



The New and Innovative Aspects in the General State Revenues and Expenditures Code (in Light of Enabling Act 18-15 and Executive Decrees 20-353 and 20-354)



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Abstract

It was necessary, after more than 39 years since the issuance of Law 84-17, to review the general framework that governs the general budget in line with the new concepts of budgeting. These concepts have evolved from a zero balance to a regulated deficit, from direct estimates and revenue mechanisms to fixed and new expenditure estimates, to estimates through the medium term. These changes were legislated with the issuance of Organic Law 18-15, which relates to financial laws and diversifies state revenues outside of hydrocarbon taxes with the issuance of the new Revenue Code specified by Executive Decree 20-353, which defines the components of state revenue classification. Furthermore, a review was carried out for the new expenditure code, as specified by Executive Decree 20-354, which defines the components of state budget expenditure classifications, especially as we apply the first performance budget for the fiscal year 2023.

Keywords

budget;
new;
code;
expenditures;
revenues.

الكلمات المفتاحية

الميزانية؛
المستجد؛
المدونة؛
النفقات؛
الإيرادات.

المستجد والمستحدث في مدونة النفقات والإيرادات العامة للدولة (على ضوء القانون العضوي 15-18 والمرسومين التنفيذييين 20-353 و20-354)

ملخص

لقد كان من الضروري بعد مرور أكثر من 39 سنة عن صدور القانون 84-17 ، إعادة النظر في الإطار العام الذي يحكم الميزانية العامة بما يتماشى والمفاهيم الجديدة للميزانية التي تطورت مبادئها من التوازن الصفري إلى العجز المنظم ومن التقديرات المباشرة والآلية للإيرادات و التقديرات الثابتة والجديدة للنفقات إلى التقدير بواسطة المدى المتوسط ، والتي أعيد النظر فيها من طرف المشرع بصور القانون العضوي 15-18 المتعلق بقوانين المالية لتنويع إيرادات الدولة خارج جباية المحروقات بصور المدونة الجديدة للإيرادات التي تضمنها المرسوم التنفيذي 20-353 المحدد للعناصر المكونة لتصنيف إيرادات الدولة ، كما أعيد النظر أيضا في المدونة الجديدة للنفقات التي نص عليها المرسوم التنفيذي 20-354 المحدد للعناصر المكونة لتصنيفات أعباء ميزانية الدولة ، خاصة ونحن نطبق أول ميزانية للأهداف للسنة المالية 2023.

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Doi:

I- Introduction :

The old concept of the state was to exercise its authority primarily through expenditure on the judiciary, the military, and the police, as it was famously said, "Gouverner, c'est dépenser" (To govern is to spend). Consequently, financial experts did not delve deeply into its content or nature, as they considered it part of the domain of administrative or political sciences, rather than having significant relevance to financial sciences. However, this concept has evolved significantly in modern finance. The role of the state is no longer solely based on expenditure; public expenditures have become a means of public finance and an integral part of the various resources used by the state in a coherent and interconnected manner to achieve the state's diverse goals in all fields related to the lives of citizens across different categories (Hussein & Abdelraouf, 2013, pp. 325-326). Moreover, the transformation of the state's role in economic activities from being a guardian state to an interventionist state and then to a productive state has led to an increase in public spending (Sahel, 2017, p. 67). Consequently, it has become logical for the state to seek the necessary resources to meet its growing expenses.

This shift in the state's perspective on economic activities that generate substantial revenues is further fueled by the numerous divisions of revenue based on each country's public resources, particularly in developing nations, which seek to diversify their income sources (Hussein & Abdelraouf, 2013, p. 326). Given the role that public expenditures and revenues play in satisfying the needs of the public, the legislator has undertaken a review of the General State Expenditures and Revenues Code, prompting us to pose the following question:

What are the new and innovative aspects in the General State Expenditures and Revenues Code in light of Enabling Act 18-15 and Executive Decrees 20-353 and 20-354?

II– The New Code for General State Expenditures in Light of Law 18-15 and Executive Decree 20-354

A reevaluation of the dual classification of expenditures based on operational and capital expenditures in (Law 84-17, 1984) has been undertaken due to the diversification of public expenditure types and the widening scope of the state's involvement in economic and social life (Saudi, 2009, p. 22), replaced by a quadruple division that aligns with the modern perspective of the state budget⁽¹⁾. This is in accordance with the provisions of Article 28 of the Enabling Act concerning financial laws 18-15, for which several implementing texts have been issued.

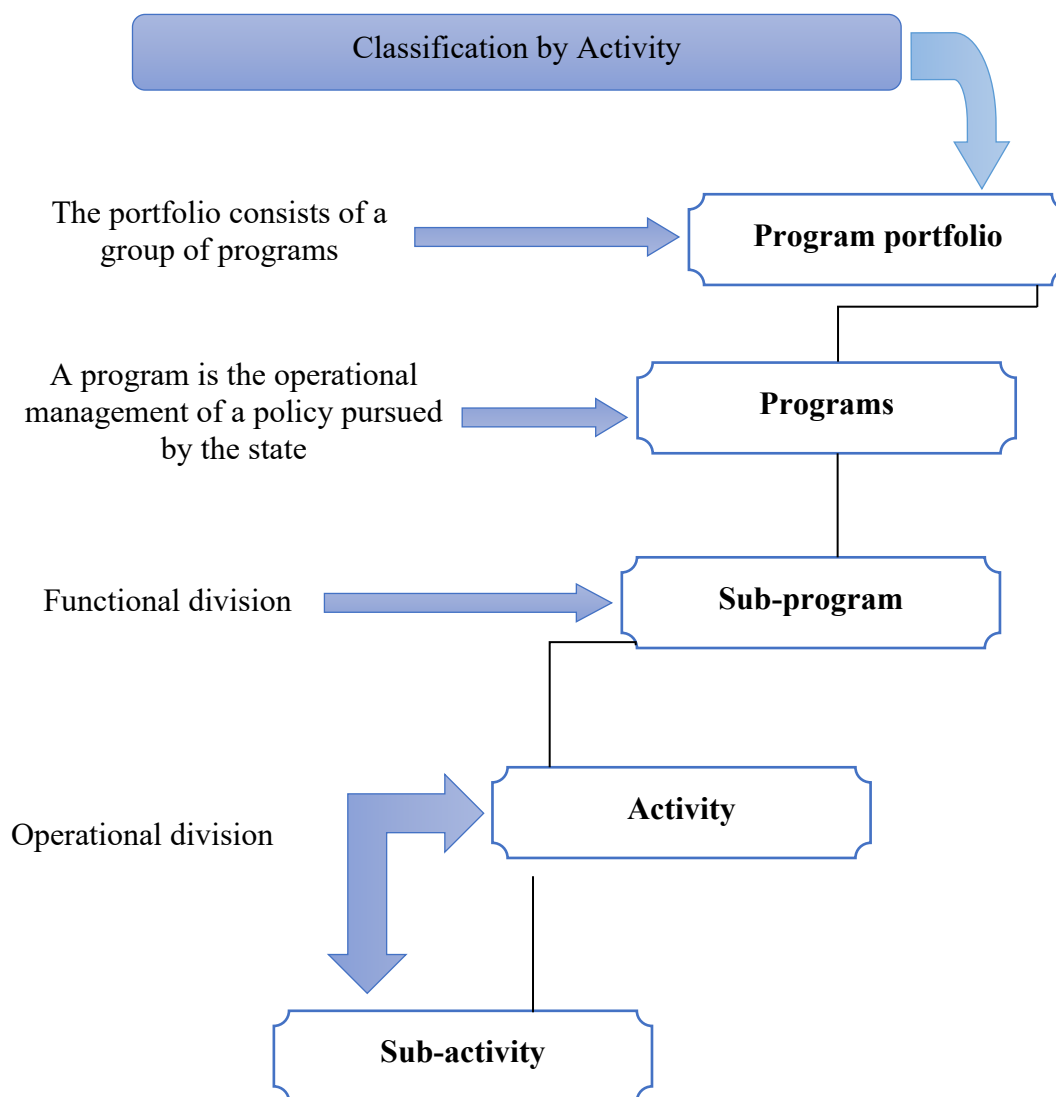
II.1. Classification of Expenditures by Activity and Economic Nature

The classification of public expenditures is not merely about categorization and division; its purpose is to determine their financing. Ordinary expenditures are typically funded by regular revenues, while extraordinary expenditures are funded by exceptional revenues as a general rule (Dawood, 2010, p. 55). In this context, each country has considered divisions that align with its economic and social development (Mohammed & Huda, 2010, p. 53), prompting the Algerian legislator to introduce various classifications in the new General State Expenditures Code, including classifications by activity (Section One) and by economic nature (Section Two).

II.1.1. Classification by Activity

This classification is composed of programs and their classifications. Financial appropriations contribute to the accomplishment of a specific mission for one or several ministries or public institutions, determined based on a set of clear objectives. Each activity contains a portfolio of programs, which are divided into sub-programs. Sub-programs encompass activities and sub-activities, as illustrated in the following Figure:

Figure 1: represents the classification of expenditures by the nature of the activity



Source: Prepared by the researcher in accordance with the provisions of Article 5 of Executive Decree 20-354 dated November 30, 2020, specifying the elements that make up the classifications of the state's burdens, in the Official Gazette No. 73, issued on December 6, 2020.

It should be noted that, in accordance with the provisions of Articles 25 and 82 of Enabling Act 18-15 related to financial laws, three implementing texts have been issued concerning the registration of programs, financial appropriations management and delegation, as well as budgetary and accounting management of public institutions:

1- Executive Decree 20-403 issued on December 29, 2020, specifying new conditions for the maturity and registration of programs as follows

1-1- General Conditions (Permanent)

These conditions encompass requests received by the Minister of Finance from ministers and officials of public institutions, accompanied by an evaluation of financial appropriations and expected program outcomes based on the pursued objectives. Requests for registration are studied and evaluated according to the following criteria: clarity of the program's scope, the choice of the function to which program responsibility will be attached, the simplicity of the program's internal structure, the importance of the budget challenges, the program's strategic plan, identification of work tools, proposed work indicators, and a list of public institutions within the program's scope ([Articles 3 and 4 of Executive Decree 20-403, 2020](#)).

1-2- Special Conditions

These conditions pertain to public investment operations of the state and consist of two main sections based on their importance and cost to the public treasury ([Article 11 of Executive Decree 20-403, 2020](#)):

- Major State Projects: These are projects where the commitment to public investment operations of the state equals or exceeds an amount of 10 billion Algerian dinars.
- Public Equipment Projects: These are projects that require special monitoring by the state due to their social and economic impact, their recurring costs and burdens, their technical complexity, their technological risk, or their implementation duration. They are selected based on the proposal of the relevant minister or the responsible official of the public institution, following consultation with the Minister of Finance.

2- Executive Decree 20-404 issued on December 29, 2020

It specifies the procedures for managing and delegating financial appropriations registered under program titles, whether related to a single sub-program or multiple sub-programs and according to the included chapters ([Executive Decree 20-404, 2020](#)).

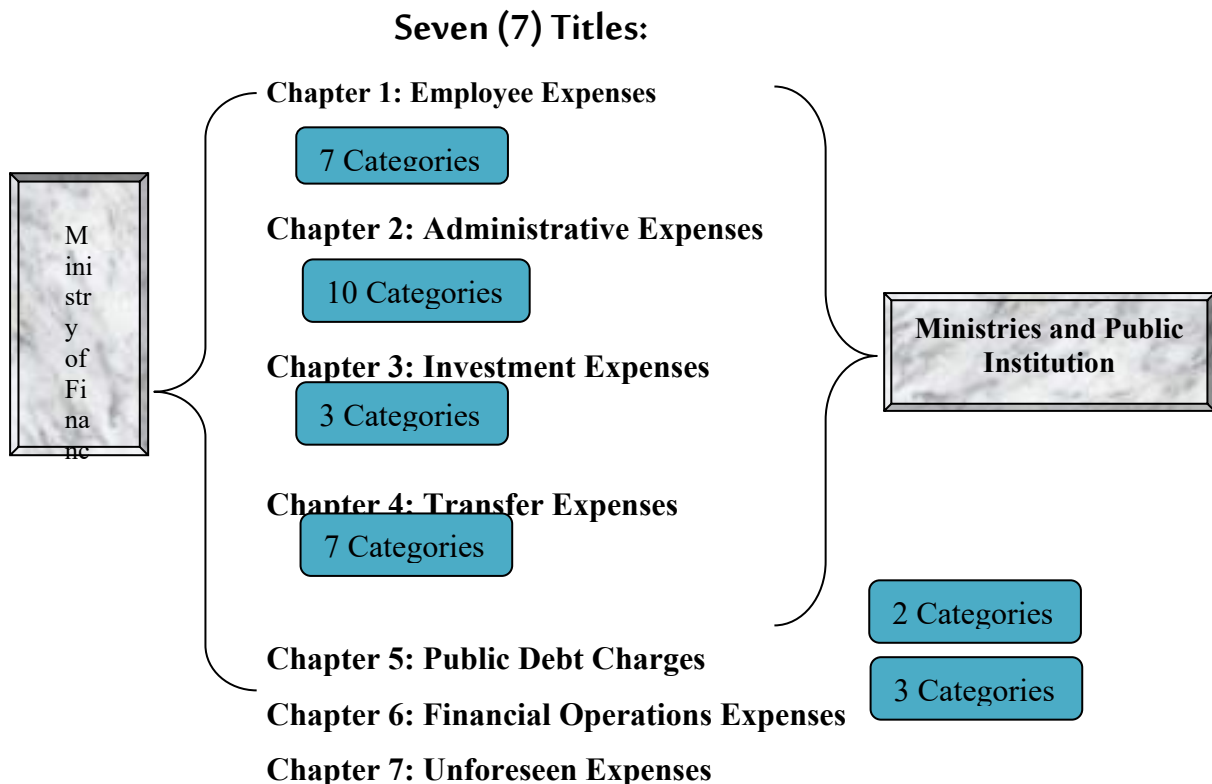
3- Executive Decree 21-62 issued on February 8, 2021

It encompasses the budgetary and accounting management of institutions with an administrative character, industrial and commercial character, public economic character, and scientific and technological character that benefit from state budget allocations ([Executive Decree 21-62, 2021](#)).

II.1.2. Classification by Economic Nature of Expenditures

The classification by economic nature encompasses seven (7) titles of state budget expenditures divided into thirty-two (32) categories ([Article 8 of Executive Decree 20-354](#)), as illustrated in the following figure:

Figure 2: Represents the classification of expenditures by their economic nature



Source: Ministry of Finance, Seminar on Budgetary Reform and Enabling Act 18-15 related to financial laws, held at the headquarters of the Khenchela Province on July 26, 27, and 28, 2021, page 25.

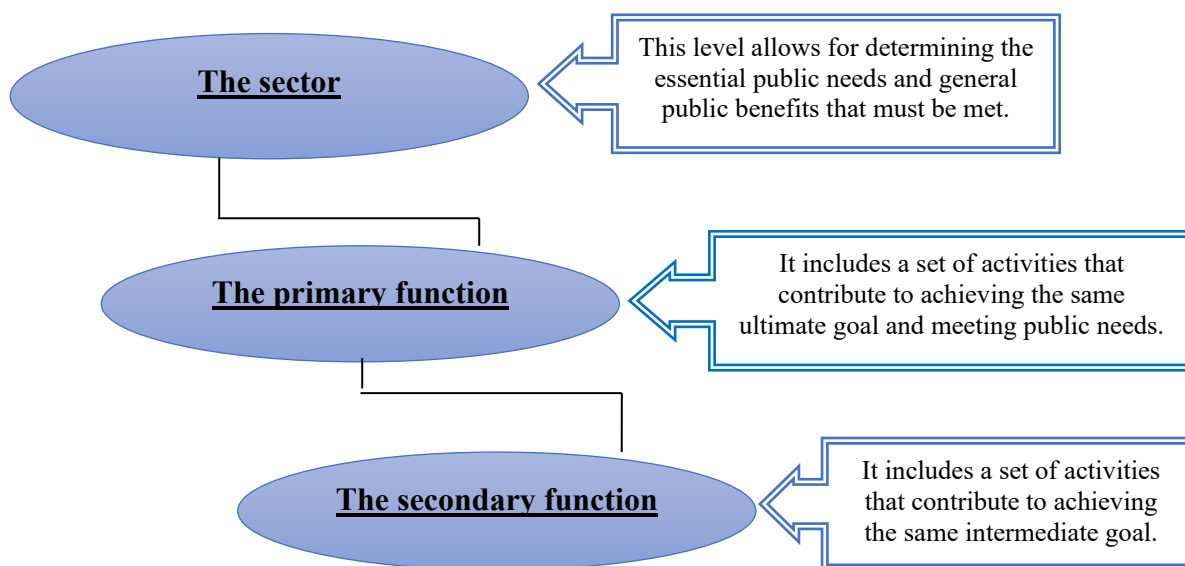
II.2. Classification of Expenditures by Major Functions and Administrative Entities

In addition to the aforementioned classification, a review was conducted regarding the classification of expenditures by major functions (Section One) and administrative entities (Section Two).

II.2.1. Classification by Major Functions of the State

The classification by major functions of state expenditures focuses on a functional categorization of expenditures that, at the highest level, encompasses all activities contributing to the achievement of the same objective. This classification is determined based on the common denominator for all budget expenditure items, especially aimed at preparing statistics and comparative studies. The levels of classification by major functions of the state are divided into sectors, primary functions, and secondary functions, as shown in the following table:

Figure 3: Represents the classification of expenditures by the major functions of the state



Source: Prepared by the researcher in accordance with the provisions of Article 11 of Executive Decree 20-354 dated November 30, 2020, specifying the elements that make up the classifications of the state's burdens, in the Official Gazette No. 73, issued on December 6, 2020.

The sectors of classification by major functions of the state are as follows ([Article 12 of Executive Decree 20-354](#)):

- Public Affairs of Public Administrations.
- Defense.
- Public Order and Security.
- Economic Affairs.
- Environmental Protection.
- Housing and Collective Facilities.
- Health.
- Recreation, Culture, and Worship.
- Education.
- Social Protection.

II.2.2. Classification by Administrative Entities

The classification by administrative entities for the state budget burdens allows for the allocation of financial appropriations according to ministries, public institutions, the budget management responsibility center receiving appropriations based on the organizational structure, and the local organization of the relevant administrative entities. The classification by administrative entities includes the state budget burdens according to the level, based on the organizational structure and activities, as illustrated in the following example:

- Level One: Type of administrative entity.
- Level Two: Category of the administrative unit receiving appropriations.
- Level Three: The department or entity benefiting from the appropriations.
- Level Four: The geographical location or impact of the expenditure.

Table 1: Represents the classification of expenditures by the responsibility center of budget management according to the organizational structure of the Ministry of Youth and Sports

Programs	Central Departments	Decentralized Departments	Entities under supervision	Local Entities	Total
Youth	382,012,640	9,420,425,000	6,758,301,000	1,093,997,558	17,654,736,198
Sports	4,026,512,640	9,531,365,000	6,523,400,000	14,486,733,334	34,568,010,974
General Administration	842,362,720	124,000,000	780,000,000	702,668,000	2,449,030,720
Total	5,250,888,000	19,075,790,000	14,061,701,000	16,283,398,892	54,671,777,892

Source: Ministry of Finance, Seminar on Budgetary Reform and Enabling Act 18-15 related to financial laws, the aforementioned reference, page 33.

In order for the estimates to be as close as possible to accuracy and clarity (Fawzi Farhat, 2013, p. 103), Executive Decree 20-335 was issued on November 22, 2020, specifying the methods for designing and preparing the medium-term budget framework (Executive Decree 20-335, 2020). This framework consists of two steps: the first step involves determining the medium-term expenditure framework, and the second step involves preparing the expenditure commitment plan (Maziti, 2022, p. 181). Additionally, a committee for assessing budgetary risks and warnings was established (The decree dated June 8, 2021).

III– The New Code for State General Revenues in Light of Law 18-15 and Executive Decree 20-353

The new code for state general revenues allows the relevant administrative authorities to collect revenues as if the Ministry of Justice were to hold judicial fees or collect customs duties from the customs administration, or possess taxes through their various levels (Mohamed & Yousri, 2003, p. 106). According to Article 15 of Law 18-15 related to financial laws, the resources of the state budget are divided into eight sections as follows:

- Revenues obtained from taxes with a fiscal nature and fines.
- Income from state-owned properties.
- Income from financial contributions licensed by the state and their other assets.
- Expenses paid for services provided by the state and collected fees.
- Various budgetary revenues.
- Diverse exceptional revenues.
- Gifts and donations.
- Interest on loans, advances, and the use of state funds.

In accordance with the aforementioned article, Executive Decree 20-353, dated November 30, 2020, classifies the components of state revenue into three categories (Article 2 of Executive Decree 20-353 , 2020):

- Nature of the revenue.
- Revenue allocation.
- Accounting charge for revenues.

These can be summarized in the following table:

Table 2: Classification of state revenues and their components

Revenue classification	Revenue title	Revenue Items:
Nature of revenue	Fines	Tax Revenues:
		Income Taxes
		Capital Taxes
		Consumption Taxes
		Customs Duties and Similar Rights
		Other Taxes and Fees
		Fine Revenues
		Petroleum Taxes:
		Geometric Tax
		Fuel Dues
		Tax on Fuel Income
		Tax on Output
		Tax on Foreign Contracting Partner's Income
		Petroleum Income Tax
		Supplementary Income Tax
		Exceptional Profit Tax
		Production Preceding Duty
		Gas Burning Tax
		Rights of Conversion Income

		Rights and Dues
Revenues from state-owned properties		Revenue from Property Leasing and Utilization
		Proceeds from Disposing of Movable and Immovable Assets
		Proceeds from Administrative Services
		Other Rights and Revenues
Revenues from financial contributions		Profits of Banks and Financial Institutions
		Profits of Non-Financial Institutions
		Deductions and Returns on Other Financial Assets
In return for services provided by the state		Revenue from Amounts Paid for State Services
		Frequencies Utilization Fees
		Intangible Assets Income
Budgetary receipts		Taxes and Fees Not Included in the General Budget
		Unallocated Fees Income
		Various Revenues
		Other Income Items
Diverse exceptional receipts		Complete or Partial Cancellations of State Debts
		Refunds to the Treasury
		State Debts with Final Statute of Limitations
		Other Exceptional Income Items
Contributions, gifts, and legacies		Funds Dedicated to Contributions
		Gifts
		Legacies
Interests obtained from loans, advances, and the utilization of state funds		Bond Interests
		Proceeds from Loans, Advances, and State Fund Utilization
		Securities and Discounts
		Other Interests and Revenues
Revenue allocation	Allocation of revenue according to purpose	Local Authorities
		Treasury Special Accounts
		Social Security Funds
		Entities Under Supervision
		Other Entities
Accounting treatment	Revenues are classified according to accounting allocation based on the applicable legislative and accounting regulations	

Source: Prepared by the researcher in accordance with Articles (4-7) of Executive Decree 20-353, dated November 30, 2020, which defines the components of the classification of state revenues, Official Journal No. 73, issued on December 6, 2020.

Upon examining these revenues, we can categorize them into two types: compulsory revenues and optional revenues, as follows ([Sahel, 2017, p. 73](#)):

III. 1. Mandatory Revenues

The total deductions obtained mandatorily and without compensation come from tax revenues and the shares owed to the state from the profits of public institutions.

III.1.1. Revenues Obtained from Levies

- **Income taxes:** Imposed on various types of income, such as industrial and commercial profits, non-commercial profits, salaries, wages, etc.
- **Capital taxes:** Imposed on the total number of businesses, thus being direct taxes on capital.

- **Consumption taxes:** These also consist of indirect taxes on consumption.
- **Customs duties:** Applied to all materials destined for export and import.
- **Other taxes and fees:** These do not fall within the previous categories.
- **Fines:** Represented by financial penalties imposed by a judicial body like the court, the Council of Auditors, and can also be imposed by an administrative body such as the Price Inspectorate, the Customs Inspectorate.

III.1.2. Petroleum Taxation

It consists of the following deductions:

- Land tax
- Fuel levy
- Tax on fuel income
- Tax on output
- Tax on foreign contractor's income
- Income tax on petroleum
- Complementary income tax
- Extraordinary profit tax
- Pre-production levies
- Gas combustion fee
- Rights transfer rights.

III. 2. Optional Revenues

This type of resources is found in the financial contributions or financial contributions paid by individuals in exchange for services provided by the state, including fees.

- **State property revenues:** These are the revenues obtained by the state by classifying its natural resources, such as mines and forests, and exploiting them in the form of licenses, services, or permits. This type of revenue can be classified into two categories: state-owned properties under the direct control of the public and private state-owned properties that serve a real estate and financial function, such as residential buildings and uncultivated land (Yahiaoui, 2003, p. 109).
- **State financial contributions:** These are the state's revenues from its financial and non-financial institutions.
- **Amounts paid for services provided by the state, as well as fees:** This type of revenue corresponds to what the state provides as services to individuals, including fees.
- **Various budget receipts.**
- **Diverse extraordinary revenues.**
- **Funds allocated for contributions, donations, and bequests.**
- **Interest and receipts obtained from loans and advances and the use of state funds.**

In general, the final public revenues applied to the general state budget presented according to their legal nature and classified in Table (A) and attached to the Finance Law, as illustrated in the first budget for 2023, in accordance with the provisions of Enabling Act 18-15 in the following table:

Table 3: Final Revenues Applied to the State Budget for the Year 2023

In thousands of dinars	The Budget Law 2023
Revenues obtained from taxes	6,588,938,188
A. Tax Revenues	3,290,459,502
1.1. Income Taxes	1,422,040,089
1.2. Capital Taxes	48,498,547
1.3. Consumption Taxes	1,391,694,262
1.4. Customs Duties and Similar Rights	366,022,815
1.5. Other Taxes and Fees	59,575,712
1.6. Fine Revenues	2,628,050
B. Petroleum Taxes	3,298,478,686
Revenues from state-owned properties	64,026,930
2.1. Fees and Levies	14,499,300
2.2. Rental and Utilization Revenues	18,390,100
2.3. Proceeds from Disposing of Movable and Immovable Assets	14,443,405
2.4. Proceeds from Administrative Services	556,287
2.5. Other Rights and Revenues	15,637,838
Revenues from financial contributions to the state	1,111,400,000
3.1. Profits of Banks and Financial Institutions	871,400,000
3.2. Profits of Non-Financial Institutions	150,000,000
3.3. Deductions and Returns on Other Financial Assets	90,000,000
Amounts paid for services provided by the state, including fees	-
Various Budgetary Revenues	130,000,000
Extraordinary and Diverse Revenues	50,000
Funds dedicated to contributions, gifts, and legacies	50,000
Interest and proceeds received from loans, advances, and state fund utilization	7,500,000
Total Revenues	7.901.915.118

Source: Law 22-24 dated December 25, 2022, including the Finance Law for the year 2023, Official Gazette No. 89, issued on December 29, 2022.

It seems that estimating revenues is simpler than estimating expenses for two main reasons (Dnideni, 2014, p. 98):

- The first reason is administrative, as it involves the intervention of a single administrative entity to estimate revenues, which is the Ministry of Finance, unlike expenses where all ministries are involved as spending ministries.
- The second reason is procedural, as it stems from the lack of information exchange and negotiation between the Ministry of Finance and other ministries initially. Here, there is no issue of exaggerating revenues as is often the case with expenses.

It is worth noting that the expected financial revenues for the year 2023 increased by 39.03% compared to the 2022 budget, which was estimated at DZD 5,683,221,481. This increase can be attributed to several reasons:

- Expectations for petroleum taxation revenues increased following the rise in the global oil market, where the price of oil ranged between \$80 and \$85 per barrel in the first half of 2023.
- The beginning of the disappearance of the coronavirus pandemic, which had an impact on the global economy in general and the Algerian economy in particular.
- Increased non-petroleum exports, reaching \$7 billion for the first time.

IV- Conclusion:

The legislator has restructured the new budget code in accordance with Enabling Act 18-15 concerning financial laws and the executive decrees 20-353 and 20-354, following the new budget philosophy based on "budget by objectives." This approach was first implemented in the 2023 state budget according to the timetable set by Enabling Act 18-15.

Through this article, we arrived at the following results and suggestions:

Results:

1. General expenses are now categorized into four divisions: by activity, by economic nature, by major sectors, and by administrative entities.
2. The new budget classification is based on the budget by objectives rather than a budget to meet needs or means.
3. Expense estimation is now done over the medium term and is projected over three years.
4. Budget execution now involves planning commitments, with mandatory consultation with the financial controller.
5. General revenues are now categorized into three divisions: by revenue nature, allocation of revenues, and accounting allocation.
6. A committee for assessing budgetary risks and warnings was established by a decision signed on June 8, 2021. This committee assesses the likelihood of risks that may affect public finances, including the shortfall of general revenues.
7. The 2023 budget is considered a provisional budget for the budget by objectives in Algeria, in compliance with the transitional provisions stipulated in Enabling Act 18-15.
8. The new revenue code stands out with diversified sources beyond the scope of petroleum taxation, marking a shift from the old model (Law 84-17) that primarily relied on oil revenues.

Suggestions:

1. Adequate training should be provided for personnel who will implement this Enabling Act 18-15 and the new budget code. This includes spending officers, public accountants, financial controllers, and more.
2. The new budget code lacks clarity in various aspects due to the absence of numerous implementing texts and classifications for activities, sub-activities, chapters, and elements, among others. It is crucial to issue these texts promptly, especially considering that this marks the first experience in applying Enabling Act 18-15, starting from the 2023 state budget.
3. Regularly amend the new budget code to keep it in line with the evolving general expenses and general revenues of the state.

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Note:

1- The restructuring of general expenses was reintroduced in Organic Law 18-15 related to financial laws (Official Gazette number 53, issued on September 2, 2015) to address the deficiencies of the current Law 84-17 after its application for nearly 34 years in the consecutive state budgets. This change was necessary due to several reasons: it's related to the absence of a multi-year budgetary framework, based on a binary division of budget expenditures (operating budget and investment budget) that lacks a modern perspective of the state's budget. The previous oversight focused on compliance without considering the results, and subsequent oversight without improving internal management. Additionally, there were difficulties in reading the documents of the state's general budget (Ministry of Finance, Seminar on Budgetary Reform and Organic Law 18-15 related to financial laws, held at the headquarters of Khenchela Province on July 26, 27, and 28, 2021).