

PM Orban: Government in legal procedures for drawing up state budget, taxes not to be increased

The Government has no obligation to present the State Budget Law and the State Social Insurance Budget Law in Parliament for debate, as it is an election year, but "we are in the legal proceedings for drawing up the state budget and the state social insurance budget," Prime Minister Ludovic Orban stated on Monday in Parliament.

Orban is present at the "Prime Minister's Hour" debate in Parliament on the subject of the draft budget, the request being made by the Social Democratic Party (PSD) group.

"As regards the legal regulations, things are clear here: election year, such as 2020 - certainly some of you do not want the elections to be held on December 6, however, the parliamentary elections are scheduled to take place on December 6 - so, I am in an electoral year, and the obligation to submit the State Budget Law is for the Government to submit the state budget draft law within 15 days of the investiture of the new Government. As such, I am a little confused about this summoning before the Chamber of Deputies. However, I respect the institution of Parliament, I came and I am telling you that, even if the current government has no obligation to present the State Budget Law and the State Social Insurance Budget in Parliament for debate, as we are in an electoral year, we are in the legal procedures for drawing up the state budget and the state insurance budget," Ludovic Orban said in the plenary of the Chamber of Deputies.

He added that each chief credit officer has submitted the budget proposals to the Ministry of Finance and is working on the preparation of the State Budget Law and the State Social Insurance Budget Law.

"We are preparing with all the normative acts that are necessary for the adoption of the State Budget Law and the State Social Insurance Budget Law, the [Budgetary] Ceilings Law and the other laws," Orban added.

The head of the Executive underlined that in the budget construction that the Government is preparing for next year, taxes and duties will not be increased

"Our work is hampered by the fact that, unfortunately, many laws passed by Parliament have generated additional costs without securing the financial resources to be able to sustain these costs. It is extremely difficult, especially in a year of economic crisis caused by the coronavirus pandemic to adopt new and new normative acts that will generate increases in expenditures without any basis in budget revenues. What I can tell you is that in the budget construction we are preparing we will not increase taxes and duties. Any increase in revenues that we will include in the budget construction will be based on economic growth, a better collection of taxes and duties based on a streamlined activity of ANAF [ed.n. - the National Agency for Fiscal Administration], the Ministry of Finance, based on the digitalization of the tax and duty collection activity, based on hindering tax evasion where it exists," Orban said.

He said that in the future budget the money needed to "support the increase of pensions" will be provided, based on the emergency ordinance adopted by the Government in this regard.

"We will provide the necessary financial resources to meet staff and social spending," Orban said, but also to maintain the upward trend in public investment.

"You have to keep in mind that we will have to introduce in the State Budget Law the necessary amounts for co-financing projects that benefit from European funds, which will increase in 2021, in 2022, and in 2023, because

we have increased the absorption of European funds and, once new and new European-funded projects start running, we will have to secure the financial resources to be able to co-finance these projects which are financed from European funds. In addition to the 'n + 3' rule in which the projects that were started in the 2014-2020 exercise will be carried out, we will have to provide co-financing for all the investment projects that we will carry out from the National Resilience and Recovery Plan, and also for all investment projects that will kick off, based on funding from the 2021-2027 EU budget," said Orban.

The prime minister stressed that Romania's development must be based on other economic policies than the policies that were used until the installation of the government he leads.

"The artificial growth of some categories of incomes without any support in reality, the increase of public expenditures without ensuring the necessary revenues, the accentuation of the macroeconomic imbalances, which characterized the economic policies of the PSD [Social Democratic Party] government, seriously affected the Romanian economy. The whole construction of the economic development must be based on the resources at our disposal, the resources we can attract and, in particular, some extremely important principles, such as the principle of the balance of public expenditure, the principle of balance between types of public expenditure, in which an even higher emphasis will be placed on public investments, which are the ones that can ensure the economic development engine alongside private investments," said Orban.

The Prime Minister told the PSD majority in the Chamber not to be anxious, as the Government has the capacity to put on Parliament's table "a realistic budget, a budget based on real economic foundations, based on real economic indicators" and which "has the capacity to generate what every Romanian wants: economic growth, development, income growth for every citizen".