

Circular No. 41 - TTP/NSNV, May 19, 1959
on drafting of 1960 National Budget

From : The President of the Republic of Viet-Nam

To : The Vice-President and Secretaries of State

According to Art. 60 of the Constitution, the project of the 1960 National Budget must be submitted to the National Assembly by September 30, 1959.

Therefore, the Departments must immediately start making necessary documents to allow the Presidency (Budget Directorate) sufficient time to draft the Budget project.

I- Budget Policy

1 - Compared to the past years, the present economic situation has not much changed, so in general, the main objectives mentioned in the preparation of the 1959 Budget will be pursued in the 1960 fiscal year.

2 - During 1958 and 1959 great works belonging to economic development programs have been either completed or underway.

In 1960, there must be a general checking in every Department in order to finish up the incomplete works.

To meet the financial difficulties which have begun, the Department must only plan very necessary works and continue the above-mentioned program, for the real national incomes do not permit additional expenditures.

3 - Less expenditures must be made by the Departments, each agency applying "maximum saving" to its organizational and operational fields.

4 - During the last 3 years, government agencies have received enough

facilities increase. This has raised the permanent operational expenditures to 90% of the budget.

Now development works are demanding more important investments than before. So it is necessary to start reducing gradually operational expenditures right now in order to carry out the Government's economic policy.

5 - Circumstances do not permit increasing taxes or creation of new ones. It is, therefore, important to make new survey of collection methods of direct taxes and administrative incomes, so that the real collections may correspond to the collections schemes thus eliminating losses in public funds.

6 - All Departments and depending agencies should understand very well the above-defined principles in order to establish activity programs in conformity with existing technical means and within the capacity of the National Budget.

II - How to Estimate Revenues

1 - The Finance Department will continue to prepare the income section of the Budget document.

All taxes and surtaxes must be estimated as accurately as possible though it can partly be based on collection results and collection methods which are under study and to be applied soon.

2 - Regarding administrative revenues (postal fees, government school fees, hospital fees, tax on industries, etc.) each estimated collection must be fully explained. Simultaneously every responsible service and office must revise its collection procedure in order to avoid delay and shortage of revenue.

16

3 - Each collection must be computed from collection documents of the previous three fiscal years.

4 - The Finance Department will prepare a complete statement of the Budget revenues and will send 3 copies of it together with a list of planned collections to the Presidency (Budget Directorate) before May 31, 1959.

III - How to Estimate Expenditures

1 - The total credits to be appropriated for 1960 will be determined after the above collections list is examined.

Every Department must immediately gather necessary information to start drafting the expenditures section of the Budget.

2 - Pursuant to the present situation, it must be taken into account that the total amount of national revenue to be collected may be 10% smaller than that of 1959; foreign aid will also decrease by 10%. So every agency must be very careful in providing credits for all its activities in the next fiscal year.

Permanent operational credits, depending on the kind, must be reduced by 10% to 15% as compared to the provisions for each concerned title, chapter and article of the 1959 Budget.

3 - To avoid "overestimates" which might deviate the government common program, efforts must be made in order not to exceed the limits of the above-stated credits and to avoid wasting time modifying the requests.

4 - To plan each expenditure, it is necessary when planning the Budget to review the activity results and compare the real expenditures during 1957 and 1958, so as to get a clear idea of the development of

each agency in establishing the 1960 Budget.

5 - Prior to June 30, 1959, every Department must submit to the Presidency (Budget Directorate) its general activity programs and lists of detailed expenditures to be included in the Budget project.

Expenditures for personnel

6 - New recruiting of personnel will be suspended, except in cases of utmost necessity to be authorized by the Presidency.

Every Department must determine the necessary number of employees and specify each one's function for 1960. This will serve as execution basis for 1960.

Expenditures for supplies

7 - All purchases of unnecessary supplies must be suspended. Provisions must closely reflect the needs and clear explanations must be made for:

a. Estimation methods

b. Increase or decreases to facilitate examinations.

Investment expenditures

8 - (a) Purchases of equipment must also be restricted to save funds and foreign currencies. Particularly draw the attention of the Departments to finding means to use foreign direct aid to the utmost in order to alleviate the burden on the Budget.

(b) The Department should realize that it is impossible to complete all new works over the country in one year; therefore, estimates for the next fiscal year must be based on real needs and broken down into several phases, according to the capacity of the Budget.

(c) The portion of the American Aid programs assumed by the National Budget must be entered by category and clearly explained.

9 - Investment funds for production increase and economic development will be estimated and included in a special chapter of the National Budget.

10 - To furnish adequate information to the Budget Directorate to make a general explanatory statement, all Departments will make and send in a report on their activities during the 1958 and 1959 fiscal years (until the date of their Budget preparation) together with their provision program for 1960.

The Secretaries of State will personally follow up the drafting of the said documents and transmit them in the prescribed time.

Signed: Ngo dinh Diem
Certified copy: S./Tran Van Phuc,
Deputy Director of Cabinet

Copy issued:

For the Director of Budget and Foreign Aid

S/ Luu Van Tinh