

Budget Law of the People's Republic of China

(14-APR-2015)

Note: English version for reference only, Chinese version shall prevail.

Chapter I General Provisions

Article 1 The Budget Law of the People's Republic of China (the "Law") is formulated in accordance with the Constitution with a view to regulating the government's revenue and expenditure, strengthening budget constraints, reinforcing budget management and supervision, establishing and improving a wholly standard, open and transparent budget system and safeguarding the healthy development of economy and society.

Article 2 The Law applies to the preparation, review, approval and supervision of budget and final account, as well as the implementation of and adjustment to the budget.

Article 3 The State establishes budget at each level of the government, namely, at the five levels: the Central Government; the provinces, autonomous regions and municipalities directly under the Central Government; the cities divided into districts and autonomous prefectures; the counties, autonomous counties, cities not divided into districts, and municipal districts; the townships, nationality townships and towns.

National budget consists of central budget and local budget. The local budget consists of the general budgets of the various provinces, autonomous regions and municipalities directly under the Central Government.

A local general budget at any level consists of the budget at the corresponding level and the totalized general budget at the next lower level. Where the next lower level has only the budget at the corresponding level, the general budget at the next lower level means the budget of the government at the corresponding level. In the absence of the budget at the next lower level, the general budget means the budget at the corresponding level.

Article 4 The budget consists of budgetary revenues and expenditures.

All the revenues and expenditures of the government shall be included in the budget.

Article 5 The budget includes general public budget, government-managed fund budget, state-owned capital management budget and social insurance fund budget.

The general public budget, government-managed fund budget, state-owned capital management budget and social insurance fund budget shall be maintained completely and independently. The government fund budget, state-owned capital management budget and social insurance fund budget shall be linked with the general public budget.

Article 6 The general public budget refers to the budget for revenues and expenditures of the fiscal revenue mainly from tax collection that is arranged and used for ensuring and improving people's livelihood, promoting economic and social development, safeguarding national security, maintaining the normal functioning of national institutions and other aspects.

The general public budget of the Central Government consists of the budgets of all its government departments (including the units directly thereunder, hereinafter the same) and the budgets allocated for tax refunds and transfer payments to local governments.

Revenues of the general public budget of the Central Government consist of revenues at the level of the Central Government and revenues turned over by the local governments to the Central Government.

Expenditures of the general public budget of the Central Government consist of expenditures at the level of the Central Government and the tax refunds and transfer payments by the Central Government to local governments.

Article 7 The general public budget of local governments at all levels consists of the budgets of all departments at their corresponding levels (including the units directly thereunder, hereinafter the same) and the budgets allocated for tax refunds and transfer payments.

Revenues of the general public budget of local governments at all levels consist of revenues of the governments at corresponding levels, revenues from tax refunds and transfer payments by governments at higher levels and revenues turned over by the governments at lower levels. Expenditures of the general public budget of local governments at all levels consist of expenditures of the government, expenditures caused by turning over tax revenues to governments at higher levels, and tax refunds and transfer payments to governments at lower levels.

Article 8 Budget of a department consists of the budgets of the department and the units subordinate to it.

Article 9 The government-managed fund budget refers to the budget for revenues and expenditures of the funds collected, received or otherwise raised from specific objects within a certain period as provided in laws and administrative regulations, specifically for development of certain public utilities.

The government-managed fund budget shall be prepared by fund item based on the revenue and actual spending needs of the fund items so as to realize the determining of expenditures by revenues.

Article 10 State-owned capital management budget refers to the budget for revenues and expenditures in connection with the expenditure arrangement for state-owned capital gains.

State-owned capital management budget will be prepared in the principle of maintaining a balance between revenues and expenditures, shall not contain deficit and shall arrange the transfer of funds to the general public budget.

Article 11 Social insurance fund budget refers to the budget for revenues and expenditures of social insurance contributions, general public budget and funds raised otherwise, for the special purpose of social insurance.

Social insurance fund budget shall be separately prepared by levels and items of social insurance to make ends meet.

Article 12 Budget at all levels shall follow the principles of making overall consideration, being diligent and thrifty, estimating the strength before acting, pursuing performance and maintaining a balance between revenues and expenditures.

Governments at all levels shall establish a cross-year budget balance mechanism.

Article 13 The budget approved by the people's congress shall not be altered without going through the procedures prescribed by law. Expenditures of governments at all levels and all departments and units must be based on the approved budget, and are forbidden if not listed into the budget.

Article 14 Reports and statements of budget, budget adjustments, final accounts and budget enforcement approved by the people's congress at corresponding level or the standing committee of the people's congress at corresponding level shall, within 20 days upon the approval, be released to the society by financial sector of government at corresponding level, along with the clarification about transfer payment arrangements, implementation thereof, debts and other important issues of the government at corresponding level.

The departmental budgets, final accounts and statements approved by financial sector of government at corresponding level shall, within 20 days upon the approval, be released to the society by each department, along with clarification about the arrangement and use of operational funds by organs in respect of the budgeting and final accounts and other important issues.

The governments at all levels and all departments and units shall timely release information about government procurement to the public.

Provisions on information disclosure in the above three paragraphs hereof do not apply to cases involving national secret.

Article 15 The State practises a system of tax division between the Central and local governments.

Article 16 The State adopts the fiscal transfer payment system. Fiscal transfer payment shall be standardized, fair and open, and mainly target at promoting the equalization of inter-regional basic public services.

Fiscal transfer payment includes the Central Government's transfer payment to local governments and the transfer payments of local governments at higher levels to those at lower levels, and takes the general transfer payment wholly arranged and used by governments at lower levels for the purpose of maintaining the balance of regions' basic financial resources as the main part.

Special transfer payments can be set for handling special matters in accordance with laws, administrative regulations and provisions of the State Council. The regular assessment and exit mechanism of special transfer payments will be established and improved. The special transfer payments will not be set for matters that can be effectively regulated by market competition mechanism.

Governments at higher levels, when arranging special transfer payments, may not request governments at lower levels to provide supporting funds, except for matters that shall be jointly undertaken by both governments at higher levels and governments at lower levels according to the State Council.

Article 17 A mutual restraint and coordination mechanism shall be established and perfected for the preparation and enforcement of budgets at all levels.

Article 18 A budgetary year begins on January 1 and ends on December 31 in calendar year.

Article 19 The budgetary revenues and expenditures take Renminbi yuan as the calculating unit.

Chapter II Functions and Powers for Budget Management

Article 20 The National People's Congress examines the central and local draft budgets and the reports on the implementation of the central and local budgets, approves the central budget and the report on the implementation of the central budget and alters or annuls inappropriate resolutions made by the Standing Committee of the National People's Congress on budget and final accounts.

The Standing Committee of the National People's Congress supervises the implementation of the central and local budgets, examines and approves the adjustment plan for the central budget, examines and approves the final accounts of the Central Government, annuls administrative rules and regulations, decisions, or orders of the State Council on budget or final accounts, which contravene the Constitution or laws, and annuls local regulations or resolutions made by the people's congresses or their standing

committees of the provinces, autonomous regions or municipalities directly under the Central Government on budget or final accounts, which contravene the Constitution, laws or administrative rules and regulations.

Article 21 A local people's congress above the county level examines the draft general budget at the corresponding level and the report on the implementation of the general budget, approves the budget and the report on its implementation at the corresponding level, alters or annuls inappropriate resolutions made by the standing committee of the people's congress at the corresponding level on budget or final accounts and annuls inappropriate decisions and orders made by the government at the corresponding level on budget or final accounts.

The standing committee of a local people's congress above the county level supervises the implementation of the general budget at the corresponding level, examines and approves the adjustment plan for the budget at the corresponding level, examines and approves the final accounts at the corresponding level, and annuls inappropriate decisions, orders and resolutions on budget or final accounts that are made by the government at the corresponding level or by the people's congress at the next lower level and its standing committee.

The people's congress of a township, nationality township or town examines and approves the budget at the corresponding level and the report on the implementation of the budget at the corresponding level, supervises the implementation of the budget at the corresponding level, examines and approves the adjustment plan for the budget at the corresponding level, examines and approves the final accounts at the corresponding level, and annuls inappropriate decisions and orders on budget or final accounts that are made by the government at the corresponding level.

Article 22 The Financial and Economic Committee of the National People's Congress carries out preliminary review over the preliminary plan of draft budget of the Central Government and its implementation for the previous year, the preliminary plan of budget adjustments of the Central Government and draft final accounts of the Central Government, and then puts forward initial review comments.

The relevant special committees of people's congresses of provinces, autonomous regions and municipalities directly under the Central Government carry out preliminary review over the preliminary plan of draft budget at corresponding levels and the implementation for the previous year, the preliminary plan of budget adjustments at corresponding levels and draft final accounts at corresponding levels, and then put forward initial review comments.

The relevant special committees of people's congresses of cities divided into districts and autonomous prefectures carry out preliminary review over the preliminary plan of draft budget at corresponding levels and the implementation for the previous year, the preliminary plan of budget adjustments at corresponding levels and draft final accounts at corresponding levels, and then put forward initial review comments; where there is no special committee, the relevant working organs of standing committees of people's congresses at corresponding levels shall carry out studies and put forward comments.

The standing committees of people's congresses of counties, autonomous counties, cities not divided into districts and districts directly under the cities carry out preliminary review over the preliminary plan of draft budget at corresponding levels and the implementation for the previous year and then put forward initial review comments. The relevant working organs of standing committees of people's congresses of counties, autonomous counties, cities not divided into districts and districts directly under the cities shall carry out studies on the preliminary adjustment plan of budget at corresponding levels and draft final accounts at corresponding levels and put forward comments.

When the relevant special committees of people's congresses above the levels of cities divided into districts and autonomous prefectures carry out preliminary review and when the relevant working organs of the standing committees put forward comments, they shall invite delegates of the people's congresses at corresponding levels to joint them.

For comments put forward in accordance with the above four paragraphs hereof, the financial sectors of governments at corresponding levels shall timely feed the handling information back.

The comments put forward in accordance with the above four paragraphs hereof and the handling reports given by the financial sectors of governments at corresponding levels shall be released to the delegates of the people's congresses at corresponding levels.

Standing Committee of the National People's Congress and the relevant working organs of standing committees of people's congresses of provinces, autonomous regions, municipalities directly under the Central Government, cities divided into districts and autonomous prefectures shall, in accordance with the decisions of standing committees of people's congresses at corresponding levels, assist the financial and economic committees or the relevant special committees of people's congresses at corresponding levels in undertaking specific work in aspects of review of draft budget, budget adjustment plan or draft final accounts and supervision over budget implementation.

Article 23 The State Council compiles the drafts of the central budget and final accounts, makes report to the National People's Congress on the drafts of central and local budgets, submits for the record to the Standing Committee of the National People's Congress reports on the totaled budgets submitted for the record by the governments of provinces, autonomous regions and municipalities directly under the Central Government, organizes the implementation of the central and local budgets, makes decisions to draw on reserve funds of the central budget, works out the adjustment plan for the central budget, supervises the implementation of the budgets of the departments of the Central Government and of the local governments, alters or annuls inappropriate decisions and orders made by the departments of the Central Government or by the local governments on budgets or final accounts, and makes report to the National People's Congress or its Standing Committee on the implementation of the central and local budgets.

Article 24 A local government above the county level compiles the draft budget and draft final accounts at the corresponding level, makes report on the draft general budget at the corresponding level to the people's congress at the corresponding level, submits for the record the totalized general budget submitted by the next lower level to the standing committee of the people's congress at the corresponding level for the record, organizes the implementation of the general budget at the corresponding level, makes decisions to draw on reserve funds of the budget at the corresponding level, works out the adjustment plan for the budget at the corresponding level, supervises the budget implementation by the departments at the corresponding level and by the government at the next lower level, alters or annuls inappropriate decisions and orders made by the departments at the corresponding levels and the government at the next lower level on budget or final accounts, and makes report to the people's congress at the corresponding level or its standing committee on the implementation of the general budget at the corresponding level.

The government of a township, nationality township or town compiles the draft budget and draft final accounts at the corresponding levels, makes report to the people's congress at the corresponding level on the draft budget, organizes the implementation of the budget at the corresponding level, makes decisions to draw on reserve funds of the budget at the corresponding level, works out the adjustment plan for the budget at the corresponding level, and makes report to the people's congress at the corresponding level on the implementation of the budget at the corresponding level.

The draft budget, budget adjustment plan or draft final account of a township, nationality township or town that has been approved by a province, autonomous region and municipality directly under the Central Government can be prepared on behalf by a government at higher level, and then be sent to the people's congress of the township, nationality township or town for review and approval in accordance with Article 21 of the Law.

Article 25 The financial department under the State Council compiles the specific draft of the central budget and draft of the final accounts, practically organizes the implementation of the central and local budgets, puts forward proposals for drawing on reserve funds of the central budget, works out the specific adjustment plan for the central budget, and regularly reports to the State Council the implementation of the central and local budgets.

The finance department of a local government at any level compiles the specific drafts of budget and final accounts at the corresponding level, practically organizes the implementation of the general budget at the corresponding level, puts forward proposals for drawing on reserve funds of the budget at the corresponding level, works out the specific adjustment plan for the budget at the corresponding level, and regularly reports to the government at the corresponding level and the finance department of the government at the next higher level the implementation of the general budget at the corresponding level.

Article 26 Various departments compile the drafts of their own budgets and final accounts, organize and supervise the budget implementation by their own departments, and regularly report to the finance departments of the governments at the corresponding levels on their budget implementation.

Various units compile the drafts of their own budgets and final accounts, turn over budgetary revenues as prescribed by the State, manage the budgetary expenditures, and accept supervision of the relevant departments of the State.

Chapter III Scope of Budgetary Revenues and Expenditures

Article 27 Revenues of general public budget include various tax incomes, revenue from administrative charges, revenue from paid use of state-owned resources (assets), transfer income and other income.

Expenditures of general public budget, when classified according to their functions, shall include the spending on general public services, the spending on diplomacy, public safety and national defense, the spending on agriculture and environmental protection, the spending on education, science and technology, culture, health and sports, the spending on social security and employment and other spending.

Expenditures of general public budget, when classified according to their economic nature, include the expenditures of wages and benefits, those of goods and services, capital expenditures and other expenditures.

Article 28 The revenue and expenditure range of government-managed fund budget, state-owned capital management budget and social insurance fund budget will be determined in accordance with the laws, administrative regulations, and provisions of the State Council.

Article 29 Specific measures for the division of items for revenue and expenditure between the central budget and the local budget, the turning-over of revenues by the local governments to the Central Government and the refund of tax revenues or transfer payment by the Central Government to the local governments will be prescribed by the State Council and reported to the Standing Committee of the National People's Congress for record.

Article 30 No government at a higher level may allocate, beyond its budget, any budgetary funds of the government at a lower level. No government at a lower level may use or intercept budgetary funds belonging to the government at a higher level.

Chapter IV Budget Compilation

Article 31 The State Council shall issue timely circulars regarding the compilation of the next year's draft budgets. Concrete matters relating to the compilation of draft budgets shall be arranged by the finance departments under the State Council.

The governments, departments and units at various levels shall compile their respective draft budgets within the period of time prescribed by the State Council.

Article 32 Budgets at all levels shall be compiled in accordance with the annual economic and social development goals, the general requirements of national macro-control and the demands for cross-year budget balance, by reference to the actual implementation of the previous year's budget, to the assessment results of expenditure performance and to the estimation of the current year's revenues and expenditures and after soliciting opinions from all sides according to stipulated procedures.

Governments at all levels make decisions or formulate administrative measures in accordance with their statutory authority, and if such decisions or measures involve increase or decrease in financial revenues or expenditures, they shall put forward the same before the budget is approved and make necessary arrangements in the draft budget.

Based on the needs for function performance and cause development in accordance with the law and stock assets, all departments and units shall compile draft budgets of their own according to government revenue and expenditure item classification, budget expenditures standards and requirements as well as performance objective management and other budget compilation provisions that are formulated by the finance departments under the State Council.

In terms of the aforesaid classification of government revenue and expenditure, revenue is divided to type, sub-type, item, sub-item; expenditure is divided into type, sub-type and item based on its functions and into type and sub-type based on its economic nature.

Article 33 The governments of the provinces, autonomous regions and municipalities directly under the Central Government shall, within the period of time defined by the State Council, submit the general draft budgets at the corresponding levels to the State Council for examination and verification.

Article 34 Partial funds indispensable to the general public budget of the Central Government may be raised in form of domestic and foreign loans, provided that loans shall be in an appropriate scale and rational structure.

Balance management is applied to debts in general public budget of the Central Government, and the size of the balance may not exceed the limits approved by National People's Congress.

Finance departments under the State Council are specifically responsible for the unified management of the debts of the Central Government.

Article 35 The local budgets at various levels shall be compiled in the principles of keeping expenditures within the limits of revenues and maintaining a balance between revenues and expenditures, and shall not contain deficit unless otherwise provided in the Law.

Partial funds for construction investment indispensable to the budgets of provinces, autonomous regions and municipalities directly under the Central Government as approved by the State Council may be raised in form of debts by issuing local government bonds within the limits set by the State Council. The scale of debts will be reported by the State Council to the National People's Congress or the Standing Committee of the National People's Congress for approval. The debts to be borrowed by provinces, autonomous regions and municipalities directly under the Central Government based on the limits set by the State Council will be included in the budget adjustment plans at corresponding levels and reported to the standing committees of people's congresses at corresponding levels. To borrow debts, there shall be a repayment plan and stable source of repayment funds, and the debts borrowed will be only used for nonprofit capital expenditures other than recurrent expenditures.

Except as provided in the preceding paragraph, local governments and their subordinate departments may not get debts through borrowing in any way.

Unless otherwise provided by law, local governments and their subordinate departments may not provide guarantees for the debts of any unit or individual in any way.

The State Council establishes a local government debt risk assessment and early-warning mechanism, an emergency response mechanism and an accountability system. Finance departments under the State Council shall supervise debts of local governments.

Article 36 The compilation of the budgetary revenues at various levels shall be compatible with the level of economic and social development and be linked with fiscal policies.

The governments at all levels and all departments and units shall, in accordance with the Law, include all government revenues into the budget and may not conceal or incompletely list the revenues.

Article 37 The budgetary expenditures at all levels shall, in accordance with the Law, be compiled according to the classification by their functions and economic natures.

When compiling the budgetary expenditures at various levels, we shall follow the principles of diligence and frugality and strictly control the use of operational fund by each department and unit and their expenditures for government buildings and other basic constructions.

The general public budgetary expenditures at various levels shall be compiled by making overall plans and taking all factors into consideration, and key expenditures as determined by the State shall be firstly arranged under the precondition that the reasonable requirements of government public expenditures are secured.

Article 38 General transfer payments shall be prepared in accordance with the basic standards and calculation methods as provided by the State Council. Special transfer payments shall be prepared by region and item.

Governments at or above the county level shall notify the governments at lower levels in advance of the estimated amount of transfer payments granted to them.

Local governments at all levels shall include the estimate of transfer payments granted by governments at higher levels into the budgets at the corresponding levels.

Article 39 Necessary funds shall be arranged in the central and the relevant local budgets to support and help the economic and social construction in old revolutionary base areas, ethnic minority areas, border areas and poverty-stricken areas.

Article 40 Reserve funds in the general public budgets shall be established at 1% to 3% of the expenditures of general public budgets for coping with natural disasters and other emergencies as well as other unexpected expenditures in the implementation of the current year's budgets.

Article 41 Budgetary revolving funds in the general public budgets at various levels may be established in accordance with the provisions of the State Council to enable governments at corresponding levels to adjust the seasonal differences within the budget year.

Budget stabilization funds in the general public budgets at various levels may be established in accordance with the provisions of the State Council for making up the insufficiency of budget funds of subsequent budget years.

Article 42 Carry-over funds of prior-year budgets of governments at various levels shall be used in the next year for the expenditure of carry-over projects; the carry-over funds that have not been used up shall be managed as surplus funds.

The prior-year carry-over funds and surplus funds of all departments and units will be handled in accordance with the provisions of the finance departments under the State Council.

Article 43 The central budget will be examined and approved by the National People's Congress.

Local budgets at various levels will be examined and approved by the people's congresses at the corresponding levels.

Article 44 The finance departments under the State Council shall, 45 days before the annual session of the National People's Congress, submit the preliminary plan of the draft central budget to the Financial and Economic Committee of the National People's Congress for preliminary examination.

The finance departments under the governments of the provinces, autonomous regions and municipalities directly under the Central Government shall, 30 days before the sessions of the people's congresses at the corresponding levels, submit the preliminary plans of the draft budgets at the corresponding levels to the relevant special committees of the people's congresses at corresponding levels for preliminary examination.

The finance departments under the governments of cities divided into districts or autonomous prefectures shall, 30 days before the sessions of the people's congresses at the corresponding levels, submit the preliminary plans of the draft budgets at the corresponding levels to the relevant special committees of the people's congresses at corresponding levels for preliminary examination or to the relevant working organs of the standing committees of people's congresses at corresponding levels for consultation.

The governments of the counties, autonomous counties, and cities not divided into districts or districts directly under the cities shall, 30 days before the sessions of the people's congresses at the corresponding levels, submit the preliminary plans of the draft budgets at the corresponding levels to the standing committees of the people's congresses at the corresponding levels for preliminary examination.

Article 45 Counties, autonomous counties, cities not divided into districts, districts directly under the cities, townships, nationality townships and towns shall, before holding sessions of people's congresses to examine the draft budgets, adopt various forms to arrange for delegates of people's congresses at corresponding levels to listen to opinions of their voters and all sectors of society.

Article 46 The draft budgets to be submitted to the people's congresses at various levels for examination and approval shall be refined. Expenditures of general public budgets at corresponding levels shall be detailed to item when classified according to their functions; and the basic expenditures shall be detailed to sub-type when classified according to their economic natures. The budgetary expenditures of government-managed fund budgets, state-owned capital management budgets and social insurance fund budgets at corresponding levels shall be detailed to item when classified according to their functions.

Chapter V Examination and Approval of Budgets

Article 47 The State Council shall, when the National People's Congress is in session, make a report to the Congress on the draft central and local budgets and on the implementation of central and local budgets.

The local governments at various levels shall, when the people's congresses at the corresponding levels are in session, make reports to the congresses on their respective draft total budgets and on the implementation of those total budgets.

Article 48 As for the draft budgets and the reports thereon as well as the reports on budget implementation presented at the National People's Congress and the local people's congresses at various levels, examination focus shall be laid on the following aspects:

1. whether the budget implementation of the previous year meets the requirements of the resolution on budget passed at the people's congresses at the corresponding levels;
2. whether the budget arrangement conforms to the Law;
3. whether the budget layout conforms to the principles and policies concerning national economy and social development, and whether the revenue and expenditure policies are feasible;

4. whether the budget layout for major expenditures and major investment projects is appropriate;
5. whether the budget compilation is complete and in compliance with Article 46 of the Law;
6. whether the budget of transfer payments to governments at lower levels is normative and appropriate;
7. whether the debts borrowed according to layout of the budget is legitimate and reasonable, and whether there is a repayment plan and a stable source of funds to repay; and
8. whether important matters concerning the budget are clearly stated.

Article 49 The Financial and Economic Committee of the National People's Congress will submit an examination result report on the draft central and local budgets and the implementation of the central and local budgets to the Presidium of the National People's Congress.

The relevant special committees of people's congresses of provinces, autonomous regions, municipalities directly under the Central Government, cities divided into districts and autonomous prefectures and the standing committees of people's congresses of counties, autonomous counties, cities not divided into districts and districts directly under the cities shall submit examination result reports on the draft total budgets and the implementation of total budgets of the previous year to the presidiums of people's congresses at corresponding levels.

An examination result report shall cover the following contents:

1. comments on the enforcement of budget of the previous year and the implementation of budget resolution passed at the people's congress at corresponding level;
2. comments on whether the draft budget for the current year is in compliance with the Law and whether it is feasible;
3. suggestion on the draft budget and budget report approved by people's congress at corresponding level; and
4. comments and suggestions on implementation of annual budget, improvement of budget management and budget performance and enforcement of budgetary oversight.

Article 50 The government of a township, nationality township or town shall report without delay its budget approved by the people's congress at the corresponding level to the government at the next higher level for the record. A local government above the county level is required to report without delay its budget approved by the people's congress at the corresponding level and the totalized budget submitted for the record by the government at the next lower level to the government at the next higher level for the record.

A local government above the county level shall, after totalizing the budgets submitted for the record by the governments at the next lower level in accordance with the preceding paragraph, report the totalized budgets to the standing committee of the people's congress at the corresponding level for the record. The

State Council shall, after totalizing the budgets submitted for the record by the governments of the provinces, autonomous regions and municipalities directly under the Central Government in accordance with the preceding paragraph, submit the totalized budgets to the Standing Committee of the National People's Congress for the record.

Article 51 In case that the State Council or a local government above the county level judges that the budget submitted for the record by the government at the next lower level in accordance with Article 40 of the Law, contravenes laws or administrative rules and regulations, or contains other inappropriateness, and that the resolution approving the budget has to be cancelled, the said government shall submit the matter to the standing committee of the people's congress at the corresponding level for deliberation and decision.

Article 52 After the approval of the budgets at various levels by the people's congresses at the corresponding levels, the finance departments under the governments at the corresponding levels shall within 20 days give an official reply regarding their budgets to the departments at the corresponding levels. The departments at various levels shall, within 15 days upon receipt of the official reply regarding budgets at the corresponding levels by the finance departments under the governments at the corresponding levels, give an official reply regarding their budgets to their subordinate units.

The general transfer payments by the Central Government to local governments will be formally made within 30 days after the budgets are approved at the National People's Congress. The special transfer payments by the Central Government to local governments will be formally made within 90 days after the budgets are approved at the National People's Congress.

Governments of provinces, autonomous regions and municipalities directly under the Central Government will officially allocate the general and special transfer payments to all the governments above the county level under their administrative jurisdictions within 30 days after they receive the said transfer payments by the Central Government.

The general and special transfer payments in budgets at various levels above the county level to governments at lower levels shall be formally and separately made within 30 days and 60 days after the budgets are approved at the people's congresses at corresponding levels.

The transfer payments for coping with natural disasters and other emergencies in budgets shall be made promptly; the transfer payments used for actual settlement and other special items can be made by stages or be prepaid before settlement.

The finance departments under the governments above the county level shall make copies for the approved budgets of various departments at the corresponding levels and the approved transfer payment budgets of governments at the lower levels, and send the same to the financial and economic committees, the relevant special committees and the relevant working organs of the standing committees of people's congresses at corresponding levels.

Chapter VI Budget Implementation

Article 53 The implementation of the budgets of governments at various levels shall be organized by the governments at the corresponding levels, and the finance departments of the governments at the corresponding levels shall be in charge of the concrete work.

All departments and units, as main bodies of implementing their respective budgets, are in charge of the implementation of their respective budgets and responsible for the implementation results.

Article 54 After the beginning of a budgetary year, the draft budgets at various levels may be arranged for the following expenditures before they are approved by the people's congresses at the corresponding levels:

1. the expenditures carried over from the previous year;
2. the basic expenses and project costs necessary for departments for the current year by reference to the budgetary expenditures arranged for the same period of the previous year, as well as the transfer payments disbursed to governments at lower levels; and
3. the expenditures that must be paid as provided by law, and the expenditures that are used for coping with natural disasters and other emergencies.

Details about the expenditures arranged according to the preceding paragraph will be stated in the report on draft budgets.

The budgets shall be implemented according to the layout as approved by the people's congresses at corresponding levels.

Article 55 The departments and units responsible for collecting budgetary revenues must, in accordance with the laws or administrative regulations, collect in time and in full the budgetary revenues that ought to be collected, and may not, in violation of the laws or administrative regulations, carry out over collection or early collection of, grant reduction of, or exemption from collection of, or postpone the collection of, budgetary revenues that ought to be collected, and may not intercept, detain or misappropriate the budgetary revenues.

Governments at all levels may not assign revenue indexes to departments and units collecting budgetary revenues.

Article 56 All government revenues will be turned over to the State Treasury (hereinafter referred to as the "Treasury"), and no department, unit or individual can intercept, detain, misappropriate or default such revenues.

For the special funds expressly provided by the law or approved by the State Council, special financial accounts can be set up in accordance with the provisions of the State Council.

Article 57 The finance departments of the governments at various levels must, in accordance with the laws, administrative rules and regulations and the provisions of the finance departments under the State Council, allocate in time and in full amount the funds for budgetary expenditures and strengthen the management of and supervision over the budgetary expenditures.

The expenditures of governments at all levels and all departments and units must be disbursed in accordance with the budget and contain no false item.

The government at all levels and all departments and units are required to carry out performance evaluation on the budget disbursement.

Article 58 The revenues and expenditures of budgets at various levels shall be accounted for on a cash basis.

Information about specific matters subject to the accrual-basis accounting according to provisions of the State Council shall be reported to the standing committees of the people's congresses at the corresponding levels.

Article 59 The Treasury must be established in any budget above the county level; it shall also be established for any township, nationality township or town where conditions permit.

The business of the Central Treasury shall be managed by the People's Bank of China and the business of the local treasuries, in accordance with the relevant provisions of the State Council.

The treasuries at various levels must, in accordance with the relevant provisions of the State, manage promptly and accurately the collection, allocation, retainment and turnover of the budgetary revenues, and the appropriation of the budgetary expenditures.

The power to dispose of the funds of the treasuries at various levels is vested in the finance departments under the governments at the corresponding levels. Except as otherwise provided by the laws or administrative regulations, no departments, units or individuals shall, without the authorization of the finance departments of the governments at the corresponding levels, have the right to freeze or draw on any funds from the Treasury or otherwise dispose of the funds already put in the Treasury.

The governments at all levels shall strengthen the management of and supervision over the treasuries at the corresponding levels, improve the treasuries' cash management in accordance with the provisions of the State Council, and rationally regulate the balance of the treasury funds.

The governments at all levels shall strengthen the management of and supervision over the treasuries at the corresponding levels.

Article 60 For the funds already put in the Treasury, if they shall be returned in accordance with the laws or administrative regulations or the decisions of the State Council, the finance departments under the

governments at all levels or their authorized agencies shall promptly handle the refund procedures.

However, the refund does not apply to matters that shall be arranged in fiscal expenditures in accordance with the provisions.

Article 61 The State manages all government revenues and expenditures according to the treasury single account system.

Article 62 The governments at various levels shall strengthen the leadership over the budget implementation, support the budgetary-revenue collecting departments such as the finance departments, taxation and customs authorities to arrange budgetary revenues according to law and support the finance departments to strictly manage budgetary expenditures.

The finance departments, taxation and customs authorities shall in the course of budget implementation strengthen the analysis of the budget implementation and, whenever discovering any problems, promptly suggest that the governments at the corresponding levels adopt measures to settle them.

Article 63 All departments or units shall strengthen the management of the budgetary revenues and expenditures, and may not intercept or draw on the budgetary revenues which shall be turned over, nor arbitrarily change the usage of budgetary expenditures.

Article 64 The plan to draw on the budget reserve funds at any level shall be made by the finance department of the government at the corresponding level and be submitted to the government at the corresponding level for a decision.

Article 65 The budgetary revolving funds at various levels shall be managed by the finance departments under the governments at the corresponding levels, and may not be embezzled for any other purpose.

Article 66 Where there is any excess revenue in the annual implementation of general public budgets at various levels, such excess revenue can only be used to offset deficit or supplement the budget stabilization funds.

The surplus funds of general public budgets at all levels shall be added to the budget stabilization funds.

Where there is any deficient revenue in the annual implementation of general public budgets of provinces, autonomous regions and municipalities directly under the Central Government and it cannot make ends meet through investing budget stabilization funds, reducing expenditures and other ways, the governments of provinces, autonomous regions and municipalities directly under the Central Government, after reporting to and approved by people's congresses at corresponding levels or their respective standing committees, may add such deficiency to deficit, report to the finance departments under the State Council for record, and make up such deficiency in the budget of next year.

Chapter VII Budget Adjustment

Article 67 Where any of the following situations occur in the implementation of the central budget already approved by the National People's Congress or of the local budgets at various levels already approved by the local people's congresses at the corresponding levels, budget adjustment shall be made:

1. the total budgetary expenditures need to be increased or decreased;
2. investing budget stabilization funds is needed;
3. the amount of key expenditures that have been arranged in the budgets needs to be decreased; and
4. the debts to be borrowed need to be increased.

Article 68 In the course of budget implementation, the governments at various levels generally neither develop new policies and measures for increasing fiscal revenue or expenditure nor develop those for decreasing fiscal revenue; if the budget adjustment is indispensable and must be made, arrangements shall be made in the budget adjustment plan.

Article 69 In the course of budget implementation, the governments at various levels shall, with regard to indispensable budget adjustments, work out plans for budget adjustments. The budget adjustment plans shall state the reasons for budget adjustments and items and amounts involved.

In the course of budget implementation, if the budgetary expenditures must be increased due to occurrence of natural disasters and other emergencies, the reserve funds can be disbursed first; if the reserve funds are inadequate to cover the expenditures, the governments at all levels can first arrange expenditures and then include those belonging to budget adjustments into the budget adjustment plans.

Finance departments under the State Council shall, 30 days before the Standing Committee of the National People's Congress holds meetings to review and approve the budget adjustment plans, send the preliminary budget adjustment plans to the Financial and Economic Committee of the National People's Congress for preliminary examination.

The finance departments under the governments of provinces, autonomous regions and municipalities directly under the Central Government shall, 30 days before the standing committees of the people's congresses at the corresponding levels hold meetings to review and approve the budget adjustment plans, send the preliminary budget adjustment plans to the relevant special committees of the people's congresses at corresponding levels for preliminary examination.

The finance departments under the governments of cities divided into districts and autonomous prefectures shall, 30 days before the standing committees of the people's congresses at the corresponding levels hold meetings to review and approve the budget adjustment plans, send the preliminary budget adjustment plans to the relevant special committees of the people's congresses at corresponding levels for preliminary examination or to the relevant working organs of the standing committees of the people's congresses at the corresponding levels for advice.

The finance departments under the governments of counties, autonomous counties, cities not divided into districts and districts directly under the cities shall, 30 days before the standing committees of the people's congresses at the corresponding levels hold meetings to review and approve the budget adjustment plans, send the preliminary budget adjustment plans to the relevant working organs of the standing committees of the people's congresses at the corresponding levels for advice.

Adjustment plans of the central budget shall be referred to the Standing Committee of the National People's Congress for review and approval. Adjustment plans of budgets above the county level shall be referred to the standing committees of people's congresses at corresponding levels for review and approval and those of townships, nationality townships and towns, to the people's congresses at corresponding levels for review and approval. No budget can be adjusted without approval.

Article 70 The governments at various levels shall strictly implement the approved budget adjustment plans. The governments at various levels may not make decisions on budget adjustments if not going through procedures as provided in Article 69 hereof.

In case that a decision is made in violation of the preceding paragraph, the people's congress or the standing committee of the people's congress at the corresponding level or the governments at higher levels shall order a change or annulment of the decision.

Article 71 In the course of budget implementation, for changes in budgetary expenditures of local governments at various levels arising from increase in special transfer payments by governments at higher levels that requires no provision of supporting funds by governments at the corresponding levels, they shall not be regarded as budget adjustments.

The local governments above the county level that have accepted increase in special transfer payments shall report the relevant situations to the standing committees of the people's congresses at the corresponding levels; the governments of townships, nationality townships and towns that have accepted the increase in special transfer payments shall report the same to the people's congresses at the corresponding levels.

Article 72 The budgetary expenditures of a department or unit shall be implemented according to the budget items. Strictly control transfer of budgetary funds under different budget items, budget levels or projects. Any necessary transfer must be handled in accordance with the provisions of financial department under the State Council.

Article 73 After the local budget adjustment plan at any level has been approved, the government at the corresponding level shall report such plan to the government at the next higher level for the record.

Article 74 Draft final accounts are compiled by governments at various levels, various departments and units in accordance with the schedule prescribed by the State Council at the end of each budgetary year.

Concrete matters related to the compilation of final accounts will be arranged by the finance departments under the State Council.

Article 75 The compilation of the draft final accounts must conform to the laws and administrative regulations and the authenticity in revenues and expenditures, the accuracy in amounts, the completeness of the contents and the prompt submission are required.

The draft final accounts shall be corresponded to the budget, and listed separately according to the budget amount, adjusted amount and final amount. The expenditures of general public budgets shall be detailed to item when classified according to their functions, or be detailed to sub-type when classified according to their economic natures.

Article 76 A department shall examine, verify and totalize the draft final accounts of all units subordinate to it and then compile draft final accounts of its own and shall, within the prescribed time limit, submit such draft to the finance department of the government at the corresponding level for examination and verification.

The finance department of a government at any level shall, in examining and verifying the draft final accounts of all departments at the corresponding level, have the power to correct any inconformity with the laws and administrative rules and regulations.

Article 77 The finance department under the State Council shall compile the draft of the central final accounts, and submit the draft audited by audit department of the State Council to the State Council for examination and decision, and then the State Council shall submit the same to the Standing Committee of the National People's Congress for examination and approval.

The finance departments under local governments above the county level shall compile the draft final accounts at the corresponding levels and submit the draft final accounts audited by audit departments of governments at the corresponding levels to the governments at the corresponding levels for examination and decision, and then the governments at the corresponding levels shall submit the same to the standing committees of the people's congresses at the corresponding levels for examination and approval.

The government of a township, nationality township or town shall compile the draft final accounts at its own level and submit the draft to the people's congress at that level for examination and approval.

Article 78 Finance departments under the State Council shall, 30 days before the Standing Committee of the National People's Congress holds meeting to review and approve the draft of the central final accounts, send the draft of the central final accounts for the previous year to the Financial and Economic Committee of the National People's Congress for preliminary examination.

The finance departments under the governments of provinces, autonomous regions and municipalities directly under the Central Government shall, 30 days before the standing committees of the people's congresses at the corresponding levels hold meetings to review and approve the draft final accounts at the corresponding levels, send the draft final accounts at the corresponding levels for the previous year to the relevant special committees of the people's congresses at corresponding levels for preliminary examination.

The finance departments under the governments of cities divided into districts and autonomous prefectures shall, 30 days before the standing committees of the people's congresses at the corresponding levels hold meetings to review and approve the draft final accounts at the corresponding levels, send the draft final accounts at the corresponding levels for the previous year to the relevant special committees of the people's congresses at corresponding levels for preliminary examination or to the relevant working organs of the standing committees of the people's congresses at the corresponding levels for advice.

The finance departments under the governments of counties, autonomous counties, cities not divided into districts and districts directly under the cities shall, 30 days before the standing committees of the people's congresses at the corresponding levels hold meetings to review and approve the draft final accounts at the corresponding levels, send the draft final accounts at the corresponding levels for the previous year to the relevant working organs of the standing committees of the people's congresses at the corresponding levels for advice.

The Financial and Economic Committee of the National People's Congress and the relevant special committees of people's congresses of provinces, autonomous regions, municipalities directly under the Central Government, cities divided into districts and autonomous prefectures shall submit the examination result report on draft final accounts at the corresponding levels to the standing committees of the people's congresses at the corresponding levels.

Article 79 As for the draft final accounts at corresponding levels, the standing committees of people's congresses above the county level and the people's congresses of townships, nationality townships or towns shall focus on examining the following contents:

1. information about the budgetary revenues;
2. information about the implementation of policies on expenditures and about the use and performance of key expenditures and major investment project funds;
3. information about the use of carry-over funds;
4. information about fund surplus;
5. information about the adjustment and implementation of budgets at the corresponding levels;
6. information about the implementation of arranged fiscal transfer payments;

7. information about the scale, structure, use, repayment and other elements of debts approved to borrow;
8. information about the scale and use of budgetary revolving funds at the corresponding levels;
9. information about the reserve funds at the corresponding levels;
10. information about the arrangements of excess revenues and about the scale and use of budget stabilization funds;
11. information about the implementation of budget resolutions approved at the people's congresses at corresponding levels; and
12. other important information relevant to the final accounts.

The standing committees of people's congresses above the county level shall review the draft final accounts at corresponding levels in combination with the implementation of budgets for the previous year as proposed by the governments at corresponding levels and the audit reports on other fiscal revenues and expenditures.

Article 80 After the final accounts of the government at any level have been approved, the relevant finance department shall give an official reply concerning the final accounts to all departments at the corresponding level within 20 days. All the departments shall give an official reply concerning the final accounts to their subordinate units within 15 days after they receive the official reply concerning the final accounts given by the finance department of the government at the corresponding level.

Article 81 A local government at any level shall summarize its approved final accounts and the final accounts submitted by the government at the next lower level for the record, which shall be submitted to the government at the next higher level for the record.

Any government above the county level shall make the summarization of the final accounts submitted by the government at the next lower level for the record, and submit the same to the standing committee of the people's congress at the corresponding level for the record.

Article 82 In case that a government above the county level judges that the final accounts submitted for the record by a government at the next lower level in accordance with Article 64 of the Law contravene the laws or administrative rules and regulations or contain other inappropriateness and the resolution approving the final accounts has to be cancelled, the State Council and the local government above the county level shall submit the matter to the standing committee of the people's congress at the corresponding level for deliberation and decision; if a decision is made on its cancellation after deliberation, the standing committee of the people's congress at the said next lower level shall instruct the government at the corresponding level to recompile the draft final accounts in accordance with the Law, and then submit the draft to the standing committee of the people's congress at the corresponding level for examination and approval.

Article 83 The National People's Congress and its Standing Committee exercise supervision over the central and local budgets and final accounts.

A local people's congress above the county level and its standing committee exercise supervision over the budget and final accounts at the corresponding and lower levels.

The people's congress of a township, nationality township or town exercises supervision over the budget and final accounts of the government at the corresponding level.

Article 84 A people's congress at any level and the standing committee of the people's congress above the county level have the power to conduct investigations of major issues or specific questions concerning the budget or final accounts; governments, departments, units or individuals concerned shall truthfully report the situations and provide the necessary materials.

Article 85 When the people's congresses at various levels and the standing committees of the people's congresses above the county level are in session, deputies to the people's congresses or members of the standing committees may, in accordance with the procedures prescribed by law, raise questions or address inquiries concerning the budgets or final accounts to the relevant governments or financial departments, which must promptly answer the questions or inquiries.

Article 86 The State Council and the local governments above the county level shall, during the period from June to September of each year, make reports on the budget implementation to the standing committees of people's congresses at the corresponding levels.

Article 87 A government at any level shall supervise the budget implementation by the governments at lower levels; a government at lower levels shall regularly make reports on the budget implementation to the government at the next higher level.

Article 88 The finance department of a government at any level shall be responsible for supervision over and inspection of the budget preparation and implementation by all departments at the corresponding level and their subordinate units, and shall make reports on the budget implementation to the government at the corresponding level and the finance department of the government at the next higher level.

Article 89 The audit department of a government above the county level shall exercise auditing supervision over the budget implementation and final accounts in accordance with the law.

The audit report on the budget implementation and other financial revenues and expenditures shall be open to the society.

Article 90 All government departments shall supervise and examine the budget implementation by all subordinate units, inform the financial department of the government at the corresponding level of their respective budget implementation, and correct any behavior in violation of the budget in accordance with the law.

Article 91 Any citizen, legal person or other organization may inform the relevant State organs of any act in violation hereof he or it discovers, or accuse the relevant actor according to law.

The State organ accepting the information or accusation shall handle the case in accordance with the law, and keep the informant or accuser confidential. No unit or individual can tyrannize or retaliate the informant or accuser.

Chapter X Legal Liabilities

Article 92 Any government at any level or any relevant department committing any of the following acts will be ordered to make correction, and the persons directly in charge and other persons directly responsible shall be held for administrative responsibilities:

1. failing to prepare and submit the draft budget, budget adjustment plan, draft final accounts, and department budget and final accounts, or give an official reply to budget and final accounts pursuant hereto;
2. adjusting the budget in violation hereof;
3. failing to announce and explain the matters concerning the budget pursuant hereto;
4. founding the governmental fund program or creating other fiscal revenue items in violation of the relevant provisions;
5. drawing on the budget reserve funds, budgetary revolving funds, budget stabilization funds and excess revenue in violation of laws and regulations; and
6. opening special financial account in violation hereof.

Article 93 Any government at any level or any relevant department or unit committing any of the following acts will be ordered to make correction, and the persons directly in charge and other persons directly responsible shall be demoted, dismissed or fired:

1. failing to include all the governmental revenues and expenditures in the budget or misstating the revenues or expenditures;
2. carrying out over collection or early collection of, grant reduction of, or exemption from collection of, or postpone the collection of, budgetary revenues that ought to be collected, in violation of the laws or administrative regulations;
3. intercepting, detaining, misappropriating or defaulting the budget revenues that ought to be turned over to the Treasury;
4. changing the usage of budgetary outlays in violation hereof;
5. arbitrarily changing the usage of special transfer payment funds of the government at higher level; and

6. appropriating the funds for budgetary outlays or managing the collection, allocation, retainment and turnover, and refund of the budgetary revenues in violation hereof, or freezing or drawing on the treasury reserve, or otherwise disposing of the funds already put in the Treasury in violation hereof.

Article 94 Any government at any level or any department or unit borrowing debts to provide guarantee for the debts of others, appropriating the funds for major expenditures, or constructing any government building with the expenditures incurred uncovered in the budget or exceeding the budget, in violation hereof, will be ordered to make correction, and the persons directly in charge and other persons directly responsible shall be demoted, dismissed or fired.

Article 95 Any relevant department or unit of any government at any level or staff thereof committing any of the following acts will be ordered to make correction, return the funds it gains by cheating or uses, and have the illegal gains confiscated, if any; the unit concerned will be given a warning or a criticism by circulating a notice; and the persons directly in charge and other persons directly responsible shall be punished according to the law:

1. changing the way whereby the budget revenue is turned over in violation of laws and regulations;
2. gaining the budget funds by means of misstatement, impersonation or otherwise;
3. expanding the expenditure range or enhancing the spending standards in violation of the relevant provisions; and
4. any other act in violation of the provisions on fiscal administration.

Article 96 Any other law that otherwise stipulates the treatment or punishment in respect of the illegal acts mentioned in Articles 92, 93, 94 and 95 shall prevail.

Any person in violation hereof constituting a crime will be prosecuted for criminal liability in accordance with the law.

Chapter XI Supplementary Clauses

Article 97 The finance departments of governments at all levels shall prepare an annual comprehensive financial report of the governments on an accrual basis to report the overall financial position, operation and the mid-term and long-term fiscal sustainability of the governments, which will be reported to the standing committees of the people's congresses at the corresponding levels for the record.

Article 98 The State Council shall, in accordance with the Law, formulate rules for its implementation.

Article 99 The management of budgets in the national autonomous areas shall comply with the relevant provisions of the Law on Regional National Autonomy; in the absence of such stipulations in the Law on Regional National Autonomy, the relevant provisions of the Law and of the State Council shall apply.

Article 100 The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their standing committees may make the decision or local regulations on the examination of or supervision over the budget pursuant hereto.

Article 101 The Law shall take effect as of January 1, 1995. On the same day, the Administrative Regulations on the State Budget promulgated on October 21, 1991 by the State Council shall be invalidated.

Note:English version for reference only,Chinese version shall prevail.