

LAW No. 91/2001 OF 20 AUGUST 2001
(Law governing the Budgetary Framework)

TITLE I

Object, scope and value of the Law

Article 1

Object

The present Law establishes:

- a) The general and common provisions governing the framework for the budgets and accounts of the whole public administrative sector;
- b) The rules and procedures regarding the organisation, preparation, presentation, discussion, voting, amendment and execution of or on the State Budget, including the social security budget, and the corresponding inspection and budget responsibility;
- c) The rules regarding the organisation, preparation, presentation, discussion and voting of or on the state's accounts, including the social security accounts.

Article 2

Scope

- 1 - The present Law applies to the State Budget which, within the public administrative sector, shall encompass the budgets of the central administration subsector, including the departments, services and bodies that do not possess administrative and financial autonomy, the autonomous services and funds and the social security system, together with the corresponding accounts.
- 2 - For the purposes of the present Law, the state departments and services which do not possess administrative and financial autonomy shall be called "integrated departments and services".

- 3 - Autonomous services and funds are those which cumulatively fulfil the following requisites:
- a) They do not possess the nature and form of state-owned enterprises, foundations or associations, even if they are subjected to the regime governing any of these by other legislation;
 - b) They possess administrative and financial autonomy;
 - c) They possess their own income for the purpose of covering their expenditures, as laid down by law.
- 4 - Within the public administrative sector, the social security subsector shall mean the solidarity and social security system composed of all the subsystems defined in the respective basic law, their sources of funding and the bodies responsible for managing them.
- 5 - For the purposes of the present Law, entities which, regardless of their nature and form, were included in each subsector within the ambit of the European System of National and Regional Accounts, in the last sectoral accounts published by the national statistical authority, with reference to the year before that in which the Budget is submitted, shall be considered to be integrated into the respective central, regional, local and social security subsectors of the public administrative sector as autonomous services and funds.
- 6 - Without prejudice to the principle of budgetary independence laid down in Article 5(2), the principles and rules contained in Title II and, mutatis mutandis, the provisions of Article 17, are applicable to the budgets of the regional and local subsectors, and the laws governing the respective frameworks must contain the norms that are appropriate to that end.

Article 3
Superior legal force

The provisions of the present Law prevail, in accordance with Article 112(3) of the Constitution, over all norms that establish private budgetary regimes which contradict it.

TITLE II
Budgetary principles and rules

Article 4
Annual and multiannual nature

- 1 - The budgets of public administrative sector bodies shall be annual.
- 2 - The process of preparing the budgets shall be conducted within a multiannual budgetary programming framework that takes account of the principles established in the present Law and the obligations referred to in Article 17.
- 3 - The budgets shall incorporate the programmes, measures and projects or activities that imply multiannual costs, which shall set out the total spending forecast for each one, the parts of those costs that concern the year in question, and, on an indicative basis, those that concern at least each of the three following years.
- 4 - The financial year shall coincide with the calendar year.
- 5 - The provisions of the previous paragraph shall not prejudice the possible existence of a complementary budgetary execution period, as laid down by law.

Article 5

Unity and universality

- 1 -The State Budget shall be unitary and encompass all the revenues and expenditures of the integrated departments and services, the autonomous services and funds and the social security system.
- 2 -The budgets of the autonomous regions and local authorities shall be independent of the State Budget and comprise all the revenues and expenditures of the regional and local administrations, including those of all their autonomous services and funds.
- 3 -The State Budget and the budgets of the autonomous regions and local authorities must, in accordance with Article 32, set out the total financial responsibilities that result from multiannual commitments whose nature precludes directly accounting for the respective total amount in the year in which the commitments are made or the items in question are placed at the state's disposal.

Article 6

No offsetting

- 1 -The amount forecast for each revenue shall be the full amount at which that revenue is assessed, without any deduction for collection costs or costs of any other nature.
- 2 -The total amount of the tax revenues shall equal the forecast for the amounts that will effectively be collected, less the estimates for the revenues that will not be collected due to tax benefits and less the estimated amounts of repayments and refunds.
- 3 -All expenditures shall be budgeted at their full amount, without any type of deduction.
- 4 -*(Repealed)*.

- 5 - The provisions of paragraphs (1) and (3) do not apply to financial assets.
- 6 - The operations involved in managing the state's direct public debt shall be included in the corresponding budgets within the overall State Budget, as follows:
- a) The expenses derived from financial derivative operations shall be deducted from the revenues obtained from the same operations, and the respective balance shall always be included under an expenditure heading;
 - b) The interest income resulting from operations associated with the issue and management of the state's direct public debt and/or the management of the State Treasury shall be set against the expenditures of the same nature;
 - c) The interest income resulting from operations associated with the investment of State Treasury surpluses, and those associated with treasury advances, shall be set against the interest expense of the state's direct public debt.
- 7 - The provisions of the previous subparagraphs do not dispense with the individualised recording in the accounts of all the financial flows associated with the operations referred to therein, even when they are merely paper movements, or with setting all of them out in the General State Account.
- 8 - The financial flows derived from operations associated with the management of the portfolio of funds' assets that is under the administration of Instituto de Gestão de Fundos de Capitalização da Segurança Social, I. P. shall be recorded in the accounts in accordance with the following rules:
- a) The revenues obtained from financial derivative operations shall be deducted from the expenses derived from the same operations, and the respective balance shall always be included under a revenue heading;
 - b) Accrued interest received from sales of securities that represent debt shall be deducted from the accrued interest paid on the acquisition of the same kind of securities, and the respective balance shall always be included under a revenue heading.

Article 7
No consignment

- 1 -It shall not be possible to appropriate the product of any revenues to the coverage of given expenditures.
- 2 -The following shall be excepted from the provisions of the previous paragraph:
 - a) Revenues from reprivatisations;
 - b) Revenues regarding communities' traditional own resources;
 - c) Revenues appropriated to the financing of the social security system and its different subsystems, as laid down by law;
 - d) Revenues that correspond to transfers from the European Union, international organisations or budgets of other public administrative sector institutions and are intended to totally or partially finance given expenditures;
 - e) Revenues that correspond to subsidies, donations or bequests from private individuals and that the latter wish to be appropriated to the coverage of given expenditures;
 - f) Revenues which, for special reasons, are appropriated to given expenditures by express legal or contractual provision;
 - g) (*Repealed*).
- 3 -Norms which, in accordance with subparagraph (f) of the previous paragraph, consign revenues to given expenditures shall possess an exceptional and temporary nature, under terms to be defined in complementary legislation.

Article 8

Specification

- 1 -Forecast revenues must be sufficiently specified in accordance with an economic classification.
- 2 -Expenditures shall be set in accordance with an organic, economic and functional classification, and the more disaggregated levels of specification may only be contained in the projected outturns, in accordance with the present Law.
- 3 -Expenditures shall also be structured by programmes.
- 4 -Revenues that will not be collected due to fiscal benefits shall be specified in accordance with the economic classification codes of the revenues.
- 5 -The Ministry of Finance budget shall include a provisional appropriation designed to cover expenditures that cannot be foreseen or postponed.
- 6 -Budgetary credits that permit the existence of appropriations for confidential use or secret funds are null and void, without prejudice to the special regimes which the law provides for with regard to the use of funds that are exceptionally justified for reasons of national security and which are authorised by the Assembly of the Republic upon a proposal from the Government.
- 7 -The structure of the economic classification codes of revenues and of the economic and functional classifications of expenditures shall be defined by Executive Law; level-three disaggregated specifications may be defined by Ministerial Order issued by the member of the Government with responsibility for the Finance area.

Article 9

Balance

- 1 - The budgets of public administrative sector bodies shall forecast the revenues needed to cover all expenditures, without prejudice to the provisions of Articles 23, 25 and 28.

- 2 -Effective revenues and expenditures are those which definitively change total net financial assets.
- 3 -Total net financial assets are constituted by financial assets held, namely disposable funds, deposits, shares and other securities, less financial liabilities.
- 4 -The overall balance is equal to the difference between effective revenues and effective expenditures.
- 5 -The primary balance is equal to the difference between effective revenues and effective expenditures, less the costs of interest expense on debt.

Article 10

Intergenerational equity

- 1 -The State Budget shall be subject to the principle of equity in the distribution of benefits and costs among generations.
- 2 -The process of considering intergenerational equity shall necessarily include the budgetary effect:
 - a) Of the measures and actions included in chart XVII;
 - b) Of public investment;
 - c) Of the investment in human capacitation that is co-funded by the state;
 - d) Of the costs of the public debt;
 - e) Of the state business sector's financing needs;
 - f) Of retirement or other types of pensions.

Article 10-A
Budgetary stability

- 1 - In the approval and execution of their budgets, the subsectors that constitute the public administrative sector, and the bodies and entities that form part of them, shall be subject to the principle of budgetary stability.
- 2 - Budgetary stability consists of a budget balance or surplus position, calculated in accordance with the definition set out in the European System of National and Regional Accounts, under the conditions laid down for each of the subsectors.

Article 10-B
Reciprocal solidarity

- 1 - The approval and execution of the budgets of the subsectors referred to in paragraph (1) of the previous Article are subject to the principle of reciprocal solidarity.
- 2 - The principle of reciprocal solidarity requires every subsector, acting by means of its bodies, to proportionately contribute to fulfilment of the principle of budgetary stability, in such a way as to avoid situations of inequality.
- 3 - Measures that are implemented within the scope of the present Article must be included in the budgetary execution summary for the month in question.

Article 10-C
Budgetary transparency

- 1 - The approval and execution of the budgets of the subsectors referred to in Article 10-A(1) shall be subject to the principle of budgetary transparency.
- 2 - The principle of transparency implies the existence of a mutual duty to inform on the part of all public entities.

- 3 - The principle of transparency particularly implies the duty to supply information to the entity charged with monitoring budgetary execution, under terms and within time limits to be defined in the Executive Law governing budgetary execution.

Article 10-D

Principle of sustainability

- 1 - The subsectors that constitute the public administrations and the bodies and entities that form part of those subsectors shall be subject to the principle of sustainability.
- 2 - Sustainability shall mean the capacity to finance all existing and future commitments, with respect for the structural budget balance and the limit on public debt, as provided for in the present Law and European regulation.

Article 10-E

Principle of economy, efficiency and efficacy

- 1 - The making of commitments and the incurrence of expenditure by the entities that belong to the subsectors that constitute the public administrations shall be subject to the principle of economy, efficiency and efficacy.
- 2 - Economy, efficiency and efficacy shall consist of using the minimum resources that ensure the adequate standards of quality of public service, of promoting increased productivity by achieving similar results with less expenditure, and of using the most appropriate resources in order to attain the desired result.

Article 10-F

Principle of responsibility

- 1 - The subsectors that constitute the public administrations are bound to fulfil the commitments made by Portugal in accordance with European regulation.
- 2 - Each of the subsectors that constitute the public administrations shall be responsible for the commitments it makes.
- 3 - In the situations provided for by law, an entity from one of the subsectors that constitute the public administrations may make or guarantee commitments that have

been undertaken by another entity belonging to another subsector.

Article 10-G

Limit on public debt

- 1 - When the ratio of public debt to gross domestic product (GDP) exceeds the reference figure of sixty per cent, the Government shall be obliged to reduce the part of the amount of the public debt that exceeds this figure at a rate of one twentieth per year, as a standard of reference, as provided for in Article 2 of Council Regulation (EC) no. 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, with the text given to it by Council Regulation (EU) no. 1177/2011 of 8 November 2011.
- 2 - For the purposes of determining the amount of the debt reduction, the influence of the economic cycle shall be taken into account in accordance with Council Regulation (EU) no. 1177/2011 of 8 November 2011.
- 3 - The annual variation in public debt shall be that following correction of the effects derived from changes in the perimeter of the public administrations made by the statistical authorities in accordance with Article 2(5).

Article 11

Management instruments

- 1 - Public administrative sector bodies shall be subject to the Official Public Accounting Plan, and may also dispose of other instruments needed for good management and the control of public money and other assets, in accordance with the present Law
- 2 - All the autonomous services and funds that do not yet apply the Official Public Accounting Plan or another, substitute, plan shall be subject to the financial discipline applicable to integrated departments and services, and shall be deemed equivalent to the latter for all effects, without prejudice to any special administrative and financial autonomy regime derived from a constitutional imperative, to their integration into areas of the National Health Service, or to the fact that they are

bodies with special competence to manage Community funds and possess the autonomy that is indispensable to doing so.

- 3 - The provisions of the previous paragraphs do not encompass entities that apply the Accounting Standardisation System or prepare their accounts in conformity with the International Accounting Standards.

Article 12

Publicity

- 1 - The Government shall ensure the publication of all documents that prove necessary in order to ensure the adequate disclosure and transparency of both the State Budget and its execution, whenever possible employing the most advanced means of communication that exist at any moment in time.
- 2 - In the autonomous regions and local authority areas fulfilment of the obligation provided for in the previous paragraph shall be ensured by the respective regional governments and municipal councils.

Article 12-A

Indebtedness of autonomous regions and local authorities

- 1 - Without prejudice to the provisions of Article 87, autonomous regions may not incur debt beyond the amounts set out in the State Budget, in accordance with the respective financing laws.
- 2 - Without prejudice to the provisions of Article 87, local authorities may only incur debt in accordance with their financing laws.
- 3 - An increase in indebtedness in breach of the previous paragraphs shall cause a reduction in the transfers from the State Budget due in subsequent years, in accordance with the criteria established in the respective financing laws.

TITLE II-A
Budgetary process

Article 12-B
Stability and Growth Programme

- 1 -The budgetary process shall begin with the annual revision of the Stability and Growth Programme (PEG), which shall be undertaken by the Government and carried out in accordance with Community regulations.
- 2 -The Stability and Growth Programme shall specify the economic and budgetary policy measures, sufficiently setting out their financial effects, which must be duly substantiated, and the respective implementation schedule.
- 3 -The annual revision of the Stability and Growth Programme shall include a draft update of the multiannual budgetary programming framework referred to in Article 12-D, for the four following years.
- 4 -The Assembly of the Republic shall consider the Stability and Growth Programme within a time limit of ten working days counting from the date on which it is submitted by the Government.
- 5 -The Government shall send the Assembly of the Republic the final revision of the Stability and Growth Programme before it definitively delivers it to the European Council and the European Commission.
- 6 -The provisions of paragraphs (3) and (4) shall not prejudice the necessary approval of the multiannual budgetary programming framework in accordance with Article 12-D.

Article 12-C
Structural budget balance rule

- 1 - The medium-term budget objective shall be that defined within the scope of and in accordance with the Stability and Growth Pact.
- 2 - The annual convergence trajectory for achieving the medium-term objective shall be set out in the Stability and Growth Programme.
- 3 - The structural balance, which corresponds to the budget balance of the public administrations defined in accordance with the European System of National and Regional Accounts, following correction of cyclical effects and net of extraordinary and temporary measures, may not be below the objective that is set in the Stability and Growth Programme each year.
- 4 - The methodology for calculating the structural balance shall be that defined within the scope of and in accordance with the Stability and Growth Pact.
- 5 - Whenever the ratio of public debt to GDP at market prices is significantly below sixty per cent and the risks for the long-term sustainability of the public finances are low, the limit for the medium-term objective may attain a structural deficit of at most one per cent of GDP.
- 6 - For as long as the medium-term objective is not achieved, the annual adjustment in the structural balance may not be less than zero point five per cent of GDP, and the rate of growth in public spending, net of extraordinary, temporary and discretionary measures on the revenue side of the equation, may not be greater than the medium-term reference rate for potential GDP growth, as defined in the Stability and Growth Pact.
- 7 - For as long as the medium-term objective is not achieved, discretionary reductions in public revenue items must be offset by reductions in spending, discretionary increases in other public revenue items, or both, as defined in the Stability and Growth Pact.
- 8 - For the purposes of the provisions of the previous paragraphs, aggregated spending

must exclude interest expense, expenditure regarding European Union programmes, and non-discretionary changes in expenditure on unemployment benefits.

- 9 - For the purposes of the provisions of the previous paragraphs, the amount by which spending grows over and above the medium-term reference shall not be deemed failure to comply with the reference figure to the extent that it is entirely offset by revenue increases imposed by law.
- 10 - The intensity of the adjustment referred to in the previous paragraphs shall take account of the cyclical position of the economy.

Article 12-D

Multiannual budgetary programming framework

- 1 - The Government shall submit a bill to the Assembly of the Republic containing the multiannual budgetary programming framework, which shall be in harmony with the Major Options of the Plan and shall particularly contain:
- a) A description of the policies that are provided for in the medium term and have an impact on the finances of the public administrations, to be distributed among the headings that are the most important in terms of expenditure and revenue, in such a way as to show how the adjustment to the medium-term budget objectives is to be undertaken, in comparison with projections based on unchanged policies;
 - b) An evaluation of the way in which, bearing in mind their direct long-term impact on the finances of the public administrations, the policies so provided for may affect the long-term sustainability of the public finances.
- 2 - The bill referred to in the previous paragraph must be submitted and debated at the same time as the first State Budget Bill that is submitted after the Government is installed.
- 3 - The multiannual budgetary programming framework shall be updated annually, for the following four years, in the State Budget Law, in harmony with the objectives established in the Stability and Growth Programme referred to in Article 12-B.

- 4 -The multiannual budgetary programming framework shall define the limits on the central administration spending that is funded by general revenues, in harmony with the objectives established in the Stability and Growth Programme.
- 5 -The multiannual budgetary programming framework shall also define the spending limits for each budget programme, each group of programmes, and the programmes as a whole, which limits shall be binding for the first, the second, and the third and fourth following financial years, respectively.
- 6 -The multiannual budgetary programming framework shall also contain projections for the general and own revenues of central administration bodies and the social security subsector for the following four years.
- 7 -The Laws governing Financial Programming and the transfers made within the ambit of the Law governing the Financing of the Social Security System shall be subject to the limits that result from the application of paragraphs (4) and (5).
- 8 -Expenditures regarding transfers that result from application of the Laws governing the Financing of the Autonomous Regions and Local Authorities, transfers to the European Union and the costs of the public debt shall only be subject to the limits that result from the application of paragraph (4).
- 9 -The balances determined each year in the budget programmes and the respective financing, particularly authorisations to incur debt, may be carried over to the following years, in accordance with rules to be defined by the Government.
- 10 - The provisional appropriation provided for in Article 8(5) shall count towards the limits referred to in paragraph (4) and may be destined for expenditures pertaining to any programme.
- 11 - The Government shall notify the Assembly of the Republic of divergences from the limits and forecasts referred to in the present Article, and of changes in the multiannual budgetary programming framework that modify the amounts of the aforesaid limits and forecasts.

Article 12-E

Time limits for submitting the State Budget Bill

- 1 - The Government shall submit the State Budget Bill for the following financial year, accompanied by all the elements referred to in Articles 35 to 37, to the Assembly of the Republic by 15 October each year.
- 2 - The time limit referred to in the previous paragraph does not apply in cases in which:
 - a) The current Government has left or been removed from office by 15 October;
 - b) The new Government is installed between 15 July and 14 October;
 - c) The legislature ends between 15 October and 31 December.
- 3 - In the cases provided for in the previous paragraph, the Government shall submit the State Budget Bill for the following financial year, accompanied by the elements referred to in Articles 35 to 37, to the Assembly of the Republic within a time limit of three months counting from the date on which it is installed.

Article 12-F

Discussion and voting

- 1 - The State Budget Bill shall be discussed and put to the vote in accordance with the Constitution, the present Law and the Rules of Procedure of the Assembly of the Republic.
- 2 - Voting on the State Budget Bill shall take place within a time limit of forty-five days following the date on which the Bill is admitted by the Assembly of the Republic.
- 3 - The Plenary of the Assembly of the Republic shall discuss the general principles of the State Budget Bill and put them to the vote in accordance with the Rules of Procedure of the Assembly of the Republic and within the time limits laid down therein.
- 4 - The Plenary of the Assembly of the Republic shall discuss the details of the State Budget Bill in accordance with the Rules of Procedure of the Assembly of the Republic and within the time limits laid down therein.
- 5 - With the exception of the matters whose details are put to the vote by the Plenary in accordance with Article 168(4) of the Constitution, voting on the details of the State

Budget Bill shall take place in the parliamentary committee with the competence to consider the Budget Bill, and the object of that voting shall be the text and budget charts contained in the Bill.

- 6 - The Plenary of the Assembly of the Republic may mandate to itself any matters that are included in the phase in which the details of the State Budget are put to the vote, in accordance with the provisions of the Rules of Procedure of the Assembly of the Republic.
- 7 - Within the ambit of the examination and discussion of the State Budget Bill, the Assembly of the Republic may undertake any hearings in accordance with the general provisions of the law.
- 8 - For the purposes of the previous paragraph and at the request of the specialised standing committee with competence for budgetary matters, the Assembly of the Republic may in particular directly summon entities that are not subject to the Government's power of direction and whose testimony the Assembly deems relevant to the full clarification of the matter under consideration.

Article 12-G

Publication of the full content of the Budget

The Government shall ensure the annual publication of the full content of the State Budget by the end of the second month after the State Budget Law enters into force.

Article 12-H

Extension of the force of the Budget Law

- 1 - The force of the State Budget Law shall be extended whenever:
 - a) The State Budget Bill is rejected;
 - b) The new Government has been installed, if this occurred between 1 July and 30 September;
 - c) The State Budget Bill lapses because the Government that submitted it has

resigned or been removed from office or the previous Government did not submit a Bill;

d) The State Budget Bill is not put to parliamentary vote.

2 -Extension of the State Budget Law's force shall encompass the respective text and the corresponding budget charts, together with their projected outturns and the Executive Laws governing budgetary execution.

3 -Extension of the State Budget Law's force shall not encompass:

a) Legislative authorisations contained in its text which, in accordance with the Constitution or under the terms under which they were granted, must lapse at the end of the financial year to which the Law referred;

b) Authorisation to collect revenues whose regimes were intended to only be in force until the end of the financial year to which the Law referred;

c) Authorisation to incur expenditures regarding multiannual services, programmes and measures whose existence must terminate by the end of the financial year to which the Law referred.

4 -During the transitional period in which the extension of the force of the State Budget Law regarding the previous year is maintained, execution of the spending budget shall comply with the principle of the use by twelfths of the funds set out in the budget charts that specify them, in accordance with their organic classification, without prejudice to the exceptions provided for in Article 43(5)(a).

5 -During the transitional period in which the extension of the force of the State Budget Law regarding the previous year is maintained, the Government and the autonomous services and funds may:

a) Issue funded public debt, under the terms provided for in the respective legislation;

b) Grant loans and undertake other lending operations, up to the limit of one twelfth of the maximum amount authorised in the Budget Law in each month in which it remains in force transitionally;

c) Issue personal guarantees, under the terms provided for in the respective legislation.

- 6 -Revenue and spending operations that are executed under the transitional regime shall be attributed to the accounts regarding the new financial year that began on 1 January.
- 7 -For the purposes of the provisions of the previous paragraph, Executive Laws governing the execution of the State Budget Laws that enter into force late shall lay down the procedures to be adopted in cases in which the latter cease to contain appropriations or there are changes in names of headings that existed in the previous Budget and on whose account expenditures have been incurred during the transitional period.
- 8 -During the transitional period in which the extension of the force of the State Budget Law regarding the previous year is maintained, the Government may, by Executive Law, approve the budgetary execution norms needed to govern the application of the regime established in the present Chapter.

Article 12-I

Public Finance Council

- 1 -An independent organ – the Public Finance Council – is hereby created, with the mission of pronouncing on the proposed objectives regarding the macroeconomic and budget scenarios, the long-term sustainability of the public finances and compliance with the budget balance rule provided for in Article 12-C, the rule governing central administration spending provided for in Article 12-D, and the rules governing the indebtedness of the autonomous regions and local authorities provided for in the respective financing laws.
- 2 -The Council must include leading figures of recognised merit, with experience in the economic and public finance areas.
- 3 -The Council’s composition, competencies, organisation and modus operandi and the statute governing its members shall be defined by Law.

TITLE III
Content and structure of the State Budget

CHAPTER I
Content and structure

Article 13
Formal content and structure

- 1 -With regard to the period to which it refers, the State Budget shall contain the spending appropriations and revenue forecasts of the bodies referred to in Article 2(1), which shall be duly quantified, and estimates of the revenues that will not be collected due to tax benefits.
- 2 -The appropriations, forecasts and estimates referred to in the previous paragraph shall respectively form the budget of the integrated departments and services subsector, hereinafter referred to as the “integrated departments and services budget”, the budget of the autonomous services and funds subsector, including the budgets of the various services and funds, hereinafter referred to as the “autonomous services and funds budget”, and the budget of the solidarity and social security system, hereinafter referred to as the “social security budget”.

Article 14
Harmonisation with Plans

The State Budget shall be developed and implemented in harmony with the Major Options and other Plans drawn up in accordance with and for the purposes provided for in Title II of Part II of the Constitution of the Portuguese Republic, particularly by means of the management by objectives referred to in the following Article.

Article 15

Management by objectives

- 1 - The budgets and accounts of the bodies referred to in Article 2(1) must be the object of a systematisation by objectives, which must be rendered compatible with the objectives provided in the Major Options of the Plan, must consider the definition of the activities that are to be undertaken by each body and the respective cost centres, and must take account of all the resources involved, including capital resources, all with a view to providing the grounds for the decisions on the redirection and control of public spending, with regard to:
- a) Knowledge of the body's mission, objectives and strategy;
 - b) Each area of activity's correct articulation with regard to the objectives;
 - c) The accountability of the agents committed to the management of activities by achieving objectives and good use of the resources allocated to them;
 - d) Identification of redundant activities in the body's value chain and the justified reallocation of the resources consumed in them.
- 2 - The projected budget outturns referred to in paragraph (1) shall comply with the structuring by programmes provided for in the present Law.

Article 16

Obligatory expenditures

- 1 - The following shall obligatorily be included in the State Budget:
- a) The appropriations needed to fulfil the obligations derived from laws and contracts;
 - b) The appropriations intended to pay costs resulting from sentences handed down by any courts;
 - c) Other appropriations required by law.

2 - Appropriations that correspond to obligatory expenditures with an exact amount that are known on the date on which the State Budget Bill is submitted shall be duly set out in detail in the Bill.

Article 16-A

Financing the state

- 1 - In order to respond to the financing needs derived from its execution, the State Budget shall set a maximum for any variation in the state's direct overall net indebtedness, including that of the autonomous services and funds.
- 2 - In addition to the maximum variation in the direct overall net indebtedness referred to in the previous paragraph, the state may finance itself in advance up to a limit of fifty per cent of the repayments of funded public debt that are forecast to be made in the following budgetary year.
- 3 - In cases in which advance financing is taken out in a given budgetary year, the limit on indebtedness in the following year shall be reduced by the amount of the advance financing taken out, but may be increased by up to fifty per cent of the repayments of funded public debt that are to be made in the following budgetary year.

Article 17

Binding external requirements

The budgets that form part of the State Budget shall be prepared, approved and executed in such a way that:

- a) They contain the appropriations needed to incur the obligatory expenditures referred to in the previous Article;
- b) They respect the obligations derived from the Treaty on European Union;
- c) They take account of the major options with regard both to planning matters and the multiannual financial programming prepared by the Government.

SECTION I
Budget by programmes

Article 18
Regime

- 1 - Without prejudice to their specification in accordance with organic, functional and economic classifications, the expenditures included in the budgets that form part of the State Budget shall be structured by programmes, in accordance with the present Law.
- 2 - *(Repealed)*.
- 3 - *(Repealed)*.

Article 19
Budget programmes

- 1 - A budget programme shall include the expenditures that correspond to a set of measures which work in an articulated, complementary way towards the concrete fulfilment of one or various specific objectives regarding one or more public policies; a set of indicators that make it possible to evaluate the economy, efficiency and efficacy of its implementation shall necessarily form an integral part of the programme.
- 2 - The evaluation of the economy, efficiency and efficacy of programmes that resort to public and private sector partnerships shall take as its basis an alternative programme designed to achieve the same objectives without any financing or operational management on the part of private entities, and whenever possible must always include an estimate of their net budgetary effect.
- 3 - The Government shall define groups of programmes in accordance with the respective areas of action.

- 4 - A budget programme may be executed by one or more entities belonging:
- a) To the same title;
 - b) To the same or different subsectors of the central administration.
- 5 - Each budget programme shall be divided into measures, but there may be programmes with a single measure.
- 6 - Budget programmes with Community funding must identify the Community programmes with which they are associated.

Article 20

Measures

- 1 - A measure shall comprise the expenditures of a budget programme that corresponds to clearly specified and characterised projects or activities, which are articulated with and complement one another and work towards the concrete achievement of the objectives of the programme of which they form a part.
- 2 - A measure may be executed by one or more entities belonging to the same or different subsectors of the central administration.
- 3 - Each measure shall be divided into projects or activities, but there may be measures with a single project or activity.
- 4 - A project or activity shall correspond to basic units in the measure's implementation, with a rigorously defined budget and schedule.
- 5 - Measures, projects and activities may be created during the course of the execution of the State Budget.
- 6 - The amendments derived from the creation of measures in accordance with the previous paragraph must be expressly set out in the budget outturn report that is to be published monthly.

Article 21
Complementary legislation

The rules regarding the way and form in which the programmes and measures that are to be included in the State Budget are defined and their structures, their specification in the projected budget outturns and the respective execution shall all be laid down by Executive Law.

SECTION II
Zero-based budgeting

Article 21-A
Zero-based budgeting process

1 - Without prejudice to the principles and budgetary rules set out in the present Law governing the Budgetary Framework, the organisation and preparation of the State Budget shall include the following procedures:

- a) The systematisation of objectives referred to in Article 15(1) requires that each of the bodies referred to in Article 2(1) provide a detailed justification of all the spending appropriations it wishes to include in the budget, based on a cost analysis of the structural costs and of the costs of each of the activities the body wishes to undertake;
- b) The obligatory indication of alternative ways of implementing each of the activities that are to be undertaken;
- c) An analysis of both the spending proposals and the alternatives that are submitted, in accordance with the way in which they fit within the framework of the programmed activities;
- d) The evaluation of and decision on the proposals and alternatives that are submitted.

- 2 -The rules provided for in the previous paragraph must preferably be applied in the organisation and preparation of the second or third State Budget after a new legislature begins.
- 3 -The Government has the competence to define, upon a proposal by the Minister of Finance, which bodies and programmes are to be included in the zero-based budgeting process, with priority given to budget programmes that are in a budget deficit position.

Article 21-B

Analysis and evaluation of zero-based budgeting

- 1 -The proposals and alternatives that are submitted by the bodies, departments and services that are integrated into ministries shall be analysed under the aegis of the respective Office for Planning, Strategy, Evaluations and International Relations or by the Directorate-General of the Budget.
- 2 -The proposals and alternatives that are submitted by other bodies, departments and services shall be analysed by the Office for Planning, Strategy, Evaluations and International Relations of the Ministry of Finance and Public Administration or by the Directorate-General of the Budget.
- 3 -The analysis of proposals and alternatives shall encompass powers to correct budgeting shortcomings or excesses, based on the criterion of making the means fit the defined purposes.
- 4 -The Minister of Finance has the competence, with the power to delegate, to conduct the final analysis of the proposals and alternatives submitted by the bodies referred to in the previous paragraphs.

Article 21-C

Application of zero-based budgeting to state-owned enterprises

- 1 - Within the scope of the powers regarding the exercise of the shareholder function in state-owned enterprises that are provided for in Article 11 of Executive Law no. 558/99 of 17 December 1999, as amended by Executive Law no. 300/2007 of 23 August 2007 and by Laws nos. 64-A/2008 of 31 December 2008 and 55-A/2010 of 31 December 2010, the Government shall include in the strategic guidelines the need for state-owned enterprises to comply with the zero-based budgeting process when they prepare their budgets, which enterprises shall be targeted at contributing to the economic and financial balance of the public sector as a whole and obtaining adequate levels of satisfaction of the needs of the collectivity.
- 2 - The Minister of Finance and the minister with responsibility for the respective sector have the competence, with the power to delegate, to verify compliance with the guidelines provided for in the previous paragraph, and may issue directives regarding their application.

Article 21-D

Adoption of zero-based budgeting by public institutes and state-owned entrepreneurial entities

- 1 - Within the scope of those powers of oversight and superintendence of public institutes that are listed in Articles 41 and 42 of Law no. 3/2004 15 January 2004, with the text given to it by Law no. 64-A/2008 of 31 December 2008, and of the powers of economic and financial oversight of state-owned entrepreneurial entities that are listed in Article 29 of Executive Law no. 558/99 of 17 December 1999, as amended by Executive Law no. 300/2007 of 23 August 2007 and by Laws nos. 64-A/2008 of 31 December 2008 and 55-A/2010 of 31 December 2010, the Government shall approve:

- a) The strategic guidelines and the directives needed for public institutes and state-owned entrepreneurial entities to comply with zero-based budgeting when they prepare their budgets;
 - b) The criteria that are to be complied with in the oversight process of approving the budgets of public institutes, in order to evaluate whether those budgets are in conformity with the guidelines referred to in the previous paragraph.
- 2 - The Minister of Finance and the minister with responsibility for the respective sector have the competence, with the power to delegate, to verify compliance with the guidelines provided for in the previous paragraph.

Article 21-E

Budgetary framework for zero-based budgeting

In addition to the items of information referred to in Article 37 of the present Law governing the Budgetary Framework, in the years in which zero-based budgeting is applied the Government must include in the State Budget Bill the relevant information related to the presentation of each programme that is subject to this budgetary rule.

SECTION III

Integrated departments and services budget

Article 22

Specification

- 1 - Specification in accordance with the organic classification of the expenditures included in the integrated departments and services budget shall be subject to the general criteria provided for in the following paragraphs.

- 2 -The organic classification shall group expenditures into titles divided into chapters, and the latter may be divided into one or more than one levels of disaggregation, as proves necessary to an adequate specification of the expenditures.
- 3 -Without prejudice to the provisions of the following paragraph, each title shall correspond to a ministry, encompassing the offices of secretaries of state, departments and services integrated therein under the terms of the respective Organic Law.
- 4 -The general state costs that correspond to the following expenditures shall be included in a title of their own:
 - a) Those of the entities that exercise sovereignty which do not possess administrative and financial autonomy, together with those of their departments and services and other dependent bodies;
 - b) Those of the remaining departments, services and other bodies which do not possess administrative and financial autonomy and are not integrated into ministries;
 - c) Those regarding transfers to the budgets of the entities that exercise sovereignty and other bodies which are not integrated into ministries and which do possess administrative and financial autonomy;
 - d) Those regarding transfers to the budgets of autonomous regions;
 - e) Those regarding transfers to local authorities.
- 5 -All the expenditures that serve a same purpose, and particularly the expenditures of a directorate-general, inspectorate-general or equivalent department or service, including the expenditures of all their subordinate departments and services, shall be grouped into each chapter.
- 6 -The expenditures of two or more directorates-general, inspectorates-general or equivalent departments or services may be grouped into the same chapter, on condition that the departments and services in question undertake related activities.
- 7 -In exceptional cases that are duly justified in the complementary items contained in the State Budget Bill, special chapters may be included in the organic classification.

Article 23

Primary balance of integrated departments and services

- 1 - Integrated departments and services must present a positive primary balance, save if the conjuncture of the period to which the budget refers justifiably does not permit it.
- 2 - The reports contained in the State Budget Bill and in the General State Account shall set out the justification referred to in the final part of the previous paragraph.
- 3 - *(Repealed)*.

SECTION IV

Autonomous services and funds budget

Article 24

Specification

- 1 - In the budget of the autonomous services and funds subsector, including that of each of this type of service and fund, revenue and expenditures shall be specified as follows:
 - a) The subsector's overall revenues shall be specified in accordance with the organic and economic classifications;
 - b) The subsector's overall expenditures shall be specified in accordance with the organic, economic and functional classifications;
 - c) The revenues the subsector will not collect due to tax benefits shall be specified in accordance with the economic classification of the revenues;
 - d) The revenues of each autonomous service and fund shall be specified in accordance with the economic classification;
 - e) The expenditures of each autonomous service and fund shall be specified in accordance with the economic and functional classifications.
- 2 - In the budget of the autonomous services and funds subsector, including that of each

of this type of service and fund, the respective expenditures shall also be structured by programmes in accordance with the provisions of Articles 18 to 21.

Article 25

Balance

- 1 -The budget of each autonomous service or fund shall be prepared, approved and executed in such a way as to present either a zero or a positive overall balance.
- 2 -Neither revenues from financial assets or liabilities, nor the previous management balance, nor expenditures regarding financial assets or liabilities shall be considered for the purposes of calculating the balance referred to in the previous paragraph.
- 3 -In cases in which, during the year to which the budgets referred to in paragraph (1) refer, the budgetary execution of the public administrative sector institutions as a whole permits it, the Government, acting in the person of the Minister of Finance and in exceptional situations, may dispense with application of the balance rule laid down in that paragraph.
- 4 -In cases in which application of the balance rule is dispensed with in accordance with the previous paragraph, the Government:
 - a) Shall approve those of the corresponding budget amendments that fall within its area of competence;
 - b) Shall propose to the Assembly of the Republic those of the corresponding budget amendments that fall within the latter organ's area of competence.

Article 26

Resort to credit

- 1 -Autonomous services and funds are prohibited from resorting to credit.

- 2 -The taking out of loans that give rise to the following is excepted from the provisions of the previous paragraph:
- a) Floating debt, under the terms of the provisions of Article 3(a) of Law no. 7/98 of 3 February 1998;
 - b) Funded debt, under the terms of the provisions of Article 3(b) of Law no. 7/98 of 3 February 1998, on condition that the situation provided for in paragraphs (3) and (4)(b) of the previous Article exists and that the corresponding net indebtedness is authorised by the Assembly of the Republic.
- 3 -Only those autonomous services and funds whose organic laws permit them to dispose of such revenues may take out the loans referred to in subparagraph (b) of the previous paragraph.
- 4 -In the cases provided for in paragraphs (2) and (3) the autonomous services and funds shall resort in first place to funding from the Treasury.

SECTION V

Social security budget

Article 27

Specification

- 1 -In the social security budget the revenues and expenditures shall be specified as follows:
- a) The system's overall revenues shall be specified in accordance with the respective economic classification;
 - b) The system's overall expenditures shall be specified in accordance with the economic and functional classification;
 - c) Each subsystem's revenues shall be specified in accordance with the respective economic classification;

d) Each subsystem's expenditures shall be specified in accordance with the respective economic and functional classification.

2 - The social security budget may be structured by programmes.

3 - The expenditures in the social security budget shall be structured by organic classification to be defined by Executive Law.

Article 28

Balance

1 - The effective revenues in the social security budget must be at least equal to the effective expenditures in the same budget.

2 - The welfare subsystem's annual balances shall revert in favour of the Social Security Financial Stabilisation Fund, in accordance with the Basic Law governing the Social Security System.

3 - Neither revenues from financial assets or liabilities, nor the previous management balance, nor expenditures regarding financial assets or liabilities shall be considered for the purposes of the provisions of paragraph (1).

Article 29

Resort to credit

Only the Social Security Financial Management Institute is permitted to resort to credit within the ambit of the social security system, and only on condition that this does not give rise to funded debt.

CHAPTER II
State Budget Law

Article 30
Formal content and structure

The State Budget Law shall contain the text and the budget charts.

Article 31
Text

1 - The text of the State Budget Law shall particularly include:

- a) Approval of the budget charts;
- b) The norms needed to orient budgetary execution;
- c) An indication of what is to be done with funds that result from any surpluses in the budgets of the integrated departments and services and the autonomous services and funds;
- d) Where applicable, an indication of the funds which are included in the budget and which, in order to ensure that budgetary policy objectives are achieved, are to remain captive until the Government authorises their use in full or in part, in those cases in which the evolution of the budgetary execution permits it;
- e) The decision as to the maximum amount of the increase in net indebtedness and the other general terms and conditions to which the issue of funded public debt during the financial year by the state, acting via the Government, and by autonomous services and funds, must be subject;
- f) The decision as to the amounts that are supplementary to the increase in authorised net indebtedness, in cases in which it is forecast that there will be resort to credit in order to fund expenditures regarding the operations referred to in subparagraph (d) above or the conjunctural action programmes;

- g) The decision as to the general terms and conditions to which the public-debt management operations provided for by law must be subject;
- h) The decision as to the maximum limit on personal guarantees issued by the state, acting via the Government, and by autonomous services and funds, during the financial year;
- i) The decision as to the maximum limit on those loans to be granted and other lending operations whose repayment term falls after the end of the financial year that are to be made by the state, acting via the Government, and by autonomous services and funds;
- j) The decision as to the maximum limit on early payments that are to be made, in accordance with the applicable legislation;
- l) The decision as to the maximum limit on any commitments to be undertaken with regard to service contracts subject to a private financing regime or any other form of partnership between the public and private sectors;
- m) The decision as to the maximum limits on the indebtedness of autonomous regions, in accordance with the respective financing law;
- n) Any updating of the amounts below which acts, contracts and other instruments that generate expenditure or represent direct or indirect financial liabilities are exempt from prior review by the Court of Auditors;
- o) The maximum overall amount of the financial authorisation granted to the Government in order to pay for costs of payments that are to be made with regard to public investment contracts within the ambit of the Military Programming Law, in the form of leasing;
- p) The other measures that prove indispensable to the correct financial management of the integrated departments and services, the autonomous services and funds and the social security system in the financial year to which the Budget Law refers.

2 - The provisions set out in the text of the State Budget Law must be limited to that which is strictly necessary in order to execute the budgetary and financial policy.

Article 32
Budget charts

The charts referred to in paragraph (1)(a) of the previous Article are as follows:

Chart I, “Revenues of integrated departments and services, by economic classification”;

Chart II, “Expenditures of integrated departments and services, by organic classification, specified by chapters”;

Chart III, “Expenditures of integrated departments and services, by functional classification”;

Chart IV, “Expenditures of integrated departments and services, by economic classification”;

Chart V, “Revenues of autonomous services and funds, by organic classification, with specification of overall revenues of each service and fund”;

Chart VI, “Revenues of autonomous services and funds, by economic classification”;

Chart VII, “Expenditures of autonomous services and funds, by organic classification, specifying the overall expenditures of each service and fund”;

Chart VIII, “Expenditures of autonomous services and funds, by functional classification”;

Chart IX, «“Expenditures of autonomous services and funds, by economic classification”;

Chart X, “Social security revenues, by economic classification”;

Chart XI, “Social security expenditures, by functional classification”;

Chart XII, “Social security expenditures, by economic classification”;

Chart XIII, “Revenues of each subsystem, by economic classification”;

Chart XIV, “Expenditures of each subsystem, by economic classification”;

Chart XV, “Expenditures corresponding to programmes”;

Chart XVI, “Regionalised breakdown of programmes and measures whose submission is obligatory but not subject to voting”;

Chart XVII, “Multiannual contractual liabilities of integrated departments and services and autonomous services and funds, grouped by ministries”;

Chart XVIII, “Transfers to autonomous regions”;

Chart XIX, “Transfers to municipalities”;

Chart XX, “Transfers to parishes”;

Chart XXI, “Tax revenues of integrated departments and services, autonomous services and funds and the social security system that will not be collected”.

Article 33

Types of budget chart

(Repealed)

Article 34

Bill

- 1 - The State Budget Bill shall have a structure and formal content identical to those of the Budget Law.
- 2 - The State Budget Bill shall be accompanied by the projected budget outturns, the respective report and the items of information provided for in the present Section, as well as by all the other items needed to justify the decisions and budgetary and financial policies set out in the Bill.
- 3 - The items of information referred to in the previous paragraph may be set out in the form of autonomous annexes or of items that are incorporated into the report and which accompany the Bill.

Article 35

Projected budget outturns

- 1 - The projected budget outturns that accompany the State Budget Bill shall comprise:
 - a) The projected outturn of the revenues and expenditures of the integrated departments and services;
 - b) The budgets of the autonomous services and funds;
 - c) The social security budget.
- 2 - The projected outturn of the integrated departments and services' revenues shall include a table of observations that in particular set out the main characteristics of each revenue heading and the respective bases in the law.
- 3 - The projected outturns of the integrated departments and services' expenditures shall be organised by ministry and shall set out the expenditures of each of the respective departments and services, specified to the maximum levels of disaggregation, in accordance with the economic and functional classifications.
- 4 - The budget of each autonomous service and fund shall set out the respective revenues and expenditures, specified to the maximum levels of disaggregation, in accordance with the economic and functional classifications.
- 5 - The projected budget outturns of the integrated departments and services, the budget of each autonomous service and fund and the social security budget shall set out the expenditures regarding the programmes and measures for which the respective managing body is responsible.

Article 36

Content of the report

- 1 - The State Budget Bill report shall contain a presentation and justification of the proposed budgetary policy.
- 2 - The report referred to in the previous paragraph shall include an analysis of the main items regarding the following aspects:
 - a) The variation in and projections for the main macroeconomic aggregates with

- an influence on the State Budget;
- b) The variation in the financial position of the public administrative sector and in particular of the state, including integrated departments and services, autonomous services and funds and the solidarity and social security system;
 - c) The general lines of the budgetary policy;
 - d) The ways in which the proposed budgetary policy is appropriate to the obligations derived from the Treaty on European Union and the Economic and Monetary Union;
 - e) The budgetary impact of the decisions regarding public policies;
 - f) Measures for rationalising the management of public funds and other assets;
 - g) Other matters relevant to the presentation and justification of the main proposed decisions and budgetary policies.
- 3 -The report attached to the State Budget Bill shall contain a chart comparing the macroeconomic and budgetary forecasts used and the forecasts made by other bodies, particularly the European Commission, and any significant differences determined thereby must be explained in a duly justified manner.
- 4 -The macroeconomic and budgetary forecasts set out in the report attached to the State Budget Bill must address the trajectory of the main budgetary variables, based on different growth and interest rate assumptions.
- 5 -The variables used in the macroeconomic and budgetary forecasts set out in the report must bear in mind both the results of previous performances in terms of forecasting, and the pertinent risk scenarios.

Article 37

Items of information

- 1 -The State Budget Bill shall be accompanied by at least the following items of information:
- a) Medium and long-term financial indicators;
 - b) Multiannual financial programming;

- c) A descriptive memorandum setting out the reasons that justify resorting to public-private sector partnerships, compared to an alternative programme drawn up in accordance with Article 19(2);
- d) Individualised information on annual and multiannual expenditures regarding public-private partnerships;
- e) An estimate of the public administrative sector's consolidated budget, from the public accounting and national accounting standpoints;
- f) A descriptive memorandum setting out the reasons that justify the differences between the figures calculated from the public accounting and national accounting standpoints;
- g) A consolidated budget for the integrated departments and services and autonomous services and funds, and a consolidated State Budget, including the social security budget;
- h) The position regarding the overall indebtedness of the set of public administrations and state-owned enterprises, enterprises with public capital, public-private partnerships, regional enterprises and municipal enterprises;
- i) The position regarding the public debt, treasury operations and the Treasury accounts;
- j) The financial and asset-related position of the integrated departments and services subsector;
- l) The financial and asset-related position of the autonomous services and funds subsector;
- m) The financial and asset-related position of the solidarity and social security system;
- n) Financial transfers between Portugal and elsewhere that have an effect on the Budget Bill;
- o) Budget transfers to the autonomous regions;
- p) Budget transfers to municipalities and parishes;
- q) Budget transfers to the state-owned enterprises and other institutions that are not integrated into the public administrative sector;

- r) Items of information on the budget programmes;
 - s) A justification of the fiscal revenue forecasts, with a breakdown of the situation of the main taxes;
 - t) Tax benefits, estimates of revenues that will not be collected, and their economic and social justification;
 - u) Expenditures cross-referenced by the various different budget classifications;
 - v) An indication of measures intended to cover the revenue that will not be collected as a result of the creation or broadening of any fiscal benefits.
- 2 -The presentation of the items of information on the asset-related position of the autonomous services and funds shall be dependent on the application of the Official Public Accounting Plan (POCP) to each one.

Article 38

Time limits for submission

(Repealed)

Article 39

Discussion and voting

(Repealed)

Article 40

Publication of the full content of the Budget

(Repealed)

Article 41

Extension of the force of the Budget Law

(Repealed)

TITLE III-A
Budgetary execution

CHAPTER I
Budgetary execution

Article 42
Principles

- 1 -Operations to execute revenue and spending budgets shall comply with the principle of the segregation of the functions of issuing the demand for payment and the collection of that payment with regard to the former, and of authorising the expenditure, authorising payment, and making that payment with regard to the latter.
- 2 -The segregation of functions referred to in the previous paragraph may be between different departments and services, or between different agents of the same department or service.
- 3 -No revenue may be the object of a demand for payment or collection, even if it is legal, unless both the following requirements are fulfilled:
 - a) It must have been correctly included in a budget;
 - b) It must be appropriately classified.
- 4 -However, demands for payment and collection may both occur over and above the amounts provided for in the respective budgetary provision.
- 5 -The appropriations contained in the spending budget shall constitute the maximum limit to be used when expenditures are incurred.
- 6 -No expenditure may be authorised or paid for unless all the following are fulfilled:
 - a) The fact that generates the spending obligation must respect the applicable legal norms;
 - b) The expenditure in question must be included in a budget, be covered within

the corresponding appropriation, be appropriately classified, and comply with the principle of budgetary execution by twelfths save, with regard to the latter matter, the exceptions provided for by law;

c) The expenditure in question must comply with the principle of economy, efficiency and efficacy.

7 - Save any legal provision to the contrary, the coverage referred to in subparagraph (b) of the previous paragraph shall be gauged with reference to the headings of the most disaggregated level of the economic classification and, if applicable, shall respect the requirement for coverage within the appropriation for the programme, project or activity in question.

8 - The principles of economy, efficiency and efficacy referred to in paragraph (6)(c) must particularly be respected with regard to expenditures which, due to the large amount involved, their continuity over time once begun, or any other reason, involve a significant disbursement of public funds.

9 - Besides the applicable requisites, the incurrence of any expenditure to which a given revenue is consigned shall also be subject to collection of that revenue in the same amount.

Article 43

Competence

1 - The Government shall, by Executive Law, define the budgetary execution operations with regard to which competence pertains to the members of the Government and the heads of the departments or services under their direction or oversight.

2 - Each year the Government shall, by Executive Law, lay down the provisions needed to execute the State Budget Law, including the social security budget for the year in question, without prejudice to immediate application of those of that Law's norms which are executable in their own right.

3 - For the purposes of the provisions of the previous paragraph, the Government must approve the norms governing execution of the State Budget, including those

regarding the integrated departments and services budget, the budgets of the autonomous services and funds and the social security budget, in a single Executive Law.

4 -The provisions of the previous paragraph shall not preclude the approval of other Executive Laws governing budgetary execution during the financial year, whenever this is justified.

5 -The Executive Law regarding execution of the integrated departments and services budget, the autonomous services and funds budget and the social security budget shall contain:

- a) An indication of the budget appropriations with regard to which the twelfths regime will not be applicable;
- b) An indication of the budget appropriations that are to be captive and the terms and conditions to which their total or partial use is subject;
- c) An indication of the expenditures or payments whose authorisation is dependent on intervention by the central departments or services charged with the overall coordination and control of the execution of the integrated departments and services budget, the budgets of the autonomous services and funds and the social security budget;
- d) The time limits for authorising expenditures;
- e) The other norms needed to execute the State Budget and each of the budgets encompassed by it.

6 -The Executive Law referred to in paragraphs (2) and (5) shall be published by the end of the month following that in which the State Budget Law enters into force.

Article 44

Budgetary execution regimes

1 -Execution of the spending budget shall be subject to the following regimes:

- a) The administrative autonomy regime, for the part regarding the integrated departments and services budget;

- b) The administrative and financial autonomy regime, for the part regarding the budgets of the autonomous services and funds;
 - c) The special regime governing execution of the social security budget.
- 2 -The provisions of the present Chapter are applicable to all the budgetary execution regimes referred to in the previous paragraph.
- 3 -The Basic Law governing Public Accounting shall lay down the bases of the budgetary execution regimes, in accordance with the provisions of the present Law.

Article 45

Making commitments

- 1 -Spending commitments may only be made after the competent accounts sections have included prior information on the availability of funds in the document authorising the expenditure in question.
- 2 -Commitments that give rise to multiannual expenditures may only be made following prior authorisation by joint Ministerial Order issued by the Minister of Finance and the minister with responsibility for the expenditure, save if the commitments instead:
- a) Are in regard to programmes, measures, projects or activities that are included in State Budget Law Chart XV and are consistent with the multiannual budgetary programming framework referred to in Article 12-D;
 - b) The respective amounts do not, in any of the following financial years, exceed the limits and time limits laid down for this purpose in the Law.
- 3 -The first year in which expenditures regarding multiannual commitments are executed must correspond to that in which the commitment in question is made, with the exceptions provided for by law.

Article 46

Execution of the integrated departments and services budget

- 1 -The integrated departments and services budget shall be executed:

- a) With regard to the part regarding revenues, by the departments and services that issue the demand to pay them and make every effort to ensure their collection, as well as by the Treasury's collection network;
 - b) With regard to the part regarding expenditures, by the members of the Government and heads of departments and services, as well as by the Treasury's payment system.
- 2 - The law shall define the budgetary execution operations, particularly the expenditure authorisations for which members of the Government are responsible, in accordance with their characteristics or amounts.
- 3 - Within the ambit of the current management of integrated departments and services, the respective department or service heads and accounts section managers shall be responsible for budgetary execution operations, and the department or service heads shall especially be responsible for making acts authorising expenditure or payment.

Article 47

Execution of the autonomous services and funds budget

- 1 - Execution of the budgets of autonomous services and funds shall be the responsibility of the respective heads, without prejudice to expenditure authorisations which the law requires to be granted by members of the Government.
- 2 - The incurrence of expenditures regarding the acquisition of goods or services or the undertaking of works projects by autonomous services and funds shall be subject to the regime governing public contracting, save exceptions provided for in Community norms and by law.
- 3 - Autonomous services and funds shall prioritise use of those of their own revenues which the law does not consign to specific purposes, in order to cover the respective expenditures.
- 4 - Only in cases in which the own revenues referred to in the previous paragraph prove insufficient shall autonomous funds and services cover the respective expenditures by means of transfers they receive from the integrated departments and services

budget or from the budgets of other autonomous services or funds.

Article 48

Execution of the social security budget

- 1 -The Social Security Financial Management Institute shall be responsible for the overall management of the execution of the social security budget, in compliance with the provisions of the present Law and the norms that are specifically applicable within the ambit of the System.
- 2 -The Social Security Financial Management Institute may only undertake financing operations by authorisation of the Government, to be granted by joint order of the Ministers of Finance and Labour and Solidarity.
- 3 -Social-security budget account balances shall be used by authorisation of the Government, to be granted by joint order of the Ministers of Finance and Labour and Solidarity.
- 4 -Collections of revenues and payments of expenditures by the social security system shall be undertaken by the Social Security Financial Management Institute, which shall assume the competences of sole treasury of the social security system, in articulation with the State Treasury.
- 5 -Execution of the budget of the social security system shall be based on the respective treasury plans prepared by the Social Security Financial Management Institute.
- 6 -Funds shall enter and exit the social security system via the Social Security Financial Management Institute, either directly or by the intermediation of entities with which it works and where its treasury surpluses and available funds are kept.

CHAPTER II
Budget amendments

SECTION I
General provisions

Article 49
General regime

- 1 - Amendments to the State Budget shall comply with the provisions of the present Chapter.
- 2 - Without prejudice to the provisions of the previous paragraph, the text of the State Budget Law may lay down complementary rules to which the budget amendments in question shall be subject.

Article 50
Budget Amendment Laws

- 1 - The structure and content of Budget Amendment Laws shall comply with the provisions of Chapter II of Title III, whose norms shall be applicable mutatis mutandis.
- 2 - The Government may, by Executive Law, define the rules it deems necessary to the application of the provisions of the previous paragraph.
- 3 - Budget Amendment Laws enter into force on the date of their publication, save if they themselves contain any provision to the contrary.

Article 50-A
Budget amendments for which competence pertains to the Assembly of the Republic

The Assembly of the Republic has the competence to make budget amendments that:

- a) Consist of the inclusion of new programmes;
- b) Consist of an increase in the total amount of the expenditures of any programme that were approved in Budget Law Chart XV;
- c) Consist of transfers of funds between programmes;
- d) Consist of an amendment to the revenue budgets of the integrated departments and services, the autonomous services or funds and the social security system, brought about by amendments to the respective spending budgets, competence for which pertains to the Assembly of the Republic;
- e) Involve an increase in the respective limits on net indebtedness set in the State Budget Law;
- f) Consist of an increase in the total amount of the expenditures in the social security budget, with the exception of those regarding benefits that constitute rights of beneficiaries of the social security system;
- g) Involve transfers of funds within the social security budget between different major functions or functions in compliance with the selective adaptation of the funding sources included in the Basic Law on the Social Security System.

Article 51

Budget amendments for which competence pertains to the Government

- 1 - Within the ambit of the execution of budget programmes, the Government has the competence to make the budget amendments not referred to in the previous Article.
- 2 - The Government has the competence to make budget amendments that consist of an increase in the total amount of the expenditures of any programme that were approved in Budget Law Chart XV, when they result:
 - a) From management balances or appropriations from previous years whose use is permitted by law;
 - b) From provisional appropriations;
 - c) From increases in effective own or consigned revenues that are accounted for

as public revenue for the year in question;

- d) From increases in revenues from transfers from budgets of autonomous funds and services or from the social security budget, except for transfers of annual balances and revenues from the social security welfare system.

3 - Amendments made in accordance with the previous paragraph must appear in the programme execution report referred to in Article 72-A.

4 - *(Repealed)*.

Article 52

Publication of budget amendments

In cases in which their publicising is not ensured by the obligatory nature of the publication in *Diário da República* of the acts that approve them, budget amendments and State Budget Charts that are modified due to amendments made to them during the quarter in question shall be disclosed on the website of the entity charged with supervising budgetary execution:

- a) By the end of the month following each quarter, in the case of the first three quarters of the financial year;
- b) By the end of the month of February, in the case of the fourth quarter.

Article 53

Revenue budget amendments

(Repealed)

Article 54

Budget by programmes

(Repealed)

Article 55

Integrated departments and services budget

(Repealed)

Article 56

Autonomous services and funds budget

(Repealed)

Article 57

Social security budget

(Repealed)

CHAPTER III

Budgetary control and financial responsibility

Article 58

Budgetary control

- 1 -Execution of the Budget shall be subject to control in accordance with the present Law and the other applicable legislation, with the object of verifying that public revenues and expenditures comply with the law and the financial regulations, as well as of considering whether the funds and other public assets and the public debt have been managed well.
- 2 -The execution of the State Budget shall be the object of administrative, jurisdictional and political control.
- 3 -Budgetary control shall take place before, concomitantly with and after budgetary

execution operations are implemented.

- 4 - Competence for administrative control shall pertain to the department, service or institution with responsibility for the respective execution, to the respective budget and public accounting departments or services, to the entities with hierarchical seniority, superintendence or oversight, and to the general departments and services that inspect and control the Public Administration.
- 5 - The departments, services or institutions with responsibility for budgetary execution and the respective budget and public accounting departments or services shall draw up and organise systems and procedures for the internal control of Budget execution operations and keep them functioning, which systems and procedures may involve resorting to the services of audit firms in cases in which it is justified to do so.
- 6 - The Court of Auditors has the competence to conduct the jurisdictional control of the State Budget, which control shall be undertaken in accordance with the respective legislation.
- 7 - The jurisdictional control of Budgetary execution acts and ensuring the effective implementation of the non-financial liabilities that emerge from those acts also pertain to the other courts, particularly the administrative and fiscal courts and the courts of law, within the scope of the respective areas of competence.
- 8 - The execution of the social security budget is subject to the budgetary control provided for with regard to the State Budget, of which it shall form an integral part.

Article 59

Political control

- 1 - The Assembly of the Republic shall exercise the political control of the execution of the State Budget and shall ensure the effective implementation of the corresponding political responsibilities, in accordance with the provisions of the Constitution, the Rules of Procedure of the Assembly of the Republic, the present Law and the other applicable legislation.
- 2 - In the exercise of its State Budget execution control functions the Assembly of the

Republic particularly has the competence to receive and consider the State Account and put it to the vote, and scrutinise budgetary execution, in accordance with the provisions of the present Law.

3 - The Government shall, in a timely manner, send the Assembly of the Republic all the items of information needed to equip it to scrutinise and control the execution of the State Budget in an effective way, particularly reports on:

- a) Execution of the State Budget, including the social security budget;
- b) Use of the provisional appropriation;
- c) Execution of the consolidated budget of the institutions in the public administrative sector;
- d) Budget amendments approved by the Government;
- e) Public debt management operations, resort to public credit and specific terms and conditions applicable to public loans entered into in accordance with the provisions of the State Budget Law and legislation regarding the issue and management of public debt;
- f) Loans granted and other lending operations undertaken in accordance with the provisions of the State Budget Law;
- g) Personal guarantees granted by the state in accordance with the provisions of the State Budget Law and the applicable legislation, including a list of the names of the beneficiaries of the sureties and bonds granted by the state, with individual details of the respective amounts, and of the current overall amount;
- h) Financial flows between Portugal and the European Union.

4 - The Government shall send the items of information referred to in subparagraphs (a) and (b) of the previous paragraph to the Assembly of the Republic monthly, and the rest quarterly; in any case they shall be sent within the sixty days following the period to which they refer.

5 - The Court of Auditors shall send the Assembly of the Republic the final reports regarding the exercise of its budgetary control competences.

6 - The Assembly of the Republic may, in accordance with the provisions of the

Constitution and the Rules of Procedure of the Assembly of the Republic, ask the Government to provide any supplementary information on the execution of the State Budget, over and above that provided for in paragraph (1), and this information must be provided within a time limit of no more than sixty days.

7 - The Assembly of the Republic may ask the Court of Auditors for:

- a) Information related to the respective financial control functions, to be provided in particular by means of the presence of the President of the Court of Auditors or rapporteurs at committee sessions, particularly those of committees of inquiry, or by means of technical assistance from the staff of the Court's support services;
- b) Interim reports on the control of the execution of the State Budget over the course of the year;
- c) Any clarifications needed in order to consider the State Budget and the opinion on the General State Account.

8 - Whenever justified, the Court of Auditors may communicate the information it has obtained in the exercise of its budgetary control competences to the Assembly of the Republic.

Article 60

Orientation of budgetary policy

(Repealed)

Article 61

Consideration of the revision of the Stability and Growth Programme

(Repealed)

Article 62

Control of public spending

- 1 -The expenditures of the bodies referred to in Article 2(1) must be subjected to external audit at least every eight years, to encompass the evaluation of the body's mission and objectives, together with the economy, efficiency and efficacy of the corresponding expenditure.
- 2 -The system and procedures for the internal control of the Budget execution operations referred to in Article 58(5) must be subjected to audit within the framework of the operation of the Internal Control System (SCI), in the light of the respective principles of coordination and bearing in mind the auditing principle established internationally.
- 3 -The Government shall inform the Assembly of the Republic of the auditing programmes that it promotes on its own initiative during the current year, for the purposes of fulfilment of the provisions of paragraphs (1) and (2), which information shall be accompanied by the respective terms of reference.
- 4 -In addition to the provisions of the previous paragraph, the Assembly of the Republic shall order in each year two supplementary audits for the purposes provided for in paragraph (1) and shall ask the Court of Auditors for an audit of two bodies in the Internal Control System (SCI) for the purposes of the provisions of paragraph (2).
- 5 -The results of the audits referred to in paragraphs (3) and (4) must be sent to the Assembly of the Republic within a time limit of one year, which may be extended up to eighteen months for duly justified reasons.
- 6 -The Government shall respond within sixty days to Assembly of the Republic recommendations with regard to the audits referred to in paragraphs (4) and (5).

Article 63

Internal control systems and procedures

The Government shall send the Assembly of the Republic, together with the report on the General State Account, an information note on the results of the operation of the system and procedures for the internal control of the Budget execution operations

referred to in Article 58(5), specifying the respective financial impact.

Article 64

Management by objectives

- 1 -The budgets and accounts of the bodies referred to in Article 2(1) must be the object of a complementary systematisation by objectives, considering the definition of the activities to be undertaken by each body and the respective cost centres and taking account of the whole of the resources involved, including capital resources, with a view to basing decisions on the reorientation and control of public spending:
 - a) On the knowledge of the body's mission, objectives and strategy;
 - b) On the correct articulation of each area of activity in relation to the objectives;
 - c) On the accountability of the agents committed to managing activities by achieving objectives and good use of the resources allocated to them;
 - d) On the identification of redundant activities in the body's value chain and any justified reallocation of the resources consumed therein.
- 2 -The projected outturns by objective must be introduced in a phased way, accompanying the State Budget Bill and the General State Account on an informative basis, for as long as the law does not provide for another way.
- 3 -The preparatory work and the progresses made in the application of the systematisation by objectives must be especially mentioned at the moment when the multiannual budgetary programming framework referred to in Article 12-D is submitted.

Article 65

Cooperation between control instances

Without prejudice to the respective competences laid down in the Constitution and the law, the organs, bodies, departments and services charged with the internal and external control of the execution of the State Budget shall cooperate with one another, with a

view to performing their functions better.

Article 66

Cross-checking

- 1 - The control instances referred to in Article 58 shall possess control powers over any public or private entities, in cases in which those entities benefit from subventions or other forms of financial assistance granted via the State Budget, or those powers prove indispensable to the indirect cross-checking of budgetary execution.
- 2 - Cross-checking shall be undertaken only in cases in which it proves indispensable and to the extent that is strictly necessary to the control of budgetary execution and the verification of the legality, regulatory compliance and economic correctness of the application of public funds and other public assets.

Article 67

Information to be provided by autonomous services and funds

- 1 - With the objective of making consolidated information about the whole of the public administrative sector possible, autonomous services and funds must send the following items to the Ministry of Finance, under terms and with a periodicity to be defined in the Executive Law governing budgetary execution:
 - a) Complete information on the balances of deposits or other financial investments and the respective remunerations;
 - b) Complete information on financing operations, particularly loans and repayments that have been made, and those forecast to be made by the end of each year;
 - c) Accounts with regard to their budgetary execution, to include commitments made, amounts processed and amounts paid, together with an updated forecast of the budgetary execution for the whole year and balance sheets setting out the treasury and supplier/client accounts, in the case of bodies that use accrual

- accounting;
 - d) A budgetary execution report;
 - e) Data with reference to the position regarding debt and assets expressed in the form of public debt securities;
 - f) Accounting documents.
- 2 -Under terms to be laid down in the legislative act referred to in the previous paragraph, autonomous services and funds may at any time be asked for other items of information that are not referred to in the present Article and are destined for use in the supervision of the respective budgetary management.

Article 67-A

Information to be provided by other entities belonging to the public administrative sector

The entities referred to in Article 2(5) shall send the Ministry of Finance the items of information defined in the Executive Law governing budgetary execution.

Article 68

Information to be provided by municipalities and autonomous regions

With the objective of making consolidated information about the whole of the public administrative sector possible, municipalities and autonomous regions must send the following items to the Ministry of Finance, under terms and with a periodicity to be defined in the Executive Law governing budgetary execution:

- a) Budgets, quarterly accounts and annual accounts;
- b) Information on the debt they have incurred and assets expressed in the form of public debt securities;
- c) Monthly information on budgetary execution, particularly commitments made, amounts processed and amounts paid, together with an updated forecast of the budgetary execution for the whole year and balance sheets setting out the

treasury and supplier/client accounts.

Article 69

Information to be provided by the Social Security Financial Management Institute

With the objective of making consolidated information about the whole of the public administrative sector possible, the Social Security Financial Management Institute must send the Ministry of Finance, under terms and with a periodicity to be defined in the Executive Law governing budgetary execution, the items of information on the execution of the social security budget.

Article 70

Responsibility and liability for budgetary execution

- 1 -Political officeholders shall be politically responsible and financially, civilly and criminally liable for the acts they undertake and the omissions they commit within the scope of the exercise of their budgetary execution functions, in accordance with the Constitution and other applicable legislation, which shall typify criminal and financial infractions and the respective sanctions, depending on whether or not they are committed with malicious intent.
- 2 -Staff and agents shall be disciplinarily, financially civilly and criminally liable for the acts they undertake and the omissions they commit and that result in violation of budgetary execution norms, in accordance with Article 271 of the Constitution and the applicable legislation.

Article 71

Financial liability

Without prejudice to the specific forms of implementing the remaining liability formats referred to in the previous Article, financial liability shall be implemented by the Court

of Auditors, in accordance with the respective legislation.

Article 72

Sending the Court of Auditors' opinion

For the purposes of implementing any financial or criminal liabilities derived from the execution of the State Budget, the Plenary of the Assembly of the Republic may decide to send the Court of Auditors' opinion on the General State Account to the competent entities, whether or not the General State Account is approved.

Article 72-A

Report with result indicators

By 31 March, the Government shall send the Assembly of the Republic an actual outturn report on the execution of the previous year's budget programmes, setting out in detail the results that were obtained and the resources that were used.

Chapter IV

Significant divergences and correction mechanism

Article 72-B

Significant divergences

- 1 - Any significant divergence from the medium-term objective or from the balance forecast in the convergence trajectory, as respectively set out in paragraphs (1) and (2) of Article 12-C, shall be identified on the basis of a comparative analysis of the actual figure and the forecast figure.
- 2 - For the purposes of the provisions of the previous paragraph, the amount so identified shall be calculated on the basis of the data set out in the excessive deficit notification procedure undertaken by Statistics Portugal.
- 3 - When a divergence is from the convergence trajectory, it shall be significant when

both the following situations exist:

- a) The calculated divergence from the structural balance is at least zero point five per cent of GDP in a single year, or at least zero point two five per cent of GDP as an annual average in two consecutive years;
 - b) The annual rate of growth in spending net of extraordinary and temporary measures on the revenue side of the equation makes a negative contribution to the structural balance of at least zero point five per cent of GDP in a single year, or cumulatively in two consecutive years.
- 4 - After the medium-term objective has been achieved, a divergence shall be significant when the situation provided for in subparagraph (a) of the previous paragraph exists.
 - 5 - A divergence shall not be deemed significant if, taking the possibility of significant extraordinary revenues into account, the medium-term budget objective has been exceeded, and if the budget plans set out in the stability programme do not endanger that objective over the course of the programme's lifetime.
 - 6 - A divergence may not be taken into consideration in cases that result from an occurrence that is uncontrollable and exceptional under the terms provided for in Article 72-D and has a significant impact on the public finances or, in the case of a recession that affects Portugal, the Eurozone or the European Union, on condition that this does not endanger long-term budgetary sustainability.
 - 7 - The existence of a significant divergence may be recognised at the initiative of the Government, following prior consultation of the Public Finance Council, or at that of the Council of the European Union, by means of the presentation of a recommendation addressed to the Government, in accordance with Article 6(2) of Council Regulation (EC) no. 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, with the text given to it by Regulation (EU) of the European Parliament and of the Council no. 1175/2011 of 16 November 2011.
 - 8 - Once a significant divergence has been identified in accordance with the previous paragraph, the correction mechanism set out in the following Article shall be

activated.

Article 72-C

Divergence correction mechanism

- 1 - When the situation provided for in paragraphs (3) and (4) of the previous Article exists, the Government must, within a time limit of thirty days, submit a plan with the measures needed to ensure fulfilment of the objectives set out in Article 12-C to the Assembly of the Republic.
- 2 - A divergence recognised under the terms of the previous Article shall be corrected by its reduction by at least two thirds, with a minimum of zero point five per cent of GDP, to be implemented by the end of the year following that in which the divergence was recognised, and the rest of the divergence shall be corrected in the year after that, save if there are exceptional circumstances as provided for in Article 72-D.
- 3 - The adjustment that is to be made in accordance with the previous paragraph may in no case be less than that provided for in Article 10-G.
- 4 - The correction plan shall privilege the adoption of public debt reduction measures, as well as the distribution of the adjustment between the subsectors of the public administrations, in compliance with the principles of responsibility and solidarity set out in Articles 10-B and 10-F respectively.
- 5 - The Government shall submit the correction plan to the Public Finance Council for consideration.

Article 72-D

Exceptional situations

- 1 - Admission of a significant divergence in relation to the medium-term objective or to the balance forecast in the convergence trajectory, as respectively set out in paragraphs (1) and (2) of Article 12-C, shall only be permitted temporarily and in situations which are exceptional and uncontrollable and on condition that they do not endanger long-term budgetary sustainability, and which particularly result:

- a) From deep economic recession in Portugal, the Eurozone or the European Union;
 - b) From natural disasters or other exceptional situations with a significant budgetary impact;
 - c) From structural reforms that have long-term effects on economic activity.
- 2 - Recognition of the exceptional situation provided for in the previous paragraph shall be the object of a proposal by the Government and of consideration by the Assembly of the Republic, as part of the Stability and Growth Programme.
- 3 - The divergence shall be corrected by incorporating the measures needed to fulfil the objectives set out in Article 12-C into the Stability and Growth Programme, in compliance with the provisions of Article 72-C and following the issue of a non-binding opinion by the Public Finance Council.
- 4 - The Stability and Growth Programme shall contain:
- a) The proposals submitted by the Public Finance Council;
 - b) An evaluation of the recommendations submitted by the Public Finance Council and, where appropriate, a justification of why they have not been taken into consideration or accepted.
- 5 - If the situation provided for in paragraph (1) occurs, the convergence trajectory shall be corrected during at most the following four budget years and in accordance with the provisions of paragraph (3).

TITLE IV

Accounts

Article 73

General State Account

- 1 -The Government shall submit the General State Account, including the social security accounts, to the Assembly of the Republic by 30 June of the year following that to which they refer.
- 2 -Following an opinion from the Court of Auditors, the Assembly of the Republic shall consider and approve the General State Account, including the social security accounts, by the following 31 December, and in cases in which it does not approve them, shall, if applicable, order the implementation of the corresponding liability.
- 3 -The opinion of the Court of Auditors shall be accompanied by the responses which departments, services and bodies have given to the questions the Court posed them.
- 4 -The General State Account shall include a report, accounting charts and items of information.

Article 74

Report

The report shall contain a presentation of the General State Account and an analysis of the main items with regard to the following aspects:

- a) The variation in the main macroeconomic aggregates during the budgetary execution period;
- b) The variation in the state's financial situation, including that of the autonomous services and funds and the social security system;
- c) The execution of and amendments to the State Budget, including the social security budget;

- d) Other matters that are relevant to the presentation and justification of the General State Account.

Article 75

General accounting charts

1 - The General State Account shall contain accounting charts regarding:

- a) Budgetary execution;
- b) The treasury situation;
- c) The asset-related situation;
- d) Accounts for the state's financial flows.

2 - The charts regarding budgetary execution shall be as follows:

Charts I to XIX — in accordance with the provisions of paragraph (7);

Chart XX — accounts for the revenues and expenditures of the integrated departments and services subsector;

Chart XXI — consolidated accounts for the revenues and expenditures of the autonomous services and funds;

Chart XXII — consolidated accounts for the revenues and expenditures of the social security system;

Chart XXIII — consolidated accounts for the state, including those for the social security system.

3 - The charts regarding the treasury situation shall be as follows:

Chart XXIV — budgetary collections and payments of funds;

Chart XXV — amounts restituted by deduction from payments;

Chart XXVI — movements on and balances of the State Treasury's accounts;

Chart XXVI-A — movements and balances of the social security system's treasury accounts;

Chart XXVII — movements and balances of the State Treasury's treasury sections;

Chart XXVII-A — movements and balances of the social security system's treasury sections.

4 - The charts regarding the asset-related situation are as follows:

Chart XXVIII — uses of loans;

Chart XXIX — movements in the public debt;

Chart XXX — the balance sheet and profit-and-loss statement of the integrated departments and services subsector;

Chart XXXI — the balance sheet and profit-and-loss statement of the autonomous services and funds;

Chart XXXII — the balance sheet and profit-and-loss statement of the solidarity and social security system.

5 - Chart XXXIII refers to the accounts showing the financial flows of the state's integrated departments and services.

6 - Submission of Charts XXX to XXXI, as provided for in paragraph (4), shall only be obligatory when all the departments and services to which they refer have adopted the Official Public Accounting Plan; and the balance sheets set out in Charts XXX to XXXII must distinguish between the assets of the departments, services and institutions they cover from the assets allocated by or to other departments, services or institutions.

7 - Without prejudice to that which the Government establishes as the minimum content of the general accounting charts, the structure of Charts I to XIX shall be identical to that of the corresponding budget charts, and their content, together with that of the remaining charts, shall, as applicable in each case, set out the main accounting rules used in the execution of revenues and expenditures, particularly those regarding exceptions to the rule that there shall be no compensation and no consignment.

Article 76
Items of information

- 1 - The General State Account shall comprise items of information set out in the form of charts regarding:
 - a) The accounts of the integrated departments and services subsector, the autonomous services and funds subsector and the social security system, presented together;
 - b) The accounts of the integrated departments and services subsector;
 - c) The accounts of the autonomous services and funds subsector;
 - d) The accounts of the social security system.
- 2 - The items of information regarding the joint presentation of the accounts of the integrated departments and services subsector, the autonomous services and funds subsector and the social security system shall be as follows:
 - a) A list of the personal guarantees given by the state, the autonomous services and funds and the social security system;
 - b) The overall amount of transfers and subsidies to private entities outside the public administrative sector;
 - c) The overall amount of compensation paid to private entities outside the public administrative sector;
 - d) Credits satisfied by donation in lieu of payment or by compensation;
 - e) Credits that have been the object of consolidation, disposal, conversion into capital or any other form of mobilisation;
 - f) Credits that have been wiped out by merger of credit and debit;
 - g) Credits that have been wiped out by limitation;
 - h) Credits that have been annulled as the result of a judicial decision or for any other reason.
- 3 - The items of information regarding the accounts of the integrated departments and services subsector shall be as follows:

- a) Budget amendments;
- b) A breakdown of how budget amendments are covered by revenue;
- c) Revenues that have been collected, specified in accordance with the economic classification, compared with those budgeted and those collected in the previous financial year;
- d) Expenditures that have been paid for, specified in accordance with the economic classification, compared with those of the previous financial year;
- e) Expenditures that have been paid for, specified in accordance with the functional classification, compared with those of the previous financial year;
- f) Expenditures without consigned revenue, compared with those of the previous financial year;
- g) Expenditures with consigned revenue, compared with those of the previous financial year;
- h) Expenditures cross-checked by the various different budget classifications;
- i) Projected outturns for expenditures;
- j) A chart showing the commitments that have been made.

4 -The items of information regarding the accounts of the autonomous services and funds subsector shall be as follows:

- a) Budget amendments;
- b) Revenues that have been collected, specified in accordance with the economic classification, compared with those budgeted and those collected in the previous financial year;
- c) Expenditures that have been paid for, specified in accordance with the economic classification, compared with those of the previous financial year;
- d) Expenditures that have been paid for, specified in accordance with the functional classification, compared with those of the previous financial year;
- e) Expenditures cross-checked by the various different budget classifications;
- f) A breakdown of the revenues and expenditures of the autonomous services and funds;
- g) A chart showing the commitments that have been made.

- 5 -The items of information regarding the accounts of the social security system shall be as follows:
- a) Budget amendments;
 - b) Revenues that have been collected, specified in accordance with the economic classification, compared with those budgeted and those collected in the previous financial year;
 - c) Expenditures that have been paid for, specified in accordance with the economic classification, compared with those of the previous financial year;
 - d) Expenditures that have been paid for, specified in accordance with the functional classification, compared with those of the previous financial year;
 - e) Expenditures cross-checked by the various different budget classifications;
 - f) A chart showing the commitments that have been made.
- 6 -The items of information regarding the budget programmes that were concluded during the year shall set out the budgetary expenditure paid with regard to each programme, measure and project.
- 7 -In addition to the items of information provided for in the previous paragraphs, the General State Account must contain all the other items that prove appropriate to a clear and complete statement of the public accounts.
- 8 -*(Repealed)*.
- 9 -The Government shall, by Executive Law, define the minimum content of the items of information.

Article 77

Submission of accounts

- 1 -The accounts of the integrated departments and services and of the autonomous services and funds shall be provided by 30 April of the year following that to which they refer, to both the member of the Government with responsibility for the finance area and the minister with oversight of the respective department, service or fund.
- 2 -Unjustified failure to provide accounts referred to in the previous paragraph shall

constitute:

- a) A financial infraction, punishable by a fine in an amount equal to that provided for in Article 65(2), (4) and (5) of Law no. 98/97 of 26 August 1997, as amended by Law no. 35/2007 of 13 August 2007, for which the heads of the departments and services in question shall be liable;
- b) Grounds for refusal of requests for requisitions of funds, release of credits, authorisation for payments and transfers with regard to the budget under execution, for as long as the delay situation continues to exist.

Article 78

Accounts of the Assembly of the Republic

- 1 -The Board of Administration shall prepare the Assembly of the Republic's Report and Accounts by 31 March of the year following that to which they refer.
- 2 -The Assembly of the Republic's Accounts shall, by 30 April of the year following that to which they refer, be sent to the Government for the purposes of their incorporation into the General State Account.

Article 79

Accounts of the Court of Auditors

Following their approval, the Court of Auditors' accounts shall, by 30 April of the year following that to which they refer, be sent to the Assembly of the Republic for information, and to the Government for the purposes of their incorporation into the General State Account.

Article 80
Publication

Following its approval by the Assembly of the Republic, the General State Account shall be published in the *Diário da República* in accordance with terms to be defined by the Government, which shall also define the regime governing publication of both its own accounts and items of information, as well as the information that may be published solely in a computerised format.

Article 81
Provisional accounts

- 1 - Within a time limit of forty-five days following the end of each quarter, the Government shall cause provisional accounts regarding the quarters that have ended to be published in the *Diário da República*.
- 2 - The accounts referred to in the previous paragraph shall contain at least the following items:
 - a) Charts corresponding to Charts XXVI and XXVIII;
 - b) Summaries of Charts XXVI and XXVIII;
 - c) A chart corresponding to Chart I;
 - d) A chart setting out the comparison, up to the level of the economic classification articles, between the revenues of all the integrated departments and services whose payment has been demanded and that have been collected during the period in question and the same period of the previous year;
 - e) Charts of the expenditures of the integrated departments and services subsector, specified by organic classification title, indicating the respective amounts of twelfths, payment authorisations and payments;
 - f) A chart with a projected outturn for the expenditures of the integrated departments and services subsector, specified by organic classification chapter, comparing the amounts of the respective twelfths with those of the

- corresponding payment authorisations issued in the period in question;
- g) Charts corresponding to Charts XXI and XXII.

TITLE V

Budgetary stability

CHAPTER I

Object and scope

Article 82

Object

- 1 -The present Title contains the principles and specific procedures with which the approval and execution of the budgets of the whole public administrative sector must comply in budgetary stability terms.
- 2 -Within the budgetary stability ambit, the present Title is intended to fulfil the obligations derived from Article 126 of the Treaty on the Functioning of the European Union and the Stability and Growth Pact, until the latter is fully implemented, and puts into practice the provisions of the final part of Article 2(6), Article 4(2) and Article 17(b).

Article 83

Scope

The present Title applies to the State Budget and the budgets of the autonomous regions and local authorities, without prejudice to the principle of budgetary independence laid down in Article 5(2).

CHAPTER II
Budgetary stability

Article 84

Principles of budgetary stability, reciprocal solidarity and budgetary transparency

(Repealed)

Article 85

Council for the financial coordination of the public administrative sector

(Repealed)

Article 86

Budgetary stability objectives and measures

- 1 -The budgets of all the bodies in the public administrative sector shall obligatorily be approved and executed in accordance with the budgetary stability measures that are to be included in the Budget Law, in conformity with duly identified objectives for each of the subsectors, with a view to compliance with the Stability and Growth Programme.
- 2 -The objectives and measures referred to in the previous paragraph shall be included in the item of information provided for in Article 37(1)(b), which shall be a management forecasting instrument that contains the multiannual financial programming needed to ensure budgetary stability.
- 3 -The stability measures must include setting limits on indebtedness and the amount of transfers, in accordance with Articles 87 and 88.

4 -The justification for the stability measures shall be set out in the Budget Bill report and shall particularly include the justification for compliance with the Stability and Growth Programme and its repercussions on the budgets of the public administrative sector.

Article 87

Budgetary stability and limits on indebtedness

- 1 -In compliance with the budgetary stability obligations derived from the Stability and Growth Programme, the Budget Law shall set specific limits on the annual indebtedness of the state's central administration, the autonomous regions and local authorities, which shall be compatible with the budget balance calculated for the whole of the public administrative sector.
- 2 -The indebtedness limits referred to in the previous paragraph may be below those that would result from the financing laws especially applicable to each subsector.

Article 88

Transfers from the State Budget

- 1 -In order to ensure strict compliance with the principles of budgetary stability and reciprocal solidarity derived from Article 126 of the Treaty on the Functioning of the European Union and the Stability and Growth Pact, the Budget Law may require transfers from the State Budget in an amount below that which would result from the financing laws especially applicable to each subsector, without prejudice to the commitments which the state has made within the ambit of the solidarity and social security system.

2 -The possibility of a reduction provided for in the previous paragraph shall always depend on the verified existence of exceptional circumstances that are imperatively required for rigorous compliance with the obligations derived from the Stability and Growth Programme and the principles of proportionality, the absence of arbitrariness and reciprocal solidarity, and shall require that the constitutionally and legally competent organs of the subsectors involved be heard first.

Article 89

Provision of information

The Government shall provide the Assembly of the Republic with all the information needed to supervise and scrutinise budgetary execution, as well as all the information that proved justified in order to set the specific limits in the State Budget Law on the annual indebtedness of the central administration, autonomous regions and local authorities.

CHAPTER III

Budgetary stability guarantees

Article 90

Verification of compliance with the principle of budgetary stability

- 1 -Compliance with the budgetary stability requirements shall be verified by the organs that possess budgetary control competence under the terms of the present Law.
- 2 -In the State Budget Bill report the Government shall set out the necessary information on the implementation of the budgetary stability measures regarding the previous financial year, in compliance with the Stability and Growth Programme.

Article 91

Duty to inform

- 1 -The Minister of Finance may require bodies in the public administrative sector to provide a detailed, justified information note on implementation of the measures and procedures with which they must comply under the terms of the present Law.
- 2 -Whenever the existence of a circumstance that involves the danger of the occurrence in the budget of any of the bodies in the public administrative sector of a budgetary situation that is incompatible with fulfilment of the stability measures referred to in Article 86 is verified, the respective body must immediately send the Ministry of Finance a detailed, justified information note about what has happened, identifying the revenues and expenditures that gave rise to it, and a proposal for bringing the situation whose existence has been verified into line with the applicable rules.
- 3 -The Minister of Finance may ask the Bank of Portugal and any lending institution or financial enterprise for all the information regarding any public administrative sector body which he deems pertinent to verification of compliance with the present Law.

Article 92

Breach of the norms contained in the present Title

- 1 -Breach of the rules and procedures provided for in the present Title shall always constitute a circumstance that increases the inherent financial liability.
- 2 -Verification of the existence of the type of breach referred to in the previous paragraph shall immediately be communicated to the Court of Auditors.

3 - With a view to strict fulfilment of the obligations derived from Article 126 of the Treaty on the Functioning of the European Union and the Stability and Growth Pact in matters regarding budgetary stability, the implementation of transfers from the State Budget may be suspended in cases of breach of the duty to inform laid down in the previous Article anterior and until the situation so created has been duly rectified.

4 - *(Repealed)*.

TITLE VI

Final provisions

Article 93

Autonomous services and funds

(Repealed)

Article 94

Administrative and financial autonomy of universities and polytechnic institutes

The provisions of the present Law shall not prejudice the possibility that universities and polytechnic institutes and their organisational units have a special administrative and financial autonomy regime in accordance with the respective autonomy laws and complementary legislation.

Article 95

Complementary legislation

(Repealed)

Article 96

Revocatory norm

Without prejudice to the provisions of the following Article, Law no. 6/91 of 20 February 1991 and all the norms, even if of a special nature, that contradict the provisions of the present Law are hereby repealed.

Article 97

Transitional provision

- 1 - The processes of organising, preparing, submitting and presenting, discussing, voting on, amending and implementing the scrutiny and the budgetary responsibility and liability with regard to the State Budgets and State Accounts prior to those for 2003 continue to be governed by the legislation referred to in Article 96.
- 2 - The provisions of the previous paragraph are also applicable during the period in which the State Budget, including the social security budget, for the current financial year is in force in 2003, because its force has been extended in accordance with the legislation referred to in Article 96.
- 3 - The provisions of Articles 18 to 20 are not obligatorily applicable to the preparation, submission and presentation of the State Budget for 2003.
- 4 - The provisions of Title V apply to budgets for 2003 and shall continue to be in force until the Stability and Growth Pact is fully implemented.

Article 98

Regulation of zero-based budgeting

For the purposes of the provisions of Article 21-A et sequitur, the Government has the competence to define:

- a) The adaptation of the rules regarding the way and form in which the programmes and measures to be included in the State Budget and the respective structures are concretely defined to the zero-based budgeting process;
- b) The way in which the zero-based budgeting process is applied to the organisation and preparation of the budgets of the autonomous services and funds and the social security budget, and within the ambit of the multiannual programmes of public departments and services in the health, education, social security, justice and public security areas.