

**Budget Procedures Act, B.E. 2502 (1959)**

Amended by (No.2) B.E. 2503 to (No.6) B.E. 2543; and  
Revolutionary Council Notice No. 203, B.E. 2515

**Translation**

BHUMIPOL ADULYADEJ POR LOR

Given On this day of 27<sup>th</sup> October B.E. 2502

Being the 14<sup>th</sup> Year of the Current Reign

His Majesty King Bhumibol Adulyadej has graciously exclaimed;

Whereas it is appropriate to update the law governing budgeting,

Therefore, the King has graciously decided to create an Act, by recommendation and consent of the Draft Constitution Council and by consent of the House Of Representatives as follows:

**Section 1**

This Act shall be called "Budget Procedures Act, B.E. 2502 (1959)".

**Section 2**

This act shall be enforced from the day following date of publishing in Royal Gazette onwards.

**Section 3**

Budget Procedures Act, B.E. 2499 (1956) is hereby repealed.

Legal provisions and other rules and regulations that are covered by this Act or which are contradictory to this Act shall be replaced by this Act.

**Section 4**

In this Act

"Budget Expenditure" means a large amount of money permitted for payment or to incur debt and commitment, pursuant to the purpose and within the period prescribed in Budget Expenditure Act.

"Budget Expenditure for Another Year" means budget expenditure good for usage by exceeding the purpose and prescribed time frame in Budget Expenditure Act.

"Fiscal Year" means period of time commencing October 1, of one year to September 30 the next year and the next year shall be used in the description for the fiscal year.

"Debt" means commitment for payment or payment by money, material or service regardless of commitment arising out of a loan, guarantee, purchase or hiring on credit basis or by any other means.

"Money for periodical payment" means a part of budget to be used for making payment or to incur debt under commitment for a period of time.

"Official Agency" means ministry, bureau, department or political institution whose status is equal to a state office or organization but excluding state enterprise agency governed by local administration law.

"State Enterprise" means

- (a) Government agency or organization owned by the government
- (b) Company or limited partnership having investment by an official agency in excess of 50 percent of its capital amount.

- (c) Company or limited partnership having capital investment by an official agency and/or state enterprise as stated in (a) and/or (b) with the investment exceeding 50 percent.
- (d) Company or limited partnership having capital investments made by government agency and/or state enterprise as per (c) and/or (a) and (b) in excess of 50 percent.
- (e) Company or limited partnership having capital investments made by government agency and/or state enterprise as per (c) and/or (a) and (b) in excess of 50 percent.

“Treasury” means provincial treasury or district treasury and shall mean and include savings account of Finance Ministry at the Bank of Thailand.

“Official Disbursements” mean money paid by Finance Ministry, allowing government agencies to have in a suitable amount to be used to cover expenses as per rules or regulations of Finance Ministry.

“Director” means director of Budget Bureau.

“Minister” means Minister of Finance.

### **Section 5**

Prime Minister and Finance Minister shall together uphold this Act and exercise power to issue Ministerial Regulations for abidance with this Act, as per power and duties governing Office of Prime Minister or the Finance Ministry, as the case may be.

Ministerial Regulations after publishing in Government Gazette shall be enforced.

*(This Section has been replaced by the Revolutionary Council’s Notice No.203 Por, B.E.2515, Section 1, and replaced by the provisions printed herein).*

## **Chapter 1**

### **Power and Duties Entrusted to the Director**

#### **Section 6**

The Director shall have power and duties to handle budgeting for operations as prescribed in this Act and shall have power and duties apropos budgeting as follows:

- (1) Requiring government agencies and state enterprises to submit their budgets on income and expenses as per form and standard, including details specified by the Director.
- (2) Make budget analysis and monetary payments by government agencies and state enterprises.
- (3) Making prescriptions for increase, reduction of budget for periodical usage based on necessity and capacity of the Nation.
- (4) Fixing time frames for budgeting.

#### **Section 7**

To fulfill the requirements outlined in this Act, with power entrusted to the Director to call on government agencies and state enterprises to give factual propositions and enable the Director or its Official Representative to audit account books, documents and evidences of the government agencies and state enterprises to facilitate the requirements. In this nexus, the Official Representative shall be regarded as legally installed to carry out duties.

## **Chapter 2**

### **Budget Characteristics**

#### **Section 8**

Annual budget proposed at the House of Representatives normally shall be composed as follows:

- (1) Explanations about budget showing financial status and policy of the State and major financial transactions, coupled with compatibility between income and expenses for budgeting.
- (2) Comparisons between Income–expenses in the previous year against the current year and the year for which budget is sought.
- (3) Explanations on income estimates.
- (4) Explanations on expenses for which budget is sought.
- (5) Report on financial status of state enterprises.
- (6) Explanations concerning liabilities carried by the government that are extant and proposal for additional financial commitments.
- (7) Report on monetary receipts and expenditure or property donated by well wishers to help official efforts.
- (8) Draft of Annual Budget Expenditure Act.

#### **Section 9**

When proposing budget in case estimate of income as per the existing power is numerically lower than the estimated amount of expenditure, explanations shall be given on the method of seeking money to make up the shortfall to the House of Representatives and in case the amount is higher, the method of handling the shortfall shall be explained in ways that would be beneficial.

#### **Section 9 bis**

When annual budget for expenditure or Additional Annual Expenditure Budget Act is already enforced on in case of necessity to use annual budget that has already passed, as per provisions of Section 16, if expenditure is higher than income, Finance Ministry shall have power to take loan as necessary. Whatever, the circumstances, amount of loan taken under this Section in one year shall not exceed:

- (1) twenty percent of amount of annual budget expenditure and additional budget expenditure or amount of annual budget expenditure that has already passed, whatever the case.
- (2) eighty percent of budget expenditure set up for pay back of the loan.

For the loan as per preceding paragraph, method of issuing Treasury Bills, bonds, instruments shall be used or execute a loan agreement.

Issue of treasury bills shall be governed by the laws governing treasury although issue of bonds or other instruments or execution of Agreement for Loan must get permission from the Minister in advance.

Issue of bonds or other instruments shall be announced by Finance Ministry of the amount of loan, interest rate, loan period, conditions and procedures for issue of bonds.

Or the instrument in case of exceeding an Agreement for Loan, the Finance Ministry shall announce the amount of loan, Loaner, interest rate, loan period and other major factors shall be given in the Agreement.

Notice issued by Finance Ministry as stated in paragraph 4 shall be published in Government Gazette.

*(Section 9 bis enacted by means of Budget Procedures Act (No.2), B.E. 2503, Section 3, subsequently replaced by Revolutionary Council's Notice No.203, B.E. 2515, Section 2 and by Budget Procedures Act (No.4), B.E. 2517, Section 3 and replaced by the following provisions).*

#### **Section 10**

Annual Budget expenditure or additional budget expenditure for which budget is sought shall have central budget allocation by itself, deriving from budget expenditure of government agencies or state enterprises and there shall be monetary reserves to meet emergency requirements.

*(This Section was replaced by Revolutionary Council's Notice No.203, B.E. 2515, Section 3, and replaced by the following)*

#### **Sections 11**

Budget expenditure for year to year is permissible in case of necessity to accomplish a transaction and expectation that expenditure could not be completed within the current year. Such budget for year to year must have an ending period.

### **Chapter 3**

#### **Preparation of Budget**

#### **Section 12**

Chief of government agency or state enterprise shall assign one of its lieutenants to handle budgeting and to carry out the duties.

#### **Section 13**

The Minister in-charge of government agency or state enterprise or the Minister required by law to do control of the business of a state enterprise shall be duty bound to handle budgeting annually for the government agency or state enterprise and shall be answerable to the Director within the period fixed by the Director.

In case state enterprise that is a company or juristic person, the Minister controlling the state enterprise or government agency shall assume liabilities as stated in the preceding paragraph.

As for annual budget, in case of not submitting within the time frame specified in the aforementioned two paragraphs, the Director may make consideration and set up annual budget as appropriate.

#### **Section 14**

Expenditure for repaying money to the Treasury or expenditure used as per provisions of Section 29 bis shall have one portion of it separated under the Budget Expenditures Act and it shall be regarded as expenditure paid out of budget for paying the Treasury or money reserved for expenses.

*(This Section has been repealed by Budget Procedures Act (No.2), B.E. 2503, Section 4 and replaced by the following)*

#### **Section 15**

The Director shall propose annual budget to the Prime Minister, for the Cabinet to make consideration in advance of at least two months prior to date of taking effect by the budget.

#### **Section 16**

In case Annual Budget Expenditure Act could not be issued on time for the new fiscal year, the budget that has duly passed shall be used in continuation for the time being as per principle and standard and conditions prescribed by the Director by consent of the Prime Minister.

## **Section 17**

When dictated by necessity to pay money to incur debt in commitment by exceeding the limit or over and above the limitation set in the Annual Budget Expenditure Act, the Cabinet may propose a Draft Annual Budget Expenditure additionally to the House of Representatives and shall show money that is acquired under the additional budget expenditure.

Preparation of additional budget shall be made as per procedures prescribed by the Director.

## **Chapter 4**

### **Transfer of Budget Expenditure**

## **Section 18**

Expenditure fixed for any official agency or state enterprise under Annual Budget Expenditure Act or Supplementary Budget Expenditure Act, could not be transferred or used by another government agency or state enterprise except under the following cases:

- (1) Existence of an Act permitting transfer or usage.
- (2) In case of having Royal Decree included or merging official agencies and setting up a new official agency or not, in which case budget held by the agency that is transferred or merged may be transferred to the official agency or organization, the receiver or one that is merged or official agency set up anew, whether the case being as per prescription in the Royal Decree.

*(This Section was repealed by Budget Procedures Act (No.6), B.E. 2543, Section 3 and replaced by the following)*

## **Section 19**

Expenses stated in any item for an official agency or state enterprise or state enterprise governed by Annual Budget Expenditure Act, Supplementary Budget Expenditure Act, Budget Expenditure Transfer Act or Royal Decree as per Section 18 (2) could not be transferred or used by another official agency, except by permission from the Director who could not give permission in case of increasing amount of expenses such as secret funds or a new project, except by permission of the Cabinet.

Expense items stated in the central budget shall be within the power of Director to allocate to official agencies and state enterprises directly as per dictates of necessity.

In a necessary case, the Director, by approval of Prime Minister may transfer any item from the central budget to enhance another item, within the same kind of budget.

*(This Section was repealed by Revolutionary Council's Order No.203, Phor and by Budget Procedures Act (No.6) B.E. 2543, Section 4 and replaced by the following)*

## **Section 20**

Expenditure usage by government official or state enterprise specified for each item under the Annual Budget Expenditure Act shall be as prescribed by the Director.

## **Chapter 5**

### **Budget Control**

## **Section 21**

The Minister shall assume responsibility for controlling budget for abidance with the law, rules and regulations and the Minister shall have power and duties as follows:

- (1) Make arrangement for accounting and estimation of national budget.

- (2) Make regulations to govern expenditures out of the treasury, maintenance of money and contributions to the treasury by consent of the Cabinet.
- (3) Scrutinize documents used for getting disbursements out of the national budget, monetary payments and financial commitments, documents related to receipt of money, maintenance of money and contributions to treasury.
- (4) Make prescription and control of accounting, specimen reports and documents for receipt and disbursements of money and debt settlement.
- (5) Prescribe rules and regulations concerning official payments in advance

Subject to approval of Cabinet and publishing in Government Gazette.

### **Section 22**

The Minister shall have power to ask government agency and state enterprises to propose facts and figures, and may exercise power to assign authorities to inspect account books, documents and evidence held by government agencies and state enterprises to facilitate official reckoning. Officials assigned by the Minister shall be regarded as Competent Officials as per provisions of Criminal Code.

*(Second paragraph of this Section contain additional provisions by means of Budget Procedures Act (No.3), B.E. 2511 Section 3).*

### **Section 23**

Except otherwise stated in Section 23 ter, government agency or state enterprise may make payment of money or make financial commitment as specified in Annual Budget Expenditures Act, or Supplementary Budget Expenditures Act or as per power given by law and it is prohibited to make payment or financial commitment under Annual Budget Expenditures Act, Supplementary Budget Expenditures Act until after receipt of approval for the period.

Any amount of expenditure having amount of money and time frame with certainty, the Director with consent of the Cabinet shall give permission to the government agency or state enterprise to make payment by not seeking approval for the period.

When Annual Budget Expenditure Act or Supplementary Budget Expenditure Act, whatever the case, is enforced, the Budget Bureau shall collect expense items regarding financial commitments and estimated amounts for the year in succession, along with monetary reservations shall be submitted to Cabinet for approval. Thereafter, government agency or state enterprise shall proceed as per regulations prescribed by Director, by consent of Cabinet.

When dictated by necessity, and it being not the case stated in the second paragraph or third paragraph, Cabinet has power to allow government agency or state enterprise to make financial commitment under Annual Budget Expenditure Act or Supplementary Budget Expenditure act or the Cabinet may give permission to a government agency or state enterprise to make financial commitment more than the amount or over and above the scope prescribed in Annual Budget Expenditure Act.

*(This Section was repealed by Budget Procedures Act (No.3), B.E.2511, Section 4 and by (No.5), B.E. 2534, Section 3 and replaced by the following)*

### **Section 23 bis**

Any government agency, save for Finance Ministry shall be prohibited from committing debt in form of a loan or providing Guarantee except in case of having provisions permitting such action under Section 23 ter.

*(Section 23 bis has been added by virtue of Budget Procedures Act (No.2), B.E. 2503, Section 5).*

### **Section 23 ter**

State enterprise which is a juristic person and in case of necessity to take a loan for use in its business, shall be accommodated by Finance Ministry by taking a loan for such state enterprise, pursuant to Conditions as follows:

- (1) In case of taking loan for investment, state enterprise must submit its plans for investment to National Economic and Social development Board for consideration first.
- (2) It must obtain approval of the Minister and of the Director and in case the amount exceeds 5 million Baht, approval of the Cabinet is necessary.

Money deriving from the loan under this Section shall be given to the state enterprise enabling it to use as required by making no contribution to the treasury.

*(Section 21 ter has been enacted additionally by virtue of Budget Procedures Act (No.2), B.E. 2503, Section 5, and subsequently scrapped by (No.4), B.E.2517, Section 5, and replaced by the following)*

#### **Section 24**

Money received by official agency by right whether by virtue of the law, regulations or received by power and duties or by agreement or received out of offering property for using or benefits deriving from official property, the official agency who is the receiver shall divert the money to the treasury in accordance with the regulations, or as per regulations prescribed by the Ministry, except otherwise stated by law.

Any government agency in receipt of money from the giver, with purpose of giving it to the official agency, may use the money in the business of the official agency, or in receipt of money generated out of property given by a well wisher to generate benefits for use in the business of the official agency, the said official agency may make payment of money or incur debt commitment within the amount received and need not make contribution to the treasury.

In case official agency received money under a Project for Assistance from a foreign government, international organization, a special agency or the UN or international organization or any person regardless of loan or grant, including money which the government organization received from the Project for Assistance or cooperation, the Minister shall make prescription, and it is not necessary to contribute the money to the treasury.

The Minister shall give permission to the official agency that received money in the following case, for using the money and by not submitting it to the treasury as follows:

- (1) Money received in form of compensation against damage and necessary to make payment to reconstruct property or to acquire the property.
- (2) Income earned by a government hospital, school or any other institution that serves public interest or social welfare.
- (3) Income earned in form of byproducts pursuant to power and duties.
- (4) Income deriving from sale of shares of a juristic person for purchase of shares from another juristic person.

Payment of money as per (2) and (3) must be pursuant to the Regulations approved by Cabinet and by Director. As for the sale of shares and purchase of shares as per (4), it must adhere to the Regulations of the Ministry of Finance, approved by the Cabinet.

*(This Section has been repealed by Budget Procedures Act (No.2), B.E. 2503, Section 6 (No.4), B.E.2517, Section 5 and fourth paragraph, fifth paragraph of this Section have been repealed by Budget Procedures Act (No.5), B.E. 2534 Section 4 and replaced by the following)*

#### **Section 25**

*(This Section is scrapped wholly by Budget Procedures Act (No.2), B.E. 2503, Section 7).*

#### **Section 26**

Government officials or any employee who made financial commitment or made monetary payment, and permitting action knowingly and violated this act or regulations issued under

this act is not only guilty of criminal offense but may also face action under other related laws, because the person who acted or who issued permission for the action shall be liable for compensating the amount of money paid or committed for payment including any other payment due to the government agency.

Any outsider that received benefits out of action that violated this Act, rules and regulations issued under the aforementioned Act shall be held liable jointly with the violator as stated in the preceding paragraph, except in case of proving that such action is committed honestly and unknowingly about the Act or the regulations.

Provisions in the first paragraph shall be not enforced with government official, employee who protested the order of the supervisor in writing that the order may go counter to the law or regulations.

### **Section 27**

Request for budget allocation from the treasury as per Annual Budget is permissible particularly within the said budget, except:

- (1) Being budget stretching from year to year or
- (2) Being budget committed before the end of the year or which is approved by Cabinet, with reserves made as per regulations and payment from the treasury.

In case (2) with extension of time to get money out of treasury by not more than six months, of the next financial year, except in case of necessity to get money out of the treasury after the said period, in which case an Agreement shall be reached with Foreign Ministry , case by case.

*(This Section is replaced by Budget Procedures Act (No.2), B.E. 2503, Section 8 (No.3), B.E.2511, Section 5 and (No.4), B.E. 2517, Section 6 and replaced by the following)*

### **Section 28**

In case of annual budget stretching into another year, request for budget from the treasury under the said budget is permissible only within the period stated by law apropos budget for expenditure, except in case of budget stretching from one year to the other, with debt committed before the end of the period, with money reserved as per regulations or regulations or regulations governing payment of money out of treasury, so that time extension shall be given by not more than 3 months.

*(This Section is repealed by Budget Procedures Act (No.2), B.E.2503 Section 9, and replaced by the following)*

### **Section 29**

The Minister shall have power to issue orders to get money out of the treasury for official disbursements.

### **Section 29 bis**

There shall be an amount of money with the Minister paying out of the treasury called "advanced payment" to the tune of one hundred million. This money shall be disbursed when dictated by necessity in the interests of the Nation, with the Cabinet issuing permission, and when paid, expenditure shall be set up to have monetary reserves to cover expenses.

*(Section 29 bis. Provisions have been issued additionally by virtue of Budget Procedures Act (No.2), B.E 2503, Section 10).*

### **Section 30**

When the fiscal year ended, the Minister shall issue a Report on Income and Expenses covering the annual budget and published in Royal Gazette soonest.

Report on expenditure as per provisions of the preceding paragraph, when audited by the National Audit Council shall be collected to issue a report for submitting to Cabinet in order to present it at the House of Representatives.



## **Provisional Section**

### **Section 31**

Performances under Annual Budget Expenditure Act, B.E. 2502 shall be pursuant to the law governing national budget existing prior to the date of enforcement of this Act, except for provisions under Section 27 of this Act, from the date of enforcement.

### **Section 32**

Budget for fiscal year 2503 shall start on 1 January B.E. 2503 until 31 December B.E. 2503, and the Draft of Budget Expenditure shall be submitted to House of Representatives before end of October B.E. 2503.

Fiscal year 2504 shall start on 1 January 2504 up until 30 September 2504 and the Draft Budget Expenditure for the fiscal year shall be submitted to House of Representatives before end of October B.E. 2503.

### **Section 33**

Any official agency taking money out of the treasury as per system to meet expenses, prior to the date of enforcement of this Act, is allowed to carry on by not more than six months from the date of enforcement of this Act.

### **Section 34**

*(This Section is cancelled entirely by Budget Procedures Act (No.2), B.E. 2503 (Section 11).*

Countersigned by

Field Marshal Sarit Tanarath.

Prime Minister

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