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In accordance with a decision by the Riksdag (the Swedish Parliament)¹, the following is enacted.

Chapter 1 Introductory provisions

Scope of the Act

Section 1

Provisions on the central government budget are given in Chapter 9, Articles 1–10 of the Instrument of Government. This Act contains further provisions on the budget.

¹ Govt. Bill 2010/11:40, Report 2010/11:KU14, Parliamentary communication 2010/11:177.

Central government activities

Section 2

For the purposes of this Act, ‘central government activities’ shall mean activities conducted by the Government, the courts and the administrative agencies answerable to the Government.

Effectiveness and economy

Section 3

Central government activities shall be conducted seeking a high degree of effectiveness and practising good economy.

Chapter 2 Budget policy targets and guidelines

Target for general government net lending

Section 1

The Government shall present a proposal to the Riksdag on a target for general government net lending (surplus target).

Section 1 a

If the Riksdag has decided on a surplus target referred to in Section 1, the Government shall report to the Riksdag on how the target is being met at least twice during the course of the year. The Government shall at that time take into account the effects of the adopted budget policy measures presented to the Riksdag. In the event of an assessed deviation from the surplus target, the Government shall also report how a return to the target will be achieved. Act (SFS 2014:866).

Expenditure ceiling and preliminary income estimates and expenditure limits

Section 2

In the Budget Bill, the Government shall propose a ceiling for central government expenditure (expenditure ceiling) to be used in preparing the proposed central government budget and in carrying out budgeted activities.

The proposal shall refer to the third budget year ahead.

Section 3

In the Budget Bill, the Government shall propose preliminary income estimates and expenditure limits for the second and third budget year ahead. Act (SFS 2014:866).

Section 4

If there is a risk that an approved expenditure ceiling will be exceeded, the Government shall take such measures as lie within its powers or propose necessary measures to the Riksdag in order to avoid this.

Evaluation

Section 5

The Government shall ensure that an evaluation is conducted on how the budget policy targets are being achieved. Act (SFS 2014:866).

Chapter 3 Budgeting

Income headings and appropriations

Section 1

For the budgeting and reporting of central government budget income, income headings shall be used for different types of income.

Section 2

When budgeting expenditures for specified purposes, appropriations shall be used.

The scope of the central government budget

Section 3

The Government's proposed central government budget shall include all income and expenditures, as well as other payments that affect the central government borrowing requirement.

Section 4

Central government income and expenditures shall be budgeted and reported gross under income headings and appropriations, with the exceptions indicated in Section 6.

Section 5

Expenditures may not be budgeted and reported against income headings.

Section 6

If the Riksdag has decided that income may be committed to a specified purpose by some means other than by a decision on an appropriation (special destination), the income shall not be budgeted and reported against income headings. Tax income, however, shall always be budgeted and reported against income headings.

Further, if income is intended to cover all or a defined proportion of expenditures in a certain area of activity, the income and corresponding expenditures shall not be budgeted or reported against appropriations. If income is intended to cover an undefined proportion of expenditures in an area of activity, the income shall be reported against appropriations (net reporting).

The first and second paragraphs also apply to income that the Government, by virtue of Riksdag authorisation, has decided shall be specially destined for a certain activity.

Section 7

The Government has the right of disposal of income from fees for goods and services provided by the state in response to voluntary demand, and may decide whether the income shall be budgeted and reported against income headings or specially destined for a certain activity.

Conditions for appropriations

Section 8

An appropriation may be temporarily exceeded by claiming the use of a credit corresponding to at most ten per cent of the allocated appropriation (an appropriation credit). The following year, the resources available shall be reduced by an amount corresponding to the appropriation credit claimed.

With Riksdag authorisation, the Government may also decide to allow an appropriation to be exceeded if this is necessary in an area of activity in order to cover particular expenses that were not known when the appropriation was allocated or in order to enable a purpose of the appropriation approved by the Riksdag to be achieved.

Section 9

The Government may decide that appropriations for interest on the national debt and other borrowing and debt management expenditures may be exceeded if it is necessary in order to meet central government payment commitments.

Section 10

Unused appropriations (appropriation savings) may be used in following years.

However, unused appropriations may be used at latest two years after the appropriation was last entered in the budget.

Section 11

When the Government grants an appropriation to a government agency, it may impose restrictions in the conditions for use of the appropriation.

Section 12

The Government may decide that resources in an allocated appropriation are not to be used if this is motivated by special circumstances in an area of activity or by central government finances or other economic reasons.

Chapter 4 Reporting against income headings and appropriations

Section 1

Unless otherwise decided by the Riksdag, reporting shall be made against income headings and appropriations in accordance with Sections 2 and 3.

Section 2

Income from taxes and fees shall be reported in the budget year to which the income belongs. Other income shall be reported in the budget year to which the income belongs.

If income approved pursuant to Chapter 3, Section 6, second paragraph is reported against appropriations, however, the reporting shall be made on the same grounds as apply to the expenditures reported against appropriations under Section 3.

Section 3

Expenditures for transfers shall be reported in the budget year when payment is made. Administrative expenditures shall be reported in the budget year to which the costs belong. Other expenditures shall be reported in the budget year to which the expenditures belong.

Section 4

Reporting shall be made on a current basis.

Chapter 5 Central government borrowing and debt management

Section 1

Following special authorisation, which is given for one budget year at a time, the Government or the National Debt Office, by decision of the Government, may raise loans for central government in order to:

1. finance current deficits in the central government budget and other expenditures based on decisions of the Riksdag;
2. provide credits and fulfil guarantees decided on by the Riksdag;
3. amortise, redeem and purchase central government loans;
4. in consultation with the Riksbank, meet the need for central government loans at different maturities; and
5. meet the Riksbank's need for currency reserves.

The Riksbank shall fully reimburse the central government's costs for borrowing to meet the Riksbank's need for currency reserves. The Government may, however, after consultation with the Riksbank, decide otherwise if there are special reasons.

Section 2

Following special authorisation, given by the Riksdag for one budget year at a time, the Government or a public enterprise, by decision of the Government, may raise loans on behalf of central government to finance the operations of the public enterprise.

Section 3

Loans raised by central government under Section 1 or 2 are managed by the Government or, by authority of the Government, the National Debt Office or public enterprises.

If central government raises a loan to meet the Riksbank's need for currency reserves, the funds supplied to central government by the Riksbank in exchange for the funds borrowed may only be used for repayment of the same loan. The Government may, however, after consultation with the Riksbank, decide otherwise if there are special reasons.

Section 4

Central government is responsible for all loans and guarantees procured by the Government, the National Debt Office or a public enterprise.

Section 5

Except for the debt managed by public enterprises under Section 3, central government debt shall be managed so as to minimise the long-term cost of the debt while taking the risk associated with management into account. Debt management shall be conducted within the framework of the requirements of monetary policy.

Section 6

No later than 15 November each year, the Government shall adopt guidelines for the management by the National Debt Office of the central government debt. The Government shall obtain proposed guidelines from the National Debt Office and shall request an opinion from the Riksbank on the proposal of the National Debt Office.

Section 7

Every second year, beginning in 2012, the Government shall deliver a written communication to the Riksdag evaluating the management of the central government debt. The written communication shall be submitted to the Riksdag no later than 25 April.

Chapter 6 Financial commitments and lending

Authorisation to place orders

Section 1

For the purpose and up to the amount approved by the Riksdag for the budget year, the Government may order goods or services and decide on grants, remuneration, loans or the like that entail expenditures in budget years after the year that the budget is for.

However, the Government may make financial commitments on the part of central government without special authorisation, if these commitments amount to no more than ten per cent of an allocated appropriation, or a maximum of SEK 10 million.

When requesting authorisation under the first paragraph, the Government shall state the years during which the financial commitment is expected to entail expenditures.

Section 2

The Government may make financial commitments on the part of central government that are necessary to ensure the satisfactory functioning of regular activities.

Lending and guarantees

Section 3

For the purpose and up to the amount approved by the Riksdag for one or more budget years, the Government may approve lending to be financed by borrowing via the National Debt Office, provide credit guarantees and make other similar commitments.

If there are special reasons, a credit guarantee or similar commitment as determined by the Riksdag may be made without the amount being limited.

Section 4

Interest or a fee shall be charged for a loan or commitment under Section 3. The interest or fee shall correspond to central government's expected costs for the loan or commitment, unless the Riksdag has decided otherwise for a certain loan or commitment.

If required pursuant to the provisions on state aid in Article 107 of the Treaty on the Functioning of the European Union (TFEU), the interest or fee may be set higher than stated in the first paragraph.

If the loan or guarantee recipient is to pay interest or a fee that does not completely cover the costs as required by the first paragraph, the Government shall propose to the Riksdag how the difference shall be financed.

The Government or the agency determined by the Government shall decide on the level of interest or the size of the fee for a certain loan or guarantee.

Section 5

To the extent that income from interest and fees under Section 4, first paragraph corresponds to expected losses, it shall be entered in accounts at the National Debt Office. Other financing of an expected loss, under Section 4, third paragraph, shall also be entered in such accounts. Income in foreign currencies may be entered in bank accounts.

Realised losses from central government lending and commitments shall be covered by funds from these accounts.

Chapter 7 Financing of investments and lending

Section 1

Within the limits for loans approved by the Riksdag for the budget year, the Government may decide that fixed assets used in central government activities, with the exception stated in Section 2, shall be

financed by loans from the National Debt Office. The Government may decide on terms and conditions for such loans.

Section 2

Acquisitions of shares in a company and other provision of capital shall be financed by appropriations.

Section 3

Where the expected loss is low, lending may be financed by loans from the National Debt Office.

Section 4

Within a credit limit approved by the Riksdag for the budget year, the Government may decide that working capital in central government activities shall be financed by credits from the National Debt Office. The Government may decide on terms and conditions for these credits and on liquid funds at the disposal of government agencies.

Section 5

Assets other than those specified in Sections 1, 3 and 4 shall be financed by appropriations or by income specified in Chapter 8, Sections 9–12.

Section 6

The provisions in Sections 1–5 do not apply if the Riksdag decides on some other financing for a certain agency, a certain loan or a certain acquisition.

Chapter 8 Acquisition and transfer of property

Section 1

Sections 2–12 specify grounds for the right of disposal with regard to central government property.

The provisions apply to assets that the Government administers and has at its disposal. However, this does not apply to goods referred to in Chapter 3, Section 7.

In Sections 2 and 4–7, the term ‘sale’ includes exchange.

Real property

Section 2

When the value of real property does not exceed SEK 75 million, the Government may decide to sell the property, if there is only little need for it in central government activities or no need at all, and if there are no special reasons why the property shall continue to be owned by the state.

Notwithstanding the first paragraph, the Government may decide on sale to a local government for community planning and management purposes.

Shares

Section 3

The Government may not acquire shares in a company, or in any other way increase the central government share of voting power or ownership in a company, without the authority of the Riksdag. Nor may the Government provide capital to a company without the authority of the Riksdag.

However, the Government may acquire shares in a company as part of managing property that has accrued to the state through a legacy or gift.

Section 4

The Government may decide on the sale of shares in a company in which central government has less than half the votes for all shares, unless the Riksdag has decided otherwise for that company.

Without the authority of the Riksdag, the Government may not, by sale or other means, reduce the central government share of ownership in companies in which central government has half or more than half the votes for all shares.

Other movable property

Section 5

The provisions in Section 2 on the sale of real property apply in the case of grants of leasehold rights and to sales of leasehold rights and buildings that are movable property.

Section 6

The Government may decide to transfer ownership of movable property other than that listed in Sections 4 and 5 if the property is no longer needed for central government activities or has become unusable, or if it has not been acquired with state funds.

Commercial basis

Section 7

Acquisitions by means of purchase or exchange and sales shall be conducted on a commercial basis, unless special reasons indicate otherwise.

Right of disposal of income from sales

Section 8

If the Riksdag has approved the sale of property, the income shall be reported against an income heading, unless otherwise determined by the Riksdag.

Sections 9–12 state how the income may be used in cases in which the Government has decided on a sale.

Section 9

If the property has been used in activities for which the Riksdag has approved an investment plan, the Government may decide that the income shall be used to finance investments included in the plan.

Provisions on the use of income from sales of property that has not been used in such activities are given in Sections 10–12.

Section 10

If the property has been financed by resources from an appropriation, after funds corresponding to the book value of the property have been reported against an income heading, the Government may decide that the remaining income shall be made available to the activities in which the property sold was used.

If the income amounts to a relatively small sum, the Government may decide that all of the income shall be made available to the activities in which the property sold was used.

If real property or shares have been sold, however, all of the income shall be reported against an income heading.

Section 11

If the property has been financed by a loan, the Government may decide, after the loan has been paid, that the remaining income shall be made available to the activities in which the property sold was used.

If real property or shares have been sold, however, the remaining income shall be reported against an income heading.

Section 12

If the property has been financed by means other than funds from an appropriation or a loan, the Government may decide that all of the income shall be made available to the activities in which the property sold was used.

Chapter 9 Follow-up and forecasting

Follow-up

Section 1

The Government shall closely follow how central government income, expenditures and borrowing develop relative to estimated and approved figures.

In the Budget Bill and the Spring Fiscal Policy Bill, the Government shall explain significant differences between budgeted amounts and estimated outcomes in the current budget year.

Section 2

Repealed by *Act (SFS 2014:866)*.

Forecasts

Section 3

In the Budget Bill and the Spring Fiscal Policy Bill, the Government shall present forecasts of macroeconomic developments, central government income and expenditures, the central government borrowing requirement, expenditures under the expenditure ceiling and general government income, expenditures and debts.

The forecasts shall cover the current budget year and the three immediately following years and shall be based on well-defined assumptions. Act (SFS 2013:1015).

Section 4

In the Spring Fiscal Policy Bill, the Government shall present an assessment of the long-term sustainability of general government finances. Act (SFS 2013:1015).

Evaluation

Section 5

The Government shall regularly present an evaluation of the forecasts referred to in Section 3. Act (SFS 2013:1015).

Chapter 10 Accountability and auditing

General provisions on accounting

Section 1

The Government is accountable to the Riksdag for the assets that the Government administers and has at its disposal. The Government's accountability also includes the activities conducted by central government and central government debts and other financial commitments.

Generally accepted accounting principles and a true and fair view

Section 2

Central government bookkeeping and accounting shall be performed in a manner that is consistent with generally accepted accounting principles.

The accounts shall give a true and fair view of central government activities, the financial position and performance, and the management of central government assets.

Accounting of the results of operations

Section 3

In the Budget Bill, the Government shall present an account of the results that have been achieved in activities relative to the targets adopted by the Riksdag. The account shall be drawn up in accordance with the expenditure areas. Act (SFS 2014:866).

Accounting of tax expenditures

Section 4

The Government shall present an account of tax expenditures to the Riksdag each year.

Central government annual report

Section 5

The central government annual report shall be presented to the Riksdag no later than 15 April of the year following the budget year.

Section 6

The central government annual report shall contain:

1. follow-up of the Riksdag decision on general government net lending (the surplus target), the expenditure ceiling and other broad budget policy targets;
2. the outcome under budget income headings and appropriations and of the central government borrowing requirement;
3. an account of how the Government has used the authorisations it has received pursuant to Chapter 6, Section 1, first paragraph, and Chapter 6, Section 3;
4. a statement of financial performance, a statement of financial position, a statement of cash flow, and notes;
5. a report on the development of the central government debt;
6. information on expected losses and significant risks associated with central government lending and guarantees provided that have been decided on under Chapter 6, Section 3;
7. a presentation of the measures taken by the Government in response to observations made by the Swedish National Audit Office;
8. a statement of financial performance and a statement of financial position regarding EU funds and a cash-based account of appropriations and income headings concerning payments to and from the EU; and
9. a statement from the Government concerning whether
 - the accounts required under point 8 have been drawn up in accordance with generally accepted accounting principles and give a true and fair view, and
 - rules and systems exist aimed at creating satisfactory internal governance and control of EU funds.

In connection with the accounts required under the first paragraph, point 2, the Government shall explain significant differences between budgeted amounts and the outcome.

Section 7

The statement of financial performance, statement of financial position and statement of cash flow shall encompass all central government income and costs, assets and liabilities, and payments that affect central government net borrowing.

However, the Government may decide that a certain activity or a certain asset or liability shall not be included in the statement of financial performance, statement of financial position and statement of

cash flow. The Government shall provide information about the reasons for this in the central government annual report.

Section 8

In the statement of financial performance and statement of financial position:

1. the same principles for the valuation, classification and itemisation of the various items shall be applied from one budget year to another;
2. the valuation of the various items shall be made on a prudent basis;
3. income and costs that belong to the budget year shall be included irrespective of when payment is made;
4. the various components that make up the statement of financial position shall be valued separately;
5. assets and liabilities or income and costs shall not be set off against one another; and
6. the opening balance for a budget year shall agree with the closing balance for the immediately preceding budget year.

If it is compatible with what is prescribed in Section 2, the Government may deviate from the first paragraph. The Government shall provide information on the reasons for the deviation and present an assessment of its impact on the financial position and performance.

Section 9

The statement of financial performance shall contain the following headings: Income, Costs, Profit/loss from shares in wholly owned and part-owned companies, Financial income and costs, and Surplus/deficit for the year.

The statement of financial position shall contain the following headings on the asset side: Fixed assets (Intangible assets, Tangible assets and Financial assets), Lending, Inventories etc., Receivables, Cut-off entries, Current investments, and Cash and bank balances. It shall contain the following headings on the liability side: Net wealth, Funds, Provisions, Central government debt, Liabilities etc., and Cut-off items.

The statement of cash flow shall contain the following headings: Central government activities, Investments, Lending, Financial activities, and Central government net borrowing.

Beneath the headings, the accounts shall be itemised.

Section 10

For every item in the statement of financial performance and statement of financial position and in the statement of cash flow, the figure for the corresponding item in the immediately preceding budget year shall be stated.

If the Government has amended the principles underlying valuation, classification or itemisation or the limitation of the central government sector under Section 7, the items for the immediately preceding

budget year shall be recalculated or amended as necessary to make it possible to compare them in a meaningful way with the items in the budget year.

If there are special reasons and it is compatible with generally accepted accounting principles, what is prescribed in the second paragraph may be deviated from. In that case, the Government shall provide information about the reasons for this.

Audits

Section 11

Provisions on audits of central government activities are given in Chapter 13 of the Instrument of Government and in the Auditing of State Activities, etc. Act (2002:1022).

Chapter 11 Regulations

Section 1

The Government issues regulations on the implementation of the central government budget.

Transitional provisions

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1. This Act enters into force on 1 April 2011, at which time the Act on Central Government Borrowing and Debt Management (1988:1387) and the Central Government Budget Act (1996:1059) shall cease to apply.
2. The provisions in Chapter 3, Sections 5 and 6 shall be applied for the first time in the case of the budget for 2012. The provision in Section 17, second paragraph and Section 18 of the Central Government Budget Act (1996:1059) shall continue to apply to reporting against income headings and appropriations during 2011.
3. Unused resources in appropriations that have not been entered in the central government budget after 2010 may be used until the end of 2012 at the latest.
4. The provision in Chapter 4, Section 2, first paragraph, first sentence shall be applied with regard to reporting of income from fees for the first time in the case of the budget for 2012. The provision in Section 10, second paragraph of the Central Government Budget Act (1996:1059) shall continue to apply with respect to reporting of income from fees in 2011.
5. The provisions in Chapter 6, Section 4 shall be applied with regard to lending from 1 January 2012. However, for student loans under the Student Aid Act (1999:1395), these provisions shall be applied from 1 January 2014. Act (SFS 2012:966).
6. The provisions in Chapter 6, Section 5 shall apply from 1 January 2012. However, for student loans under the Student Aid Act (1999:1395), these provisions shall be applied from 1 January 2014. Act (SFS 2012:966).
7. The provision in Chapter 7, Section 3 shall be applied for the first time in the case of the budget for 2012.
8. The provisions in Chapter 10, Sections 6–10 shall be applied for the first time in the case of the central government annual report for 2011. The provisions in Section 37, second paragraph of the Central Government Budget Act (1996:1059) shall apply in the case of the central government annual report for 2010.