



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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RĪGĀ

04.10.2017. Nr. 1-08/1502

Uz _____ Nr. _____

**Prime Minister
Republic of Latvia
Māris Kučinskis**
Brīvības bulvāris 36
Rīga, LV-1520

**Chairman of the Budget and Finance (Tax) Committee
Saeima of the Republic of Latvia
Jānis Vucāns**
Jēkaba iela 6/8
Rīga, LV-1811

**Minister of Finance
Republic of Latvia
Dana Reizniece-Ozola**
Smilšu ielā 1
Rīgā, LV-1919

Dear Messrs Kučinskis and Vucāns,
Dear Madam Reizniece-Ozola,

Reply to the non-conformity reports regarding the reallocation of appropriations from the Ministry of Finance's budget sub-programmes "Payments to the budget of the European community" and "Public debt management".

The Fiscal discipline council (hereafter – Council) has reviewed the Ministry of Finance's reply to the non-conformity reports submitted on 6, 15 and 20 September.

The Ministry of Finance underlines that, according Section 29, part 2 of the Fiscal discipline law (hereafter – FDL), the Council's non-conformity reports are recommendations and that the Council should consider the arguments put forth in the reply from the Ministry of Finance.

The Council has reviewed the explanation provided by the Ministry of Finance and believes that the arguments put forward in the reply are not convincing.

The Council does not concur with the Ministry of Finance's claim that amendments to the annual budget law and the reallocation of appropriations are qualitatively different. The Council believes that, for the purposes of consistency, the same requirements should apply to the reallocation of appropriations, as the need to apply the requirements currently varies depending on a technical detail – the name of the procedure. The Ministry of Finance should respect all budget sub-programmes that permit flexibility and whose savings reduce budget expenditure.

In view of the above, the Council maintains that there is a need to modify the legal framework regulating changes to the appropriation of the Ministry of Finance's budget sub-programme "Payments to the budget of the European community" specifying the requirements for the sources funding for appropriation increases and the authorisation for the use of funds when the appropriation is reduced.

In their reply (22 May) the Ministry of Finance indicates that they do not concur with the assessment that the reallocation of appropriations uses up non-existent fiscal space. The Ministry of Finance argues that, if it were necessary to pay the planned amount into budget of the European community, this would not increase the deficit.

The Council requests an explanation of how additional funds would be allocated to make the planned payments into the budget of the European Community, without increasing the budget deficit.

Council Chairman

Jānis Platais

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