26 November 1998 on Public Finances (Dz. U. No. ..., item)."

Art. 186.

In the Act of 5 June 1998 on the Self Government of a Voivodship (Dz. U. No. 91, item 576), the following changes shall be introduced:

- 1) in art. 18 subpara. 8 shall be deleted;
- 2) in art. 64 in para. 1 the words "on the basis of the Budgetary Law" shall be replaced with the words "on the basis of the Act of 26 November 1998 on Public Finances (Dz. U. No. ..., item ...)";
- 3) in art. 65 para. 3 shall be deleted;
- 4) in art. 66 in para. 2 in subpara. 1 the words "the rules of the Budgetary Law" shall be replaced with the words "the rules of the Act referred to in art. 64 para. 1";
- 5) in art. 72 subpara. 4 shall be deleted;
- 6) art. 73 shall be deleted.

Art. 187.

In the Act of 5 June 1998 on the Self Government of a Powiat (Dz. U. No. 91, item 578), the following changes shall be introduced:

- 1) in art. 55 in para. 2 in subpara. 1 the words "the rules of the Budgetary Law" shall be replaced with the words "the rules of the Act of 26 November 1998 on Public Finances (Dz. U. No. ..., item ...)";
- 2) art. 62 shall be deleted.

Art. 188.

In the Act of 27 March 1990 on Local Government (Dz. U. of 1996 No. 13, item 74, No. 58, item 261, No. 106, item 496, No. 132, item 622 and of 1997 No. 9, item 43, No. 106, item 679, No. 107, item 686, No. 113, item 734, item 775), in art. 60 para. 2 shall be deleted.

Art. 189.

Whenever provisions of separate laws refer to provisions, rules or definitions contained in the Act of 5 January 1991 - the Budgetary Law, this shall mean the provisions, rules or definitions contained in this Act, accordingly.

Chapter 2 Transitional Provisions

Art. 190.

1. Until 1 January 2001, the following bank accounts shall be kept for servicing the state budget:
 - 1) the central current account of the state budget,
 - 2) the current account of non-returnable funds derived from foreign sources,
 - 3) current accounts of state budgetary units, with separation of subaccounts for income and expenditure,
 - 4) current accounts of revenue offices for accumulation of budgetary income,
 - 5) current accounts of state earmarked funds,
 - 6) current accounts of ancillary enterprises and budgetary establishments,
 - 7) ancillary accounts.
2. Banking servicing of the state budget as regards the bank accounts specified in para. 1 - with the exclusion of accounts of state budgetary units with their seat outside the borders of the Republic of Poland - shall be kept by the National Bank of Poland, except as provided under para. 3.
3. Banking servicing of the accounts specified in para. 1 subpara. 6 ad 7 may be carried out by any banks.
4. Banking servicing of accounts of the state budget shall be carried out under a bank account agreement and according to the binding legal standards.
5. Within banking servicing of the state budget, the National Bank of Poland shall:
 - 1) make available to the Ministry of Finance and the Supreme Chamber of Control information on the balance of the accounts referred to in para. 1 subpara. 1 and 3-5,
 - 2) draw up reports on the execution of the state budget within the scope and time limits agreed upon with the Minister of Finance.
6. The Minister of Finance, after obtaining the opinion of the President of the National Bank of Poland, shall define by a regulation the detailed rules of servicing the bank accounts specified in para. 1 subpara. 1 and 3-7 and the scope of information specified in para. 5 subpara. 1 as well as of the reports specified in para. 5 subpara. 2.

Art. 191.

1. Accounts of funds for financing investment projects of budgetary units and establishments kept outside the National Bank of Poland shall be closed down as of 31 December 1999.
2. *In 1999 the limitation defined in art. 19 para. 10 shall not apply.*

Art. 192.

The Council of Ministers may confer the status of long-term programs on strategic government programs established before the day the Act enters into force.

Art. 193.

Until 31 December 2000 special resources created on the basis of the Regulation of the Minister of Finance of 8 May 1991 on Special Resources of Budgetary Units (Dz. U. No. 42, item 184, of 1993 No. 38, item 166 and of 1997 No. 34, item 208) may operate and during this time shall carry out financial management and settlements with the state budget under the principles defined in the regulation referred to.

Art. 193.

1. Proceedings in cases concerning violation of budgetary discipline, instituted before the provisions of the Act enter into force, shall be carried out according to the existing regulations, unless the provisions of this Act are more favorable for the defendant.
2. The term of adjudicating committees in cases concerning violation of budgetary discipline, established before the Act enters into force, shall expire on the day of appointment of the relevant committee adjudicating in cases concerning violation of public funds, not later than on 31 March 1999.
3. Commissioners for budgetary discipline, appointed before the Act enters into force, shall perform their functions pending the appointment of relevant commissioners for public finances, not later than until 31 March 1999.
4. After the end of the term of the committee adjudicating in cases concerning violation of budgetary discipline and cessation of functions of the commissioner for budgetary discipline, the proceedings referred to in para. 1 shall be taken over by the competent committee adjudicating in cases concerning violation of public finance discipline. The rights and obligations of the commissioner shall be taken over by the competent commissioner for public finance discipline.

Art. 195.

1. The competence of adjudicating committees in cases concerning violation of public finance discipline of regional accounting offices shall be adjusted to the scope of supervision of local government units, performed by the office.
2. Proceedings on violation of budgetary discipline instituted before the day the Act enters into force, in a unit already under the supervision of the given accounting office, shall be carried out to the end by the adjudicating body that had instituted the proceedings.
3. Cases concerning violation of budgetary discipline, in which proceedings had not been instituted before the Act enters into force, shall be examined by the adjudicating committee of the regional accounting office competent for the given local government unit after the Act enters into force.
4. In the case of liquidation of a regional accounting office, proceedings concerning violation of budgetary discipline or public finance discipline instituted before the day of liquidation shall be taken over by the adjudicating committee of the office competent for the basic local government unit in which the liquidated regional accounting office had its seat. The provisions of para. 2 and 3 shall apply accordingly.

Art. 196.

1. Existing committees adjudicating in cases concerning violation of budgetary discipline, appointed on the basis of the Budgetary Law, shall be competent accordingly in cases concerning violation of public finance discipline up to the moment of expiry of their term, in accordance with art. 193 para. 2.

2. Existing commissioners for budgetary discipline shall be competent accordingly in cases concerning violation of public finance discipline up to the moment of appointment of the commissioner for public finance discipline, in accordance with art. 193 para. 3.
3. Members of committees adjudicating in cases concerning budgetary discipline and commissioners for budgetary discipline referred to in para. 1 and 2 shall not have the right to the lump-sum remuneration envisaged in the Act.

Art. 197.

1. Proceedings in cases concerning violation of budgetary discipline within the scope concerning an act which is not violation of public finance discipline shall be discontinued.
2. Penalties for violation of budgetary discipline measured out for the act referred to in para. 1 shall be considered null and void and shall be erased. Decisions on punishment for such an act shall be excluded from the personnel files of the employee and destroyed.
3. In the cases referred to in para. 2, adjudicated fines shall not be executed. Fines executed or partly executed shall not be returned.
4. If the penalty referred to in para. 2 has been measured out jointly for an act which is not a violation of public finance discipline and an act which is such a violation, it shall be erased after 2 years have passed from the execution of the penalty or limitation of its execution.

Art. 198.

The provisions of the Act as regards ascertaining invalidity by law of a valid decision concerning violation of public finance discipline or revocation of a valid decision, with the exclusion of revocation to the detriment of the defendant, shall apply accordingly to legally valid decisions in cases concerning violation of budgetary discipline.

Art. 199.

The Council of Ministers shall analyze the purposefulness of operation of state earmarked funds, established under the Act, and organizational units (agencies) and shall present motions to the Sejm until 31 December 1999.

Art. 200.

Organizational units subordinated to the minister competent for internal affairs, the Minister of National Defense and the Head of the State Security Office shall adjust by 31 December 2000 the accounting principles in force in them to the provisions of art. 14.

Art. 201.

1. Pending entry into force of the law fulfilling the instructions of art. 216 para. 5 of the Constitution of the Republic of Poland as regards the manner of calculating the value of the gross domestic product, the Chairman of the Central Statistical Office shall be obliged to announce by a proclamation the value of the gross domestic product estimate, in accordance with the binding regulations.
2. The Chairman of the Central Statistical Office shall be obliged to announce the first estimate of the gross domestic product, referred to in para. 1, for the given year, until 15 May of the following year.
3. Pending entry into force of the law referred to in para. 1, in a situation when the ratio referred to in art. 45 para. 1 exceeds 60%, the provisions of art. 45 para. 1 subpara. 3 shall apply accordingly.

Chapter 3

Final Provisions

Art. 202.

1. The Act of 5 January 1991 - the Budgetary Law (Dz. U. of 1993 No. 72, item 344, of 1994 No. 76, item 344, item 121, item 591 and No. 133, item 685 of 1995 No. 78, item 390, No. 124, item 601 and No. 132, item 640, of 1996 No. 89, item 402, No. 106, item 496, No. 132, item 621 and No. 139, item 647 and of 1997 No. 54, item 348, No. 79, item 484, No. 121, item 770, No. 123, item 775 and 778, No. 133, item 883, No. 137, item 926, No. 141, item 943 and No. 158, item 1042) shall become null and void.
2. The executive provisions issued on the basis of the Act referred to in para. 1 shall remain in force pending entry into force of the executive provisions issued on the basis of the Act within the scope that they are not in contravention of the provisions of the Act, not later than until 31 December 2000.
3. Orders and regulations issued on the basis of existing regulations, concerning the issue of treasury securities, shall remain in force, and the bonds issued on the basis of these shall be offered and redeemed under the principles contained in them.
4. The order issued on the basis of existing regulations, regulating the rules of issuing treasury bills, shall remain in force until the date of entry into force of the relevant regulation, not later than until 31 December 2000.
5. The ratio referred to in art. 12 par. 1 subpara. 2 shall be announced for the first time for the year 1999.

Art. 203.

The Act shall not apply to preparation of the state budget and budgetary resolutions of gminas for the year 1999.

Art. 204.

The Act shall enter into force as of 1 January 1999, with the exception of art. 151 para. 5, which shall enter into force as of 1 January 2000.