



## LATVIAN PARLIAMENT APPROVES INCREASE OF FINANCE MINISTER AUTHORITY

On Wednesday, May 28, the Saeima (Parliament) passed on the third reading amendments in Law on Budget and Financial Management which gives greater authority to the Finance Minister in limiting state budget expenditure. The Finance Minister is authorized to establish additional budgetary performance provisions in cases when quick decisions are necessary. The decision to allocate this special authority was taken in order to promptly respond to conditions in the ongoing macroeconomic processes.

The Finance Minister will be able to detain or reduce allocations if in three month period state budget actual income in comparison with planned revenues decreases more than 0,5% or state budgetary deficit exceeds planned deficit by more than 0,5% of GDP prognosis. Also the Minister will be able to restrict usage of State Treasury accounts if there will be shortage of financial means to cover commitments.

If above mentioned situation occurs, in a week time the Minister should inform the Cabinet of Ministers and the Saeima Budget and Finance (Taxation) Committee. Decision on detention or reduction of allocations will be taken by the government and, if necessary, amendments to accordant legislation will be passed in the Saeima.

Amendments determine that application of restrictions cannot be longer then a three month period. If restrictions should be applied for longer period of time, the Cabinet of Ministers should prepare amendments in correspondent legislation.

### THE LATVIAN INSTITUTE

The Latvian Institute (Latvijas institūts) was established by the Latvian state to provide a wide range of information about Latvia, its society, culture and history.

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