

Section	Subsection	Clause	<b>Amendment of Public Finance Act, 2019</b> <b>NEW / inserted Omitted and deleted substituted Gazette Finance Act 2020</b>
			In the Public Finance Management Act, 2019

Preamble	3 <sup>rd</sup> paragraph		AND WHEREAS to give elaborate mechanism of public finance management as envisaged in Articles 78 to 88, <del>118 to 127</del> and 160 to 171 of the Constitution and to guide budgetary management processes, financial and fiscal controls, cash and banking arrangements, and financial oversight of public entities;
2			<b>Definitions.</b>
		(ma)	<b>"non-tax revenue"</b> means revenues received by the Government in terms of clause (1) of Article 78 of the Constitution, and the recurring income of the Government from investments and provision of services but does not include that mentioned in clause (3) of Article 160 of the Constitution;
		(u)	<b>"re-appropriation"</b> means transfer of funds from one head of account of appropriation to another such head of account <b>within one grant or grant appropriation</b> ;  Provided that no re-appropriation shall be made between funds authorized for expenditure charged upon the Federal Consolidated Fund and other expenditure,; and
		(ua)	<b>"revenue collection office"</b> means a ministry, division or its attached department or subordinate office responsible for collection, monitoring and reporting of non tax revenue; and
		(w)	<b>"technical supplementary grant"</b> means surrender of funds from one budget grant and budget authorization in another grant <del>grant or appropriation and budget authorization in another grant or appropriation</del> . Technical supplementary grant shall not result in increase of overall government expenditure;
3			<b>Budget strategy paper. —</b>
	(1)		The Federal Government shall approve the budget strategy paper containing quantified macroeconomic and fiscal projections for the medium-term by fifteenth of <del>March</del> <b>April</b> of each year. It shall be published as well as placed on the Finance Division's official website. The paper shall indicate strategic priorities of the Government revenue and spending policies and specify indicative levels of spending in various Ministries and Divisions. Upon approval of the paper, the Finance Division shall issue indicative budget ceilings to Ministries and Divisions.
	(2)		The Minister for Finance shall <del>discuss the budget strategy paper with Standing Committees responsible</del> <b>also present the budget strategy paper before the Standing Committees</b> for Finance and Revenue in the Senate and the National Assembly.
4			<b>Annual Budget Statement. -</b>
	(1)		The Federal Government shall, in respect of every financial year, cause to be laid before the National Assembly, Annual Budget Statement consistent with Articles 80 and 81 of the Constitution including a statement of the purpose and estimates divided into <del>detailed items for each demand for grant</del> <b>major objects for each demand for grant and appropriation</b> .

Section	Subsection	Clause	<b>Amendment of Public Finance Act, 2019</b>
			<b>NEW / inserted</b> <del>Omitted and deleted</del> <b>substituted</b> <del>Gazette Finance Act 2020</del>
			In the Public Finance Management Act, 2019

	(2)		Each Demand for grant <b>and appropriation</b> may indicate budget estimates of the ensuing year, initial budget estimates and revised estimates of outgoing year and provisional actual expenditure of year Prior to outgoing year.
5			<b>Plan based Government's expenditure. -</b>
			<del>All government expenditures, whether from a recurrent or development demand for grant, shall be based on well-defined plans.</del>
			All government expenditures, whether from a recurrent or development demand for grant, shall be based on well-defined plans and the strategic priorities approved in budget strategy paper as per section 3.
9			<b>Performance based budget.</b>
	(1)		The Federal Government shall, in respect of every financial year, cause to be laid before the National Assembly a medium-term performance based budget report along with the Annual Budget Statement <del>report along with the Annual Budget.</del>
	(2)		For each principal accounting officer, the medium-term performance based <del>budget report</del> may include policy and goals, past and future expenditure, outputs and outcomes and related performance indicators and targets.
11			<b>Re-appropriation of funds. -</b>
			Principal accounting officers may sanction, <del>at any time before the close of the financial year by thirty-first day of May each,</del> re-appropriation of funds from one expenditure item to another within a budget grant in the manner as may be prescribed.
			<b>Provided that in an exceptional case of exigency, the Finance Division may extend the prescribed time limit.</b>
12			<b>Surrender of savings.</b>
	(1)		All Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division <del>at least twenty-five days before the presentation of the budget in the National Assembly by thirty-first day of May each year,</del> all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.
			<b>Provided that in an exceptional case of exigency, the Finance Division may extend the prescribed time limit before the close of the financial year.</b>
23			<b>Expenditure from Federal Consolidated Fund and Public Account.</b>
	(1)		No authority shall incur or commit any expenditure or enter into any liability involving expenditure from the Federal Consolidated Fund and Public Account of the Federation until the same has been sanctioned by a competent authority duly empowered and the expenditure has been provided for the financial year through— (a) schedule of authorized expenditure; or (b) supplementary grant and technical supplementary grant as per Article 84 of the Constitution; or (c) re-appropriation as per section 10 11.

Section	Subsection	Clause	<b>Amendment of Public Finance Act, 2019</b> NEW / inserted Omitted and deleted substituted Gazette Finance Act 2020
			In the Public Finance Management Act, 2019

	(2)		No authority shall transfer public moneys for investment or deposit from government account including the assignment accounts to other bank account without prior approval from the Federal Government.  Provided that the principal accounting officers in respect of all the spending units under his control shall submit a certificate to the Finance Division on half yearly basis.
28			<b>Chief finance and accounts officer. —</b>
	(2)		The Federal Government shall, within a period of six months prescribe the procedures and role and functions of the office of chief finance and accounts officer, in consultation with the Finance Division, Auditor General of Pakistan and the office of Controller General of Accounts.
29			<b>Chief internal auditor. —</b>
	(1)		Within a period not exceeding twelve eighteen months from the date of commencement of this Act, the position of chief internal auditor shall be created who shall work under direct supervision of principal accounting officer. Appointment, roles and responsibilities of chief internal auditors shall be as may be prescribed under the Civil Servant Act, 1973 (LXXI of 1973) and in consultation with the Auditor-General.
	(2)		There shall be an internal audit policy board for over all policy making and setting scope and standards, approving internal audit manuals and charter of internal audit, monitoring the overall effectiveness of internal audit function for the Government institutions , comprising-  (a) Secretary, Finance Division Chairman; (b) Controller General of Accounts Member; (c) Deputy Auditor General Member; (d) Additional Secretary, Finance Division Member and Secretary; (e) one representative duly appointed by the Member Finance Division from the Institution of Cost and Management Accountants of Pakistan or the Institution of Chartered Accountants of Pakistan or Institute of Internal Auditors - Member from a professional Member organization of Pakistan
	(3)		Finance Division shall provide secretarial support to the board constituted under sub-section (2).

Section	Subsection	Clause	<b>Amendment of Public Finance Act, 2019</b> NEW / inserted Omitted and deleted substituted Gazette Finance Act 2020
			In the Public Finance Management Act, 2019

30			<b>Cash management. —</b>
	(2)		The policy and rules under this section, inter alia, shall provide for— (a) establishing institutional and administrative arrangements needed to manage an effective cash management system; (b) availability of funds in accordance with schedule of authorized expenditure or supplementary grant; (c) availability of foreign exchange, where required, from within the allocation of foreign exchange sanctioned for the Ministry and Division concerned; (d) placement of all public moneys into the treasury single account; (e) quarterly revenue, expenditure, cash requirement and debt plan within sanctioned budget; (f) gradual expansion of budgetary and accounting framework to all autonomous entities, declared as such under clause (b) of sub-section(1) of section 35 36; (g) usage of idle cash of the autonomous entities, declared as such under clause (b) of sub-section (1) of section 35 36; (h) and require all principal accounting officers to provide the information deemed necessary for effective operation of the cash management and treasury single account system.
31			<b>Government banking arrangements</b>
	(1)		The Federal Government shall maintain its Federal Consolidated Fund and Public Account of the Federation in the State Bank of Pakistan and it may open its such other bank accounts as may be required by the Finance Division, from time to time, in accordance with the State Bank of Pakistan Act, 1956 (XXXIII of 1956).
32			<b>Special purpose funds. —</b>
	(1)		If monies have been appropriated by the National Assembly to establish a fund, for a fund established under any law or with the approval of the Federal Government the Finance Division shall notify rules or regulations and issue directives for the management and control of such a fund. Any statutory instrument shall—

Section	Subsection	Clause	<b>Amendment of Public Finance Act, 2019</b>
			<b>NEW / inserted</b> <del>Omitted and deleted</del> <b>substituted</b> <del>Gazette Finance Act 2020</del>
			In the Public Finance Management Act, 2019

**CHAPTER VIII A**  
**NON TAX REVENUE**

40A			<b>Policy and administration. -</b>
	(1)		The administrative ministries and divisions shall be responsible for policy formulation and administration of nontax revenue as per the distribution of business approved by the Government.
	(2)		The Finance Division shall advise ministries and divisions in policy formulation as per the strategic priorities of Government's revenue policies.
40B			<b>Levy and collection. -</b>
	(1)		Non tax revenue shall be levied and charged in accordance with the provisions of relevant laws and such other applicable instruments.
	(2)		Notwithstanding anything to the contrary contained in any other law for the time being in force, public entities as defined under section 36 shall pay non tax revenue representing-
		(a)	mark up on loans lent by the Government, as per the amortization schedule attached with the financing agreement;
		(b)	dividend against the Government's equity investments as declared by the respective board of directors out of accrued profits of the entity:  Provided that if public entity is wholly or substantially owned by the Government, proposals with regard to declaration of dividend and allocation for reserve fund, capital requirements etc shall be examined by the controlling Division in consultation with the Finance Division before deliberations and decision in the board of directors.
		(c)	surplus profits as per the provisions of relevant laws; and
		(d)	any other amount owed to the Government as accrued:  Provided that the public entities shall pay accrued amounts of non tax revenue as per clauses (a) to (d) being the first charge on their gross revenues or profits, as the case may be.
	(4)		Non tax revenue representing foreign grants and payments, receipts from provision of services, rents, recovery of overpayments, sale of property etc shall accrue on completion of the prescribed process.
	(5)		The revenue collection offices shall be responsible for collection of all the accrued amounts of nontax revenue from liable public entities, individuals, firms, companies etc as per the time specified in the relevant laws and rules. Finance Division shall prescribe procedures for monitoring and reporting of nontax revenue by the revenue collection offices.

Section	Subsection	Clause	<b>Amendment of Public Finance Act, 2019</b> NEW / inserted Omitted and deleted substituted Gazette Finance Act 2020
			In the Public Finance Management Act, 2019

40C			<b>Deposit in Federal Consolidated Fund. -</b>
	(1)		Subject to section 40B, the revenue collection offices shall deposit the collected amounts in Federal Consolidated Fund promptly without delay in prescribed manner under the head of account specified by the Finance Division in consultation with the Controller General of Accounts.
	(2)		The revenue collection offices shall not retain or appropriate the collected amounts to meet departmental expenditures except through budgetary mechanism as provided under Articles 80 to 83 of the Constitution.
40D			<b>Late payment surcharge. -</b>
	(1)		Notwithstanding anything to the contrary contained in any other law for the time being in force, an amount equal to monthly weighted financing cost of Government's domestic borrowings shall be payable during the period of default, in addition to the amount due under section 40B if not paid within the stipulated time.
	(2)		Finance Division may prescribe procedure for levy and collection of the surcharge under sub-section (1).
40E			<b>Recovery of nontax revenue by Commissioner (Inland Revenue). -</b>
	(1)		If the amounts as per sections 40B and 40D are not paid within ninety days of having been due, the Finance Division, in consultation with the concerned Division may refer any defaulter's case to the Commissioner (Inland Revenue) concerned for recovery as it were an arrear of income tax.
	(2)		The Commissioner (Inland Revenue) shall recover the arrear in accordance with the provisions of the Income Tax Ordinance, 2001(XLIX of 2001) and deposit the receipt in the Federal Consolidated Fund as per section 40C."; and
42			<b>Power to make rules. -</b>
	(2)		All existing instruments shall continue in force until altered, amended or repealed by such authority competent to alter, amend or repeal the same.  Provided that existing instruments, contrary to the provisions of this Act and the rules made thereunder, shall have no legal effect.