



**Republika e Kosovës**  
**Republika Kosovo - Republic of Kosovo**  
*Kuvendi - Skupština - Assembly*

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**Law No. 05/L -063**

**ON AMENDING AND SUPPLEMENTING THE LAW NO. 03/L-048 ON  
PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY,  
AMENDED AND SUPPLEMENTED BY LAWS NO. 03/L-221, NO. 04/L-116  
AND NO. 04/L-194**

**The Assembly of the Republic of Kosovo,**

Based on Article 65 (1) of the Constitution of the Republic of Kosovo, Article 25 of Law no. 03/L-048 on Public Financial Management and Accountability, amended and supplemented by Law No. 03/L-221, Law No. 04/L-116 and Law No.04/L-194,

Approves:

**LAW ON AMENDING AND SUPPLEMENTING THE LAW NO. 03/L-048  
ON PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY,  
AMENDED AND SUPPLEMENTED BY LAWS NO. 03/L-221, NO. 04/L-116  
AND NO. 04/L-194**

**Article 1**  
**Purpose**

Through this Law, there shall be amended and supplemented the Law no.03/L-048 on Public Financial Management and Accountability amended and supplemented by Law No.03L-221, Law No.04/L-116 and Law No.04/ L-194.

**Article 2**  
**Scope**

The provisions of this Law are mandatory for all institutions of the Republic of Kosovo, addressed within this Law and the basic Law.

**Article 3**  
**Definitions**

1. Terms used in this Law shall have the following meanings:

1.1. The basic Law - means the Law no. 03/L-048 on Public Financial Management and Accountability, amended and supplemented by Law No.03L-221, Law No.04 / L-116 and Law No.04 / L-194.

2. Other terms used shall have the meaning as defined in the basic Law.

**Article 4**

Article 5 of the basic Law shall be amended as follows:

5.1. Within the Ministry of Finance, the Budget Department shall be established, comprised of the Central Budget Division and Municipal Budget Division.

5.2. Central Budget Division is authorized and responsible for:

5.2.1. preparation of Budget Proposal of the Republic of Kosovo;

5.2.2. preparation of Medium Term Expenditure Framework;

5.2.3. implementation of the Budget of the Republic of Kosovo;

5.2.4. evaluation of requests for changes to budget appropriations;

5.2.5. Financial Impact Assessment of government policies; and

5.2.6. exercising all other responsibilities specifically assigned to the Budget Department by this Law, that are within the scope of this Division.

5.3. Municipal Budget Division provides support for municipalities in accomplishing their obligations stipulated by the legal framework and is authorized and responsible for:

5.3.1. preparation of Municipalities Budget Proposal;

5.3.2. preparation of Municipal Medium Term Budget Framework part as an integral part of the MTEF;

5.3.3. support in the implementation of the Budget of Municipalities of the Republic of Kosovo;

5.3.4. reviewing and evaluation of requests for changes to budget appropriations; and

5.3.5. exercising all other responsibilities specifically assigned by the legal framework to the Municipal Budget Department, that are within the scope of this Division.

### **Article 5**

Article 7 of the basic Law, paragraph 3 shall be deleted from the text of the Law.

### **Article 6**

1. Article 18 of the basic Law shall be amended as follows:

18.1. General Director of the Treasury is authorized to establish and maintain accounts and sub-accounts for funds within the Consolidated Fund of the Republic of Kosovo as it deems appropriate for implementing the provisions of this Law. Specific sub-accounts shall be established for own source revenues of each municipality and other BO that collect revenues. All the aforementioned accounts and sub-accounts will be part of the TSA.

18.2. General Director of the Treasury establishes the accounts and sub-accounts that comprise the TSA at the CBK. In cases where the CBK can not provide specific banking services, General Director of the Treasury is authorized to establish accounts also in a commercial bank operating in the Republic of Kosovo, which is selected through a bidding process that must be exercised in accordance with the Law on Public Procurement.

18.3. For the establishment of accounts of diplomatic missions of the Republic of Kosovo, General Director of the Treasury shall select a commercial bank operating in the Republic of Kosovo, which shall be selected in accordance with the Law on Public Procurement that shall administer the process of establishment and management of accounts in the countries where diplomatic missions of the Republic of Kosovo operate.

18.4. In cases where the selected contractor under paragraph 18.3 can not provide opening of the accounts for the diplomatic missions of the Republic of Kosovo pursuant to this Article and this due to the legal procedural obstacles of the particular State, the

General Director of Treasury at the request of CAO at Ministry of Foreign Affairs may authorize the diplomatic representative to open an official bank account on behalf of the diplomatic mission

2. Article 18 of the basic Law, paragraphs 18.3, 18.4 and 18.5 shall be renumbered with ordinal numbers 18.5, 18.6 and 18.7.

### **Article 7**

Article 22.A of the basic Law, after paragraph 22.A.6, there shall be added paragraphs: 22.A.7, 22.A.7.1, 22.A.7.2 and 22.A.7.3, with the following text:

22.A.7. For the purposes of compliance with the deficit ceiling from paragraph 1 of this Article, expenditures for capital projects financed externally from Supranational Financial Institutions, the European Union or its institutions, or foreign governments or their development agencies shall not be taken into account.

22.A.7.1. Projects that have been contracted and ratified before entry into force of this Article are excluded from capital projects mentioned in this Article.

22.A.7.2. The exemption provided for in this Article shall not apply to the Law on Budget Appropriations of any fiscal year, if the execution of the Law on Budget Appropriations or conclusion of a contract for any capital project has caused, or is likely to cause, General Government Debt to exceed thirty percent (30%) of forecasted GDP.

22.A.7.3. The exemption provided for in this Article shall expire after ten (10) years from the date of entry into force.

### **Article 8**

After the Article 22 B of the basic Law, there shall be added a new Article with ordinal number 22C, as follows:

#### **Article 22C**

#### **Ceiling on Budget Increase for Wages and Salaries**

22.C.1. In each fiscal year from 2018 onwards, the percent increase of the wage bill relative to the preceding fiscal year shall not exceed the annual growth rate of nominal Gross Domestic Product (GDP).

22.C.1.1. For the purpose of this Article, the wage bill is defined as total spending on wage and non-wage compensation which include wages, personal emoluments,

allowances for pension, health and social security, and payments for professional services, made to all the elected, respectively appointed officials as well as all the temporary and permanent employees in all budget organizations of the central and municipal governments.

22.C.1.2. For the purpose of this Article, the level and annual growth rate of nominal GDP should be used, as published by the Statistical Agency of Kosovo, for the latest calendar year available by the time the consolidated budget of the central and municipal governments is being prepared.

22.C.1.3. The ceiling on the annual percent increase in the wage bill as defined in 22.C.1 shall not be affected by the difference between the increase of the wage bill and the ceiling allowed according to paragraph 22.C.1 in one or more previous fiscal years.

22.C.1.4. If the annual growth rate of nominal GDP be less than or equal to zero point fivepercent (0.5%), the ceiling for the annual percent increase in the wage bill should be zero point five percent (0.5%). However, if in such circumstances the increase in the wage bill exceeds the annual growth rate of nominal GDP, then the ratio of the wage bill to nominal GDP must revert back to its pre-increase level within three (3) years starting in the fiscal year in which nominal GDP growth exceeds zero point five percent (0.5%).

22.C.1.5. With a view to ensure that the increase of the wage bill over time remains consistent with stable public finances and a competitive economy, every fifth fiscal year, the Assembly should review and if needed it may adjust the indicator and formula that determine the ceiling of the annual wage bill increases.

## **Article 9**

Article 62 of the basic Law, paragraph 5 shall be reworded with the following text:

62.5 If the Municipal Assembly fails to approve and submit to the Minister its proposed budget and budget appropriations request by March 1, the Minister of Finance shall appoint a financial administrator in that municipality, who exercises duties and responsibilities defined by this Law. Following the approval and submission of the proposed budget and Budget appropriation request to the Minister, by Municipal Assembly, these documents are subject to the procedure provided in paragraph 4 of Article 62 of this Law and the competences of financial administrator shall cease.

**Article 10**  
**Entry into force**

This Law shall enter into force fifteen (15) days after publication in the Official Gazette of the Republic of Kosovo.

**Law No.05/L - 063**  
**14 December 2015**

**President of the Assembly of the Republic of Kosovo**

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**Kadri VESELI**