

STATE FISCAL AND FINANCIAL DISCIPLINES ACT,  
B.E. 2561 (2018)

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HIS MAJESTY KING MAHA VAJIRALONGKORN BODINDRADEBAYAVARANGKUN;  
Given on the 16<sup>th</sup> Day of April B.E. 2561;  
Being the 3<sup>rd</sup> Year of the Present Reign.

His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun is graciously pleased to proclaim that:

Whereas it is expedient to have the law on State fiscal and financial disciplines;  
Be it, therefore, enacted by the King, by and with the advice and consent of the National Legislative Assembly serving as the National Assembly, as follows.

**Section 1.** This Act is called the “State Fiscal and Financial Disciplines Act, B.E. 2561 (2018)”.

**Section 2.**<sup>1</sup> This Act shall come into force as from the day following the date of its publication in the Government Gazette.

**Section 3.** All operations on fiscal and financial matters of the State under the laws, in the case where the matters are provided for under this Act, shall be pursued in accordance with this Act.

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\* Translated by Associate Professor Dr. Pinai Nanakorn under contract for the Office of the Council of State of Thailand's Law for ASEAN project. – Tentative Version – subject to final authorisation by the Office of the Council of State.

<sup>1</sup> Published in Government Gazette, Vol. 135, Part 27a, dated 19<sup>th</sup> April 2018.

**Section 4.** In this Act:

“State agency” means:

- (1) a Government agency;
- (2) a State enterprise;

(3) an agency of the National Assembly, the Court of Justice, the Administrative Court, the Constitutional Court, an independent organ under the Constitution and a public prosecution organ;

(4) a public organisation;

(5) a revolving capital which is ascribed a status as a juristic person;

(6) a local government organisation;

(7) any other agency of the State as provided by law;

“Government agency” means a ministry, a sub-ministry, a department or a governmental agency called by any other name and ascribed a status as a department and shall also include a Province and a group of Provinces under the law on administrative organisation of State affairs;

“State enterprise” means:

(1) a governmental organisation under the law on the establishment of governmental organisations, a State undertaking established by law or a State-owned business organisation;

(2) a limited company or public limited company of which more than fifty percent of the capital is owned by a Government agency or a State enterprise under (1);

(3) a limited company or public limited company of which more than fifty percent of the capital is owned by a Government agency and a State enterprise under (1) or (2) or by State enterprises under (1) and (2) or by a State enterprise under (2);

“revolving capital” means a fund, a revolving fund, capital money, revolving capital money, a capital or a revolving capital, which is established for a business of which incomes are permitted to be expended without being required to be remitted to the Treasury;

“local government organisation” means a *Changwat* administrative organisation, a municipality, a *Tambon* administrative organisation, the Bangkok Metropolitan Administration, the Pattaya City and any other local government organisation established by law;

“non-budget money” means all money which is collected or received into ownership by a State agency under the law, rule or regulation or in consequence of a juristic act

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or a legal act or which, in any other case, is required to be remitted to the Treasury but permitted by law to be retained for expenditure without being remitted to the Treasury;

“public debt” means the public debt under the law on public debt administration;

“Treasury” means the Ministry of Finance’s depository of State money and shall also include a deposit account at the Bank of Thailand for this purpose;

“Commission” means the State Fiscal and Financial Policy Commission;

“member” means a member of the State Fiscal and Financial Policy Commission;

“Minister” means the Minister of Finance.

**Section 5.** The Prime Minister and the Minister of Finance shall have charge and control of the execution of this Act and shall have the power to issue Rules and Notifications in the execution of this Act.

Such Rules and Notifications shall come into force upon their publication in the Government Gazette.

## CHAPTER I GENERAL PROVISIONS

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**Section 6.** The State shall pursue financial policies, preparation of budgets, procurement of incomes, expenditure, fiscal and financial administration and debt creation in an efficient, transparent and accountable manner, in accordance with the principle of economic stability maintenance and sustainable economic development as well as the principle of social justice and shall strictly maintain fiscal and financial disciplines as provided in this Act and under other relevant laws.

**Section 7.** The conclusion of loans, the placement of investment, the enactment of law, the issuance of by-laws or any operations of the State which binds State property or creates fiscal and financial burdens on the State shall be conducted by taking into account value for money, costs and benefits, economic and social stability and security and financial sustainability of the State.

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**Section 8.** The State shall strengthen the people’s discipline in correct payment of taxes and duties under the law.

**Section 9.** The Council of Ministers must strictly maintain disciplines in affairs concerning State money under this Act.

In considering matters concerning financial policies, preparation of budgets, procurement of incomes, expenditure, fiscal and financial administration and debt creation, the Council of Ministers must meticulously take into account benefits to be derived by the State or public at large, value for money, fiscal and financial burdens to be caused to the State and risks as well as loss likely to be caused to State fiscal and financial affairs.

The Council of Ministers must not carry out the administration of State affairs in a manner concentrating upon the creation of political popularity likely to prejudice the national economic system and the public at large in a long term.

**CHAPTER II**  
**FISCAL AND FINANCIAL POLICIES**

**PART I**

**STATE FISCAL AND FINANCIAL POLICY COMMISSION**

**Section 10.** There shall be a commission called the “State Fiscal and Financial Policy Commission” consisting of the Prime Minister as Chairperson, the Minister of Finance as Vice Chairperson, the Permanent Secretary for Finance, Secretary-General of the National Economic and Social Development Board, Director of the Bureau of the Budget and Governor of the Bank of Thailand, as members.

The Director-General of the Fiscal Policy Office shall be a secretary and the Fiscal Policy Office shall serve as the Secretariat of the Commission.

**Section 11.** The Commission shall have the duties and powers as follows:

(1) to lay down fiscal and financial disciplines in addition to those provided in this Act or in other laws, for observance by State agencies without prejudice to the independence in the performance of duties of State agencies;

(2) to prepare and revise intermediate-term financial plans;

(3) to suggest directions for solving problems relating to budgeting, revenue collection, public debt administration, property administration and other problems relating to fiscal and financial affairs of the State;

(4) to determine a portion of the focal budget, reserves for emergency or necessity, a portion of the budget for repayment of public-sector debts, a portion of the creation of debts with binding effects on the budget across the fiscal year, a portion of the creation of debts with binding effects in excess of or apart from matters provided in the law on appropriations and portions as provided in section 50;

(5) to lay down policies on, and supervise, financial risk management;

(6) to determine the rate of compensation for expenses or loss of incomes of State agencies in the pursuit of activities, measures or projects as provided in section 28;

(7) to perform any other activities as provided by this Act or any other law to form the duties and powers of the Commission or as entrusted by the Council of Ministers.

**Section 12.** A meeting and the passing of resolutions of the Commission shall be in accordance with the Rules of Meeting Procedures prescribed by the Commission.

## PART II

### FINANCIAL AND BUDGETARY PROCEEDINGS

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**Section 13.** There shall be an intermediate-term financial plan which serves as a principal masterplan for planning fiscal, financial and budgetary proceedings of the State as well as the annual appropriations plan and the public debt administration plan.

The Commission shall have the duty to complete the preparation of the intermediate-term financial plan under paragraph one within three months as from the end of every financial year.

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The intermediate-term financial plan under paragraph one shall cover a duration of not less than three years and must at least consist of:

- (1) financial objectives and policies;
- (2) an economic status and estimate;
- (3) a financial status and estimate, which include a revenue estimate, an expenditure estimate, a financial balance and the management of such financial balance;
- (4) a public debt status of the Government;
- (5) fiscal and financial obligations of the Government.

**Section 14.** When the Commission has prepared the intermediate-term financial plan under section 13, the plan shall be submitted to the Council of Ministers for consideration and approval.

**Section 15.** In preparing the intended amount of annual appropriations, the intermediate-term financial plan shall also be taken into account and regard shall be had to national economic conditions, social justice, budgetary policies, financial stability and sustainability of the country, expenditure needs, collection of State revenues, the public debt status and the ability to secure loans for compensating a budget deficit.

**Section 16.** In the collection or procurement of incomes, the preparation of budgets and the creation of debts of a State agency, the State agency shall also take into account the intermediate-term financial plan approved by the Council of Ministers.

**Section 17.** In making appropriations to State agencies, regard shall be had to:

- (1) needs and missions of State agencies requesting for appropriations;
- (2) the status of expendable non-budget money of State agencies and revenues or other money possessed or expendable by such State agencies;
- (3) State agencies' spending ability and creation of debts with binding effects within the financial year in question;
- (4) the independent performance of duties of the National Assembly, Courts of Justice, Administrative Courts, the Constitution Court, independent organs under the Constitution and public prosecution organs;

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(5) in the case of local government organisations, appropriations shall be made for the purposes of supporting local government organisations in taking care of and providing public services and public activities for the benefits of local residents, having regard to income-earning ability of local government organisations and appropriateness and differences of local government organisations of each type.

**Section 18.** The enactment of annual appropriations law shall be completed prior to the date of commencement of the financial year in question unless there is an inevitable cause of necessity or emergency.

**Section 19.** The introduction of annual appropriations law shall be in accordance with the law on budgetary procedures, with an indication of sources and an estimate of revenues, achievements or benefits expected to be derived from spending money and conformity with national strategies as well as development plans.

**Section 20.** The fixing of annual appropriations shall be in accordance with the rules as follows:

(1) appropriations for investment must account for not less than twenty percent of the annual appropriations and must not be less than the amount representing the deficit of such annual appropriations;

(2) appropriations in relation to State personnel and welfare of State personnel must be sufficiently fixed;

(3) appropriations for payment of public-sector debts which are public debts made, by way of loans, or guaranteed by the Ministry of Finance must be sufficiently fixed for the purposes of repayment of principals of loans, interest thereon and expenses incurred in making loans;

(4) appropriations must be fixed to meet such timing as provided by law, in response to fiscal burdens in respect of which the law requires the Government to set aside money as contributions thereto or in compensation therefor;

(5) appropriations must be fixed in the earliest opportunity for the purpose of meeting fiscal burdens for compensating fiscal costs and management costs as well as losses from the operation of activities, measures or projects under section 28;

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(6) appropriations in respect of the focal budget or reserves for emergency or necessity shall be fixed only for the purposes of preventing or curing situations affecting public order or national security, remedying or mitigating losses from serious public disasters and carrying out missions involving urgent needs of the State.

In the case where the fixing of appropriations is unable to be conducted in accordance with the rules provided under paragraph one, reasons and necessity therefor as well as remedial measures shall also be declared to the National Assembly at the time of the introduction of the annual appropriations bill.

**Section 21.** Supplemental appropriations may be made when there arise reasons and necessity for spending money during the financial year, where it is not feasible to await annual appropriations in the following financial year, provided that sources of money to be expended in accordance with the supplemental appropriations must also be indicated.

**Section 22.** Appropriations in respect of the focal budget shall be fixed only in the case where there arise such reasons and necessity that appropriations may not be allocated or it is not apposite to allocate appropriations directly to responsible State agencies.

**Section 23.** Appropriations shall be sufficiently allocated to agencies of the National Assembly, Courts of Justice, Administrative Courts, the Constitution Court, independent organs under the Constitution and public prosecution organs to meet the independent performance of duties, having regard to the operation of work, incomes, non-budget money and any other money possessed by such agencies as well.

In the case where State agencies under paragraph one consider that the appropriations allocated to them may not be sufficient for the performance of duties and submit motions to the committees, such State agencies shall declare reasons and necessity for the allocation of supplemental appropriations and the Bureau of the Budget shall also submit opinions thereon to assist the consideration by the committees.

State agencies under paragraph one shall put in place systems for the preparation and expenditure of budgets in an efficient and effective manner, the supervision of expenditure and systems for fiscal and financial internal auditing. In this regard, fiscal and financial disciplines

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shall be strictly observed and information on the expenditure of money and revenues received must be disclosed to the public and also disseminated via electronic media.

**Section 24.** Any transfer of appropriations between State agencies shall not be made unless permitted by law.

**Section 25.** The introduction of law which provides that a State agency is not required to remit revenues or any other money to the Treasury shall be made only in the case where it is necessary and engenders benefits from the retention of money by such State agency for the purpose of carrying out work within its powers and duties, provided that approval by the Ministry of Finance must first be obtained before the law is introduced to the Council of Ministers.

**Section 26.** The introduction of law which contains provisions requiring collection of taxes, duties or fees additionally to those provided by law for the purpose of enabling a State agency to use them in accordance with its objects or for a particular purpose shall not be made unless it is the case of the collection of additional taxes, duties or fees as incomes of local government organisations.

**Section 27.** In operating any activities, measures or projects which trigger budgetary burdens or financial burdens in the future as determined by the Commission, a State agency which is responsible for such operation shall prepare a plan on the administration of the activities, measures or projects and expenditure estimates, with an indication of sources of money to be used throughout the operation duration and benefits expected to be derived, provided that the plan must be submitted to the Council of Ministers together with a request for its approval of the activities, measures or projects, and in the case where the operation causes any loss of revenues of the State or of a State agency, an estimate of loss of revenues, with an indication of benefits to be derived, shall also be prepared for submission at the time of seeking approval from the Council of Ministers.

In considering whether to approve the activities, measures or projects under paragraph one, the Council of Ministers shall also take into account urgent needs, benefits to be derived and financial burdens or loss of revenues which shall occur in the future.

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The State agency which is responsible for the activities, measures or projects shall prepare a report comparing benefits actually derived as well as actual loss of revenues with those in the estimate prepared under paragraph one for submission to the Council of Ministers for information at the end of each financial year until the completion of such operation.

**Section 28.** The entrustment of a State agency to operate activities, measures or projects on the basis that the Government shall make compensation for expenses or loss of revenues in such operation shall be made only in the case where it falls within the duties and powers under the law and within the scope of objects of such State agency, for the purpose of conducting economic rehabilitation or stimulation or enhancing professional capacity or elevating the quality of life of the people or assisting or rehabilitating victims of public disasters or terrorism.

In making the entrustment under paragraph one, the Council of Ministers must take into account financial burdens of the State likely to occur at present and in the future, impacts on the operation of work of the State agency to be entrusted and directions for the administration of financial burdens of the State as well as impacts from such operation.

The total outstanding amount of burdens in respect of which the State is obligated to make compensation for expenses incurred in the operation under paragraph one must not exceed the rate prescribed by the Commission.

The State agency entrusted under this section, whether such entrustment takes place before this Act comes into force or not, shall prepare an estimate of fiscal costs and costs of the administration to be totally borne by the State for activities, measures or projects concerned and notify it to the Commission and the Ministry of Finance for information.

**Section 29.** The State agency entrusted under section 28 shall prepare an account for the operation of activities, measures or projects to which the entrustment relates in separation from general operational accounts and also submit a report on the results of the entrusted operations and achievement to the Minister for further submission to the Council of Ministers and for disclosure to the public and dissemination thereof via electronic media.

**Section 30.** The Ministry of Finance and agencies concerned shall conduct the financial risk management in accordance with the financial risk management policy prescribed by the Commission.

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CHAPTER III  
FISCAL AND FINANCIAL DISCIPLINES

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PART I  
REVENUES

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**Section 31.** Revenues are State revenues and shall include money which is collected, or received into ownership, by a State agency but which is permitted by law to be used for the operation of work of the State agency.

State revenues are all money which is collected, or received into ownership, by a State agency and required by law to be remitted to the Treasury under section 34.

**Section 32.** The collection of State revenues in the form of taxes or duties shall be made only by virtue of law, and exemption or reduction of any tax or duty shall be made only by virtue of law which authorises the collection of such tax or duty, having regard to fairness, equality, non-discrimination and the development and support of economic and social stability and security as well.

In proposing exemption or reduction of taxes or duties under paragraph one to the person competent to grant approval thereto, a State agency which makes the proposal shall also prepare an estimate of loss of revenues and benefits expected to be derived from the exemption or reduction thereof.

**Section 33.** The collection, reduction and exemption of State revenues in the form of fees which are not remuneration for services provided shall be made only by virtue of law.

**Section 34.** All money which is collected, or received into ownership, by a State agency, whether it is received in accordance with the law, rule or regulation or in accordance with powers and duties or contracts or it is received from any permitted use of property or the collection of fruits accruing on officially-owned property, shall be remitted to the Treasury in accordance with the Rule prescribed by the Minister, unless otherwise provided by law.

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In the case where a State agency under paragraph one receives money donated with an intention that it shall be expended on affairs of such State agency or receives money accruing on property donated with an intention to acquire fruits thereof for being expended on affairs of such State agency, such State agency may expend the money or create debts with binding effects thereon within the amount of the money so received and is not required to remit the same to the Treasury.

In the case where a State agency under paragraph one receives money under any assistance or co-operation project with a foreign Government, the United Nations Organisation, a United Nations specialised agency or any other international organisation or person, whether it is by way of a loan or a gift, and money in consequence of such assistance or co-operation project, the Minister may specify otherwise without it being required to be remitted to the Treasury.

When there occurs a justifiable reason, the Minister may permit a State agency under paragraph one which receives money in the following cases to put such money into use without remitting it to the Treasury:

- (1) money which is received as compensation for loss or consumption of property and needs to be expended for renovation of property or re-acquisition of property;
- (2) money received by a State agency which is a medical establishment, an educational institution or any other establishment providing public services or public welfare;
- (3) money received as by-products from the performance of work within powers and duties;
- (4) money received from the sale of shares in a juristic person for the purpose of purchasing shares in another juristic person.

The expenditure of money under (2) and (3) must be in accordance with the Rule approved by the Minister and the Director of the Bureau of the Budget, while the sale of shares and the purchase of shares under (4) must be in accordance with the Rule prescribed by the Minister with the approval of the Council of Ministers.

**Section 35.** Any setting aside of revenues for being expended by a State agency in accordance with its objects or for any particular purpose shall not be made except by virtue of law.

**Section 36.** Subject to the provisions of paragraph two and paragraph three, the allocation of net profits of a State enterprise for remittance to the Treasury shall be in accordance with the procedures provided in the law establishing such State enterprise.

A State enterprise which is not required to pay corporate income tax shall allocate annual net profits for remittance to the Treasury at the rate not lower than the corporate income tax rate.

The Ministry of Finance may, in the case where it deems appropriate, require a State enterprise to allocate net profits or accumulated profits for remittance to the Treasury additionally to those in paragraph two in such amount as the Ministry of Finance deems appropriate.

## PART II EXPENDITURE

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**Section 37.** A State agency shall create debts with binding effects or expend money only by virtue of the power vested in it under the law.

The creation of debts with binding effects and the expenditure of money of a State agency for the performance of duties or the operation of work must be carried out on the basis of transparency, value for money and economicalness, having regard to goals, benefits to be derived, achievement and efficiency of the State agency, and must also be in accordance with particulars and amounts in the expenditure budget of such State agency.

**Section 38.** The person with the power to approve expenditure of money shall have the duty to examine the expenditure of a State agency to ensure compliance with the requirements under the law or by-law or the permission granted for expenditure thereof.

**Section 39.** The disbursement of money from the Treasury, the receipt of money, the expenditure of money, the retention of money and the remittance of money to the Treasury shall be in accordance with the Rule prescribed by the Minister with the approval of the Council of Ministers.

**Section 40.** Money disbursed from the Treasury, if not expended or not fully expended, shall be returned, by the State agency which has disbursed it, to the Treasury without delay.

**Section 41.** The Minister shall have the power to order the disbursement of money from the Treasury as official advance money for being expended by a Government agency for the purposes of funding general costs or costs incurred in the performance of official duties in a foreign country or in accordance with obligations in a loan from a foreign country or for funding activities in the case of urgent need whereby disbursement of budget money may not be awaited, in accordance with the Rule prescribed by the Minister with the approval of the Council of Ministers.

When a Government agency has expended the official advance money, it shall make disbursement of money to reimburse the official advance money so expended in its earliest opportunity.

**Section 42.** A State agency which is not a Government agency must put in place the formulation of rules and procedures in connection with the disbursement of money, the receipt of money, the expenditure of money and the retention of money as provided in the law on such particular matter, provided that it shall be in accordance with the principles of good governance, transparency and accountability.

**Section 43.** In the creation of debts with binding effects on the expenditure of budget money or other money of a State agency, fiscal burdens arising therefrom, contractual payment obligations and benefits to be derived by the State must also be taken into account.

### PART III

#### PROCUREMENT OF PROPERTY AND ADMINISTRATION OF PROPERTY OF THE STATE

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**Section 44.** The administration of property which is in possession or under supervision of a State agency shall be as provided in the laws and by-laws concerned, having regard to interests of the State and the people, value for money, economicalness, and must be

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conducted with circumspection, care and appropriate risk management, without causing prejudice to such property.

**Section 45.** Unless otherwise provided by law, the Ministry of Finance shall have the responsibility to take care of and administer State property and property which, for any reason whatsoever, vests in the State.

The Ministry of Finance shall have the duty to prepare an account of State property in accordance with the types and descriptions of such property.

In the case where any law imposes on any other State agency the duty to take care of and administer State property under paragraph one, such State agency shall have the duty to prepare an account of State property and also report it to the Ministry of Finance, in accordance with the rules prescribed by the Ministry of Finance.

In the case where any property vests in the State, the Ministry of Finance shall proceed to list it in the account of State property in accordance with the type and descriptions of such property.

In the execution of paragraph one, the Ministry of Finance may entrust another State agency to take action on its behalf.

**Section 46.** The administration of the treasury balance shall be as provided in the law on the treasury balance, provided that the treasury balance shall be maintained to the extent necessary for ensuring such sufficient liquidity as to enable disbursement for the operation of work of State agencies, having regard to expenses and costs in the administration of liquidity as well.

**Section 47.** Apart from those provided in section 44, the administration of money which is owned by a State agency or is under possession or custody of a State agency must be conducted with circumspection, care and also appropriate risk management.

**Section 48.** Procurement and administration of supplies of a State agency must strictly comply with the rules provided in the law on public procurement and supplies administration or rules and regulations of the State agency, provided that action must be taken on the basis of honesty, value for money, transparency, efficiency, achievement and accountability.

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**PART IV**  
**CREATION OF DEBTS AND ADMINISTRATION OF DEBTS**

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**Section 49.** The creation and administration of public debts and debts of a State agency must be in accordance with the law and be within objects as well as powers and duties of the State agency which makes a loan, for the benefits of the country and of the State agency, provided that it must be conducted with circumspection and regard shall be had to the value for money, debt repayment ability, distribution of debt repayment burdens, fiscal and financial stability and sustainability and trustworthiness of the country and of the State agency which makes the loan.

**Section 50.** The Commission shall issue a Notification prescribing the following ratios as guidance for the administration of public debts:

- (1) the public debts to gross domestic product ratio;
- (2) the Government's debt burdens to financial-year estimated revenues ratio
- (3) the foreign-currency public debts to total public debts ratio;
- (4) the foreign-currency public debt burdens to revenues from export of goods and services ratio;
- (5) other ratios which the Commission deems appropriate.

The Government's debt burdens under (2) consist of principals of loans, interest and expenses incurred in making loans of the Government and debts from loans of State agencies in respect of which the Government is bound to make payment in each financial year.

When the ratios under paragraph one have been prescribed, the Commission shall report such ratios to the Council of Ministers for information and disclose them to the public as well as disseminate them via electronic media as well.

The ratios prescribed under paragraph one shall be revised every three years and a report thereon shall also be given to the Council of Ministers for information.

**Section 51.** The Ministry of Finance shall report actual debt-ratios under section 50 to the Council of Ministers and the Commission every six months.



In the case where the administration of public debts is unable to be conducted in accordance with the ratios prescribed under section 50, the Minister shall report to the Council of Ministers reasons therefor and methods as well as a period of time to be consumed for turning such ratios into the prescribed limit.

The reports under paragraph one and paragraph two shall be disclosed to the public for information and disseminated via electronic media as well.

**Section 52.** The making of loans by the Government and the making of guarantees of repayment of debts of a State agency by the Government shall strictly comply with the requirements provided in the law on public debt administration.

In the case where the creation of debts by a State agency fails to comply with section 49, the Government shall not guarantee repayment of such debts.

**Section 53.** The making of loans by the Government otherwise than provided in the law on public debt administration is permissible, provided that the Ministry of Finance shall do so only by virtue of the law specifically enacted and only in the case where there occurs a need for action to be taken urgently and continually for resolving critical problems of the country, where annual appropriations cannot be fixed in due time.

The law enacted under paragraph one must indicate purposes of the loan, the duration of the loan, the plan or project to be funded by the loan, the amount of money for which the loan is permitted and the State agency responsible for the implementation of the plan or project to be funded by such loan.

The money obtained from the loan under paragraph one shall be retained by the Ministry of Finance for disbursement by the State agency under the plan or project specified by the law without being required to be remitted to the Treasury, unless otherwise provided by the law.

**Section 54.** In disbursing the loan under the law authorising it specifically enacted under section 53, the loan-user State agency shall carry out disbursement thereof in strict compliance with the purposes of the loan and the rules on loan disbursement and shall use the loan on the basis of transparency, value for money and economicalness.

**Section 55.** In making a loan for compensating a financial deficit or when expenditure exceeds revenues under the law on public debt administration, the Ministry of Finance shall take action in line with the status of the treasury balance, having regard to estimated revenues and plans for disbursement of budget money in each period of time as well.

When it appears that during a financial year the Government can collect revenues in excess of the estimated sum or budget money is disbursed below the estimated amount, the Ministry of Finance shall consider the reduction of the amount of the loan to be made under paragraph one as is necessary and appropriate.

**Section 56.** A loan for the purpose of economic and social development under the law on public debt administration in the case where it is necessary to use money otherwise than from the annual appropriations and where payment must be made in a foreign currency shall be made only in the case where there occurs an urgent need for taking action without being able to use money from the appropriations. In this regard, the purposes of the expenditure of the money, the responsible State agency, the plan or project and the amount of the loan to fund such plan or project must also be specified.

**Section 57.** Loans under section 53 and section 56 shall be made only for funding plans or projects of economic or social value for money and where the State agencies responsible therefor possess readiness for the pursuit of the plans or projects to be funded by such loans.

**Section 58.** When the loans under section 53 and section 56 have been used, there shall be follow-ups and assessment thereof as well as reports on the use of the loans, in accordance with the rules and procedures prescribed by the Minister with the approval of the Council of Ministers.

**Section 59.** The State agencies responsible for expending money from the loans made by the Ministry of Finance under section 53 and section 56 shall expend the same in accordance with the plans or projects until their completion, and if any money remains therefrom or no action has been pursued thereunder or there is no more need for expending money in accordance with such plans or projects, the money shall be remitted to the Treasury.

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In the case where State agencies make no disbursement of the money in the loans for expending by reason that the plans or projects become completed or no action has been pursued thereunder or there is no more need for expending money in accordance with such plans or projects, the Ministry of Finance shall return the remaining sums of the loans to the Treasury, but in the case where the Ministry of Finance has not yet made disbursement of money from lenders, the amounts of the loans not yet disbursed shall be cancelled.

**Section 60.** A State agency shall, before commencement of any financial year, prepare a plan on loan making and on the administration of debts from loans to be made in such financial year for submission to the Ministry of Finance and, when the loans have been made, shall also report it to the Ministry of Finance.

Within thirty days as from the end of a financial year, a State agency shall prepare a report on loan making for the financial year and the status of outstanding debts from loans for submission to the Ministry of Finance.

The execution of paragraph one and paragraph two shall be in accordance with the rules and procedures prescribed by the Minister.

## PART V

### NON-BUDGET MONEY AND REVOLVING CAPITALS

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**Section 61.** There may be non-budget money to the extent necessary for the performance of duties or the operation of work in accordance with the purposes of its availability. In this regard, the provisions of section 37 paragraph two shall apply to the expenditure of non-budget money *mutatis mutandis*.

Non-budget money of State agencies shall be deposited at the Ministry of Finance unless it is otherwise provided by law or it is otherwise agreed with the Ministry of Finance.

Unless otherwise provided by law, when non-budget money has been expended for the performance of duties or for the operation of work in accordance with the purposes thereof until such purposes have been accomplished, any remaining sums shall be remitted to the Treasury without delay. In this regard, the remittance thereof to the Treasury shall be in accordance with the Rule prescribed by the Minister with the approval of the Council of Ministers.

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**Section 62.** In the case where a State agency which is neither a State enterprise nor a local government organisation has no need to expend non-budget money or has unreasonably excessive non-budget money, the Ministry of Finance shall demand the State agency to remit such money to the Treasury, in accordance with the rules, procedures and conditions prescribed by the Minister with the approval of the Council of Ministers.

**Section 63.** The establishment of a revolving capital shall be made only by virtue of provisions of specific law, provided that there must be clear purposes for its establishment and it must be for activities required to be performed by a State agency in accordance with its duties for public interests or for economic and social interests and it is appropriate to allow revenues from the operation of such activities to be carried into the capital for expenditure, without duplication with revolving capitals already established.

## PART VI LOCAL FINANCE

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**Section 64.** Local government organisations shall collect sufficient revenues for the provision of public services and public activities.

In the case where local government organisations remain unable to collect sufficient revenues for the operation under paragraph one, the State shall allocate budgets to support local government organisations to the extent necessary and appropriate for the time being.

**Section 65.** The preparation of budgets, the expenditure, the creation of debts with binding effects and the administration of property of local government organisations must be conducted on the basis of transparency and accountability and, in this regard, the achievement, value for money, economicalness and financial burdens which will occur in the future must also be taken into account.

**Section 66.** In preparing annual budgets of local government organisations, there shall be taken into account the financial status of local government organisations, the need to

use the budget money and the collection of revenues in such financial year, provided that the laws establishing local government organisations and this Act shall be complied with.

**Section 67.** The creation of debts of local government organisations in accordance with the powers under the law establishing such local government organisations, if it is the making of loans or the issuance of bonds, shall also be subject to the provisions of this Act and relevant rules prescribed under the law on public debt administration.

The making of loans by local government organisations, where they are loans from a foreign country or loans in a foreign currency, also requires prior approval by the Minister and the Council of Ministers.

#### CHAPTER IV ACCOUNTING, REPORTING AND AUDITING

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**Section 68.** The Ministry of Finance shall prescribe a public-sector accounting standard and a public-sector accounting policy.

A State agency which is neither a State enterprise nor a revolving capital shall prepare an account and a fiscal report in accordance with the public-sector accounting standard and the public-sector accounting policy under paragraph one.

In the case of a State agency which is a State enterprise, it shall prepare an account and a fiscal report in accordance with a generally recognised accounting standard.

In the case of a State agency which is a revolving capital, it shall prepare an account and a fiscal report as prescribed by the law on administration of revolving capitals.

**Section 69.** A State agency shall provide accountants in accordance with the rules and qualifications prescribed by the Ministry of Finance, for the purpose of preparing an account and a fiscal report under this Act.

**Section 70.** A State agency shall prepare a financial-year annual fiscal report which must at least consist of a statement indicating the fiscal status and a statement indicating fiscal

operations, covering budget money, non-budget money, any other money and the creation of debts, in accordance with the rules and procedures prescribed by the Ministry of Finance.

In the case of necessity, a State agency may agree with the Ministry of Finance for preparing an annual fiscal report for the year which is not a financial year and the Ministry of Finance may also prescribe conditions to be observed by such State agency.

Within ninety days as from the end of the financial year or as agreed with the Ministry of Finance under paragraph two, a State agency shall furnish the report under paragraph one to the State Audit Office for examination and also to the Ministry of Finance.

**Section 71.** The State Audit Office or the auditor approved by the State Audit Office shall audit the fiscal report submitted by a State agency under section 70 within one hundred eighty days as from the end of the financial year or as agreed with the Ministry of Finance. In this regard, the audit shall be conducted and results thereof shall be reported in accordance with the policy, rules and standards prescribed by the State Audit Commission.

**Section 72.** A State agency shall furnish an annual fiscal report together with an audit report of the State Audit Office to the Ministry of Finance, the Bureau of the Budget and the Ministry of its affiliation, except that in the case of a State agency which is an agency of the National Assembly, the Court of Justice, the Administrative Court, the Constitutional Court, an independent agency under the Constitution and a public prosecution organ, submission thereof shall be made to the Council of Ministers, the Ministry of Finance and the Bureau of the Budget, and shall make public disclosure thereof as well as disseminate the same via electronic media, within thirty days as from the date of receipt of the audit report from the State Audit Office.

**Section 73.** The Ministry of Finance shall prepare a State fiscal account in accordance with the public-sector accounting standards and the public-sector accounting policy.

**Section 74.** The Ministry of Finance shall prepare a report on receipt and expenditure of budget money for the ending financial year, for submission to the Minister within forty five days as from the end of such financial year.

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Within sixty days as from the end of the financial year, the Minister shall submit the report under paragraph one to the Council of Ministers for submission to the National Assembly within ninety days as from the end of the financial year.

**Section 75.** The Ministry of Finance shall prepare a State fiscal report for the financial year, which must at least consist of a statement indicating the fiscal status, a statement indicating fiscal operations, a statement indicating change in net assets, a cash flow statement and a report on receipt and expenditure of money in the financial year, and furnish the same to the State Audit Office for an audit within ninety days as from the end of the financial year.

The State Audit Office shall prepare and complete a report on the audit of the State fiscal report for the financial year in accordance with the audit reporting standard prescribed by the State Audit Commission within one hundred eighty days as from the end of the financial year.

The Ministry of Finance shall submit the State fiscal report for the financial year under paragraph one together with the audit report of the State Audit Office under paragraph two to the Council of Ministers for submission to the National Assembly within two hundred and ten days as from the end of the financial year.

**Section 76.** The Ministry of Finance shall prepare a report on the status of public debts, public-sector debts and financial risks at the end of the financial year for submission to the Council of Ministers and the Commission for information within sixty days as from the end of the financial year.

The preparation of the report under paragraph one shall be in accordance with the rules prescribed by the Commission.

**Section 77.** The Ministry of Finance shall prepare the following reports:

(1) a report on overall fiscal affairs of the Government and State agencies, which consists of information from the State fiscal report for the financial year under section 75 and fiscal reports of State agencies under section 70, except fiscal reports of State enterprises and local government organisations;

(2) a report on overall fiscal affairs of State enterprises;

(3) a report on overall fiscal affairs of local government organisations;

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(4) a report on overall fiscal affairs of the public sector, which consists of information from the report on overall fiscal affairs of the Government and State agencies under (1), the report on overall fiscal affairs of State enterprises under (2) and the report on overall fiscal affairs of local government organisations under (3).

The reports under (1) to (4) shall be submitted to the Council of Ministers within two hundred and ten days as from the end of the financial year.

In the case where any State agency fails to submit the fiscal report within the period of time under section 70, the Ministry of Finance shall disclose it in the reports under paragraph one and also make an indication thereof in the reports submitted to the Council of Ministers.

The fiscal reports under paragraph one shall be disclosed to the public and also disseminated via electronic media.

**Section 78.** Within the month of March of each year, the Ministry of Finance shall prepare an annual report on financial risks, which must at least indicate results of assessment of risks expected to be caused by effects on macro economy, fiscal systems, Government policies and operations of State agencies likely to cause financial burdens on the Government and directions for the management of such risks.

When the Ministry of Finance has prepared the annual report on financial risks, it shall be submitted to the Commission for assisting its preparation of the intermediate-term financial plan and submitted to the Council of Ministers for information.

**Section 79.** A State agency shall put in place internal auditing, internal control and risk management, in compliance with the standards and rules prescribed by the Ministry of Finance.

## CHAPTER V STATE AUDIT

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**Section 80.** The State audit shall be conducted on the basis of integrity, circumspection, transparency, fairness and courageousness and without bias and shall be in compliance with the principles of good governance, in accordance with the organic law on State audit.

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In the case of breach of State fiscal and financial disciplines as provided in this Act, the infliction of administrative penalties shall be in accordance with the organic law on State audit.

### TRANSITORY PROVISIONS

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**Section 81.** The Commission and complete its preparation of the intermediate-term financial plan under section 13 within ninety days as from the date on which this Act comes into force.

**Section 82.** The provisions of section 26, section 32, section 33 and section 35 shall not apply to any law which deals with the collection of taxes, duties or fees additionally to those provided in the law, the exemption or reduction of taxes, duties or fees or the setting aside of revenues, as in force prior to the date on which this Act comes into force.

**Section 83.** The provisions of section 20 (4) shall not apply to the fixing of annual appropriations for fiscal burdens in respect of which the law requires that money be remitted as a contribution to or in compensation for any affairs in existence prior to the date on which this Act comes into force.

**Section 84.** A State agency which is neither a State enterprise or a revolving capital shall prepare the account and the fiscal report in accordance with the public-sector accounting standard and public-sector accounting policy provided in section 68 within a period of three years as from the date on which this Act comes into force.

**Section 85.** The Ministry of Finance shall take action in putting in place the fiscal reports under section 77 (3) and (4) within a period of three years as from the date on which this Act comes into force.

**Section 86.** All by-laws, Rules, Regulations or rules issued by virtue of the provisions of section 21 and section 24 of the Budgetary Procedures Act, B.E. 2502 (1959) and as

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amended shall continue to be in force insofar as they are not contrary to or inconsistent with this Act until Rules, Regulations, Notifications or rules under this Act are issued and come into force.

The issuance of Rules, Regulations, Notifications or rules in the execution of this Act under paragraph one shall be completed in order that they shall come into force within one year as from the date on which this Act comes into force.

**Section 87.** Pending the prescription of the rules and qualifications of accountants under section 69, persons with the accounting duty of State agencies, who perform the duty prior to the date on which this Act comes into force, shall continue to perform the duty. In this regard, the Ministry of Finance shall complete its preparation of the rules and qualifications of accountants within one year as from the date on which this Act comes into force.

Countersigned by:

General Prayut Chan-o-cha  
Prime Minister

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