



Republic of Serbia  
THE MINISTRY OF  
FINANCE  
Treasury Administration

Republic of Serbia – THE MINISTRY OF FINANCE, Treasury Administration

# Active Cash Management – Financial Planning

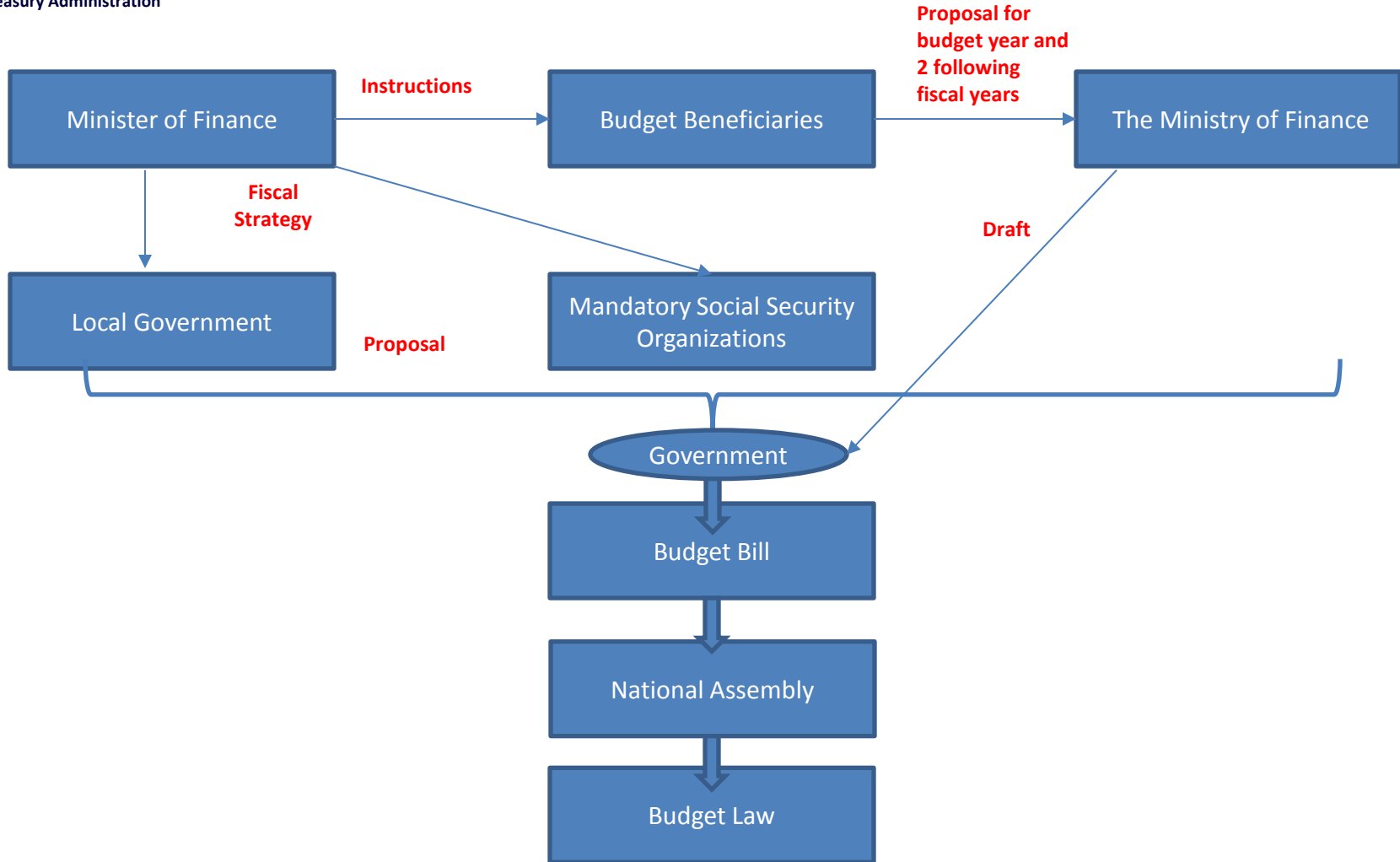


## Treasury Administration

- **Treasury Administration within the Ministry of Finance, founded on 1<sup>st</sup> August, 2005**
  - **Stable and transparent budget policy, modern system of public finance and increased efficiency in management and utilization of taxpayers' money**
  - **Treasury Administration is in charge of:**
    - **Financial Planning**
    - **Management of public funds**
    - **Control of expenses and expenditures, approval of payments to the amount of appropriations set**
    - **Budget accounting and reporting**
    - **Public payments operations**
  - **Number of laws and administrative procedures for the purpose of better liquidity management adopted**
  - **Department for financial planning, liquidity management and business processes**
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# Budget Process





## Financial Planning

- **Result of the approved budget– Appropriations – Authorization of budget users for spending public funds to the certain amount and for specific purposes within that fiscal year**
- **Permanent appropriation – repayment of debt and other guarantees**
- **Appropriations → Quotas – determined on 10-day basis for the next three months, and on a monthly basis for the rest of the year.**
- **Quotas are conditioned by appropriations, budget execution plans for the direct beneficiaries and liquid capacity of the budget.**
- **The emphases is on the planning by the budget users themselves**
- **Preparation and submission of plans for budget execution is done through the user application FINPLAN managed by the Treasury, latest until the 5th in the month (for the next month)**
- **By the 15th of each month Treasury Administration must approve quotas**



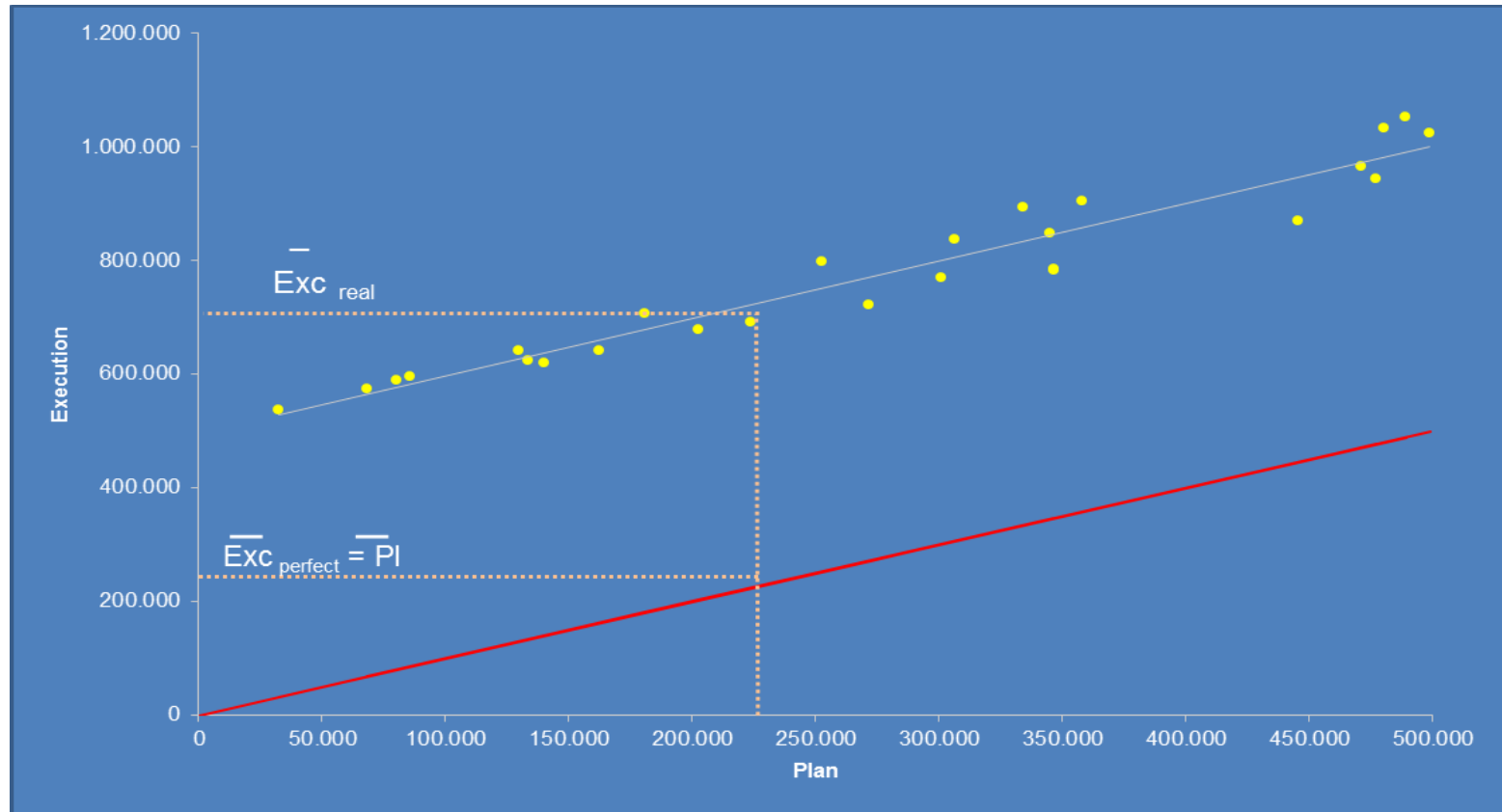
## Financial Planning

- **Budget users have the option to change the quota if necessary for the following month**
  
- **The request to change the quota up to 10% must be decided within 3 working days, while the request for a change in quota over 10%, must be decided within five days after the reception of the request.**
  
- **Criteria for changing quota:**
  1. **projection of budget revenue/income**
  
  2. **budget execution of the user from the previous period**
  
  3. **evaluation of success of financial planning**
    - **Calculated on daily and weekly basis**
  
    - **To be used as a corrective factor for requests for changing quota for the following months**



# Planning Evaluation

## Correlation of plan and execution





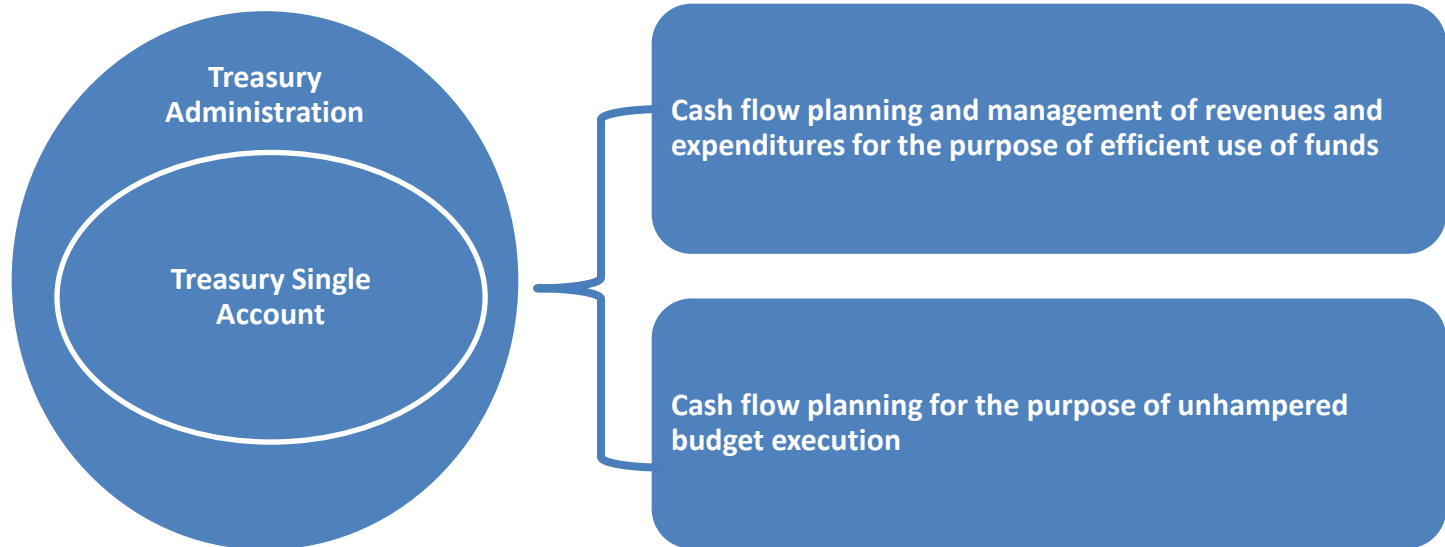
## Commitment and payments

- **Commitments mean engaging funds by users, based on legal act, in compliance with the law.**
- **Registration and enforcement of the requirements for commitment in the BEX (budget execution system) shall be based on appropriate accounting documentation**
- **The user is required to enter a request for commitment of all types of payments, which are recorded in the BEX.**
- **Payment means an order for the payment of obligations, based on the entered request for payment in the BEX.**
- **Based on payments, expenditures and costs are recorded, and the balance on budget execution account is decreased.**



## Cash Management

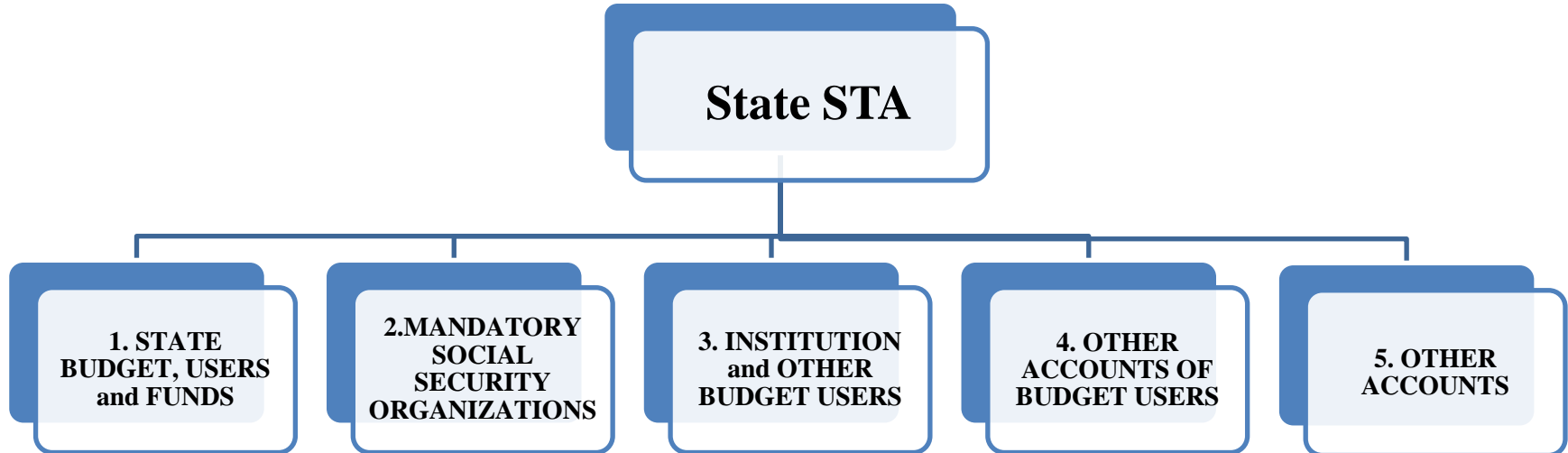
- With the recommendation of IMF, the TSA (Treasury Single Account) was formed in 2002. – unification of all RSD funds of budget users
- After analyzing projected revenues and planned expenditures from the accounts of all budget users within the TSA, a potential state of funds available for placement is formed
- The Treasury Administration manages the funds from the TSA







## Single Treasury Account



- **STA of local authorities is consolidated account of all users of the local budget and all the other users of the public funds that are included in STA of the local authorities, which is opened in the local treasury and run by Treasury Administration.**



## Recording incomes and JAFIN

- **We distinguish following public revenues of Republic of Serbia:**
  - **Tax revenues:**
    - **Taxes on income tax**
    - **Corporate income tax**
    - **Value Added Tax**
    - **Excise (Excise largest payment of excise are made on the 15th and 30th in the month)**
    - **Customs**
    - **Other tax revenues**
  - **Non-tax revenues (taxes, fees, penalties and revenues created through the use of public funds)**
  - **Donations and transfers**
  - **All users of public funds must open accounts in the Treasury**
  - **Daily changes and balances on these accounts are recorded in the JAFIN application**



## Real Time JAFIN

- **RTJ is the application of the Treasury Administration, which in real time, at the intersection of 15 minutes shows the status of the relevant accounts**
- **The accounts of RTJ are:**
  - **Account of budget execution**
  - **Payment account**
  - **Customs Invoice**
  - **Account of large taxpayers**
  - **State income account**
  - **Receivables account from issuing securities**
- **RTJ is different from JAFIN because it only records budget revenue.**
- **All payments that are recorded to the account on a given day are treated (settled) as taxable income for that day.**



## RINO program

- **On December 17th 2012. the law on the terms of settlement of financial obligations in commercial transactions (RINO) was adopted.**
- **This law regulates the terms of settlement of financial obligations in commercial transactions between the public sector and businesses.**
- **The contracts between business entities do not foresee the deadline for the settlement of financial obligations for more than 60 days.**
- **The contracts between the public and businesses sector do not envisage deadline for the settlement of financial obligations longer than 45 days, in case of a contractual relationship where the public sector is the debtor.**
- **The creditor is entitled to claim compensation from the debtor for the delay of financial obligations in the amount of 20,000 dinars, in case when obligation is not paid within the time limits.**
- **The implementation and monitoring of this law among beneficiaries of the Republic of Serbia, is carried out by the Treasury.**



## Foreign currency STA

- **Foreign currency STA** which is placed at NBS consolidates all the funds from direct and indirect budget users and the users of the local budgets, and funds of all user of the public funds that are included in foreign currency STA.
- **Activities related to the system of foreign currency STA on behalf of the account holder (users of the public funds) is performed by the Treasury Administration.**
- **Public fund users submit all FX orders concerning foreign currency STA to the NBS electronically through Treasury Administration.**
- **Ordinance for regulating the relations between the Treasury Administration and public fund users that are included in the foreign currency statute is in process of preparation.**



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**Thank you for your attention!**

**[www.trezor.gov.rs](http://www.trezor.gov.rs)**

**email: [oleg.sekulovic@trezor.gov.rs](mailto:oleg.sekulovic@trezor.gov.rs)**

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