



PARLIAMENTARY BUDGET OFFICE:

Challenges in dealing with TAX EXPENDITURES



- PBO and its Formation
- Roles of PBO
- Functions of National Assembly
- Budget Approval
- Money Bills and TEs
- Opportunities for TE consideration

INTRODUCTION AND BACKGROUND



- ❑ A Parliamentary Budget Office can be described as an **independent fiscal institution** that is specifically established to serve the Legislature to deal with Public Financial Management issues.
- ❑ PBOs are critical offices in that they support parliamentarians in understanding budgets and budgeting processes as well as offering technical support to enable them to perform their oversight function more effectively.



BACKGROUND OF THE PBO - ZAMBIA



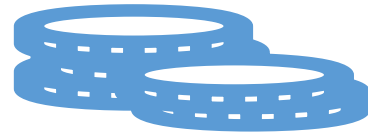
- ❑ The National Assembly established the PBO in 2017.
- ❑ The office is meant to strengthen the ability of the National Assembly of Zambia to perform its role as the apex of the accountability process in Public Finance Management and the Budget.



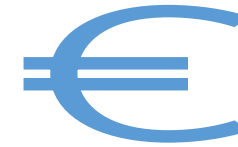
ROLE OF THE PBO IN BUDGET SCRUTINY



To provide technical support to committees of Parliament and Members of Parliament to enable them effectively carry out the PFM oversight function.



Analysis of Budget Estimates
(Sector Budget Analysis)



Carrying out self-initiated analytical studies on selected economic and fiscal issues.

FUNCTIONS OF THE NATIONAL ASSEMBLY



- ❑ Article 63 of the Constitution of Zambia mandates the National Assembly to oversee the performance of executive functions by:
 - a) ensuring equity in the distribution of national resources;
 - b) appropriating funds for expenditure by State organs, State institutions, provincial administration, local authorities and other bodies;**
 - c) scrutinising public expenditure; and
 - d) approving public debt before it is contracted.

BUDGET - APPROVAL STAGE



- Article 202 of the Constitution empowers the National Assembly to approve the Budget. It also gives It power to vary allocations without changing the total amount.
- The National Assembly appropriates funds for various 'Heads' and approves the National Budget.
- The Public Debt Management Act, 2022 also requires the National Assembly to approve the Annual Borrowing Plan.
- The Estimates are referred to the Expanded Planning and Budgeting Committee for detailed consideration for fifteen sitting days.
- Money Bills (tax bills) also follow a similar procedure.



MONEY BILLS AND BUDGET APPROVAL



- Money Bills are considered by the Planning and Budget Committee and other Committees*
- Moneys Bills contain Tax Expenditures*
- PBO analysis the Money Bills*
- No Report is submitted to Parliament on Tax Expenditures from the Executive*

SOME TEs IN THE 2024 BUDGET



- Introduce a five-year tax holiday on profits from local producers of cotton seed or ginning of cotton;*
- Introduce a ten-year tax holiday on profit made from spinning of cotton and weaving of thread*



- ❑ ***Parliamentary Committees are empowered to request for any information – Parliamentary Powers and Privileges Act (Cap 12 of the Laws of Zambia)***



THANK YOU