

LAW
OF THE RUSSIAN FEDERATION
NO. 4807-1 OF APRIL 15, 1993
ON THE PRINCIPLES OF THE BUDGET RIGHTS AND THE RIGHTS TO THE
FORMATION AND USE OF EXTRA-BUDGETARY FUNDS ENJOYED BY THE
REPRESENTATIVE AND EXECUTIVE BODIES OF THE REPUBLICS WITHIN THE
RUSSIAN FEDERATION, ITS TERRITORIES, REGIONS AND AUTONOMOUS
FORMATIONS, THE CITIES OF MOSCOW AND ST. PETERSBURG, AND THE LOCAL
SELF-GOVERNMENT BODIES

The present Law defines the rights of the Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg, the districts, towns, wards, settlements and rural Soviets as represented by their representative and executive bodies to receive remit incomes to the respective budgets and to spend their resources, and also the duties of said organs of power with regard to one another in the budget process, establishes the general principles of compiling and examining draft budgets, approving and executing budgets, forming and using extra-budgetary funds with the aim of the financial provision of the socioeconomic development of the national-state and administrative-territorial formations.

SECTION I
General Provisions

Article 1. Concepts Used in This Law

The present Law uses the following concepts:

1. "The consolidated budget" is the aggregate of the budgets of lower territorial levels and the budgets of the respective national-state or administrative-territorial formations used for settlements and analyses.

2. "The minimum budget" is the calculated volume of incomes of the corresponding consolidated budget of a lower territorial level, the budget of a rural Soviet, the budget of a settlement, the budget of a ward, the budget of a town without the division into wards, which cover the minimally necessary expenditures, guaranteed by the respective higher organs of power, part of which in case of the insufficient calculated volume of fixed incomes is covered by deductions from regulating incomes, subsidies and subventions by decision by the Supreme Soviet of the Russian Federation or other higher representative organ of power, as the case may be.

3. "The minimum social and financial norms and standards" mean the single or group indicators in natural or monetary terms, which represent the minimally necessary provision of major housing, domestic, socio-cultural and other services.

4. "Assigned revenues" mean incomes, which are received by the corresponding budget in a fully or strictly fixed share (in per cent) on a permanent or long-term basis and in a statutory manner.

5. "Control revenues" mean incomes, which are received by the appropriate budgets in the form of percentage deductions from taxes and other payments at the norms approved in the

established order for the next financial year for the purpose of balancing revenues and expenditures.

6. "The subsidy" is the sum of money appropriated from the budget of a higher level, if the fixed and control revenues are insufficient for the formation of the minimum budget of a lower territorial level.

7. "The subvention" is the sum of money appropriated for a definite period from the budget of a higher level for concrete purposes in order to level out the socioeconomic development of the respective national-state or administrative-territorial formation.

8. "The income contingent" is the sum of the specific tax or other payment collected on the territory of the respective national-state or administrative-territorial formation.

9. "The average financial security" is the sum of budget resources, the resources of extra-budgetary funds and other assets used for the upkeep of the facilities of the social and production infrastructure, and also for the financing of the socioeconomic development of the national-state or the administrative-territorial formation per one inhabitant.

10. "The main characteristics of the budget" embrace the volume of budget revenues, the volume of budget expenditures, including the volume of current budget expenditures and of the budget of development; the excess of revenues over expenditures or the budget deficit and its marginal per cent in respect of expenditures; subsidies and subventions to the budgets of a lower territorial level; the amount of norms (in per cent) deductions from the control revenues to the budgets of a lower territorial level; the list of revenues and the norms of the fixed shares of revenues (in per cent) assigned to the budgets of a lower territorial level in accordance with Article 9 of this Law; turn over cash in hand.

Article 2. Republican Budgets of the Republics within the Russian Federation, the Budgets of Territories, the Budgets of Regions, the Budget of an Autonomous Region, the Budgets of Autonomous Areas, the Budgets of the Cities of Moscow and St. Petersburg and Local Budgets within the Budget System of the Russian Federation

The Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg shall have their own budgets.

The districts, towns, wards in cities settlements and rural Soviets shall have their own budgets. If in cases and in the order established by the laws of the Russian Federation the powers of the Soviets of People's Deputies in one of the said administrative-territorial formations are exercised by a different Soviets of People's Deputies, the question of the existence of the independent budget of the said formation shall come within the jurisdiction of this Soviets of People's Deputies. The budgets of all the said administrative-territorial formations shall be local.

The Republican budgets of the Republics within the Russian Federation, the budgets of the territories and the regions, the budget of the autonomous region and the budgets of the autonomous areas, the budgets of the cities of Moscow and St. Petersburg and local budgets (hereinafter referred to as budgets) shall form together with the Republican budget of the Russian Federation the budget system of the Russian Federation.

Article 3. The Consolidated Budgets of the Republics within the Russian Federation, of the Territories, Regions and Autonomous Formations, the Cities of Moscow and St. Petersburg, the Districts and City Wards

The budgets of districts in the city and the budget of the city itself shall comprise the

consolidated budget of the city (the city budget). The city budget may include the budgets of other administrative-territorial formations.

The budgets of rural Soviets and settlements, the budgets of district towns situated on the territory of the district and the district budget shall comprise the consolidated budget of the district (district budget).

The budgets of districts and towns, situated on the territory of the autonomous area, the budget of the autonomous area shall comprise the consolidated budget of the autonomous area (autonomous area budget).

The budgets of districts and towns, situated on the territory of the autonomous region, the budget of the autonomous region shall comprise the consolidated budget of the autonomous region (autonomous region budget).

The budgets of districts, regional towns, situated on the territory of the region and the budget of the region shall comprise the consolidated budget of the region (region budget).

The budgets of districts, territory towns, situated on its territory and the budget of the territory shall comprise the consolidated budget of the territory (territory budget).

The budgets of districts, the towns of the Republics within the Russian Federation and the budget of the Republic shall comprise the consolidated budget of the Republic within the Russian Federation (budget of the Republic).

Article 4. The Principle of the Independence of Budgets and the Regulation of Financial Relations

1. The independence of the budget as part of the budget system of the Russian Federation lies in the fact that the budgets are approved respectively by the Supreme Soviet of the Republics within the Russian Federation, the Soviets of People's Deputies of the autonomous formations, the territorial and regional Soviets of People's Deputies, the Soviets of People's Deputies of the cities of Moscow and St. Petersburg, the local Soviets of People's Deputies (hereinafter referred to as the representative bodies) and they are executed by the governments of the Republics within the Russian Federation, the territorial and regional administrations, the administrations of the autonomous formations, the administrations of the cities of Moscow and St. Petersburg, the local administrations (hereinafter referred to as executive bodies) independently, on the basis of the mechanism of budget regulation introduced by this Law.

The independence of budgets shall be ensured in the order and on the conditions established by this Law, the presence of the sources of revenues and the right to determine the directions of their use and spending.

2. The financial relations, including the budget relations, shall be regulated in accordance with the Constitution of the Russian Federation by the present Law, other legislative acts of the Russian Federation and the legislation of the Republics within the Russian Federation adopted in accordance with the Constitution and other legislative acts of the Russian Federation, the decisions of the Soviets of People's Deputies of autonomous formations, the territorial and regional Soviets of People's Deputies, the Soviets of People's Deputies of the cities of Moscow and St. Petersburg, and the local Soviets of People's Deputies.

Article 5. The Delimitation of the Jurisdiction of the Representative and Executive Bodies in the Budget Process

The jurisdiction of an executive body shall include the compilation of the draft of the respective budget, the execution of this budget and control over the use of the budget

assignments.

The jurisdiction of a representative body shall include the consideration of the draft of the corresponding budget, the approval of this budget, control over its execution, and the adoption of the report on its execution.

No interference of other bodies and organizations shall be allowed in the process of drafting the budget, approving and executing the budget, except for the cases provided for by the legislative acts of the Russian Federation.

Article 6. The Budget Classification

The drafting of budgets, the approval and execution of budgets shall be effected in accordance with uniform budget classification established in the Russian Federation.

Article 7. Principles of Determining a Minimum Budget

The expenditure side of the minimum budget shall be computed at the uniform or group minimum social and financial norms and standards, introduced by the Supreme Soviet of the Russian Federation or other higher representative organ of power on the basis of the operating legislative acts within its financial possibilities.

Minimum social and financial norms and standards, submitted for the approval by the Supreme Soviet of the Russian Federation shall be elaborated by the Council of Ministers of the Russian Federation.

The expenditure side of the minimum budget shall be determined by:

a) the amount of outlays included in the budget of current expenditures accounted by the higher bodies of power in payments to the budget of the year preceding the planned year (in comparable conditions) with due account for increasing (reducing) these expenditures caused by the following:

- the sum of outlays, agreed upon with the higher organ of power in the order prescribed by this Law, in connection with changes in the composition of facilities subject to budget financing;
- the decisions of the higher organs of power on changes in the social and financial norms and standards;

- the changing of the index of prices and tariffs according to the calculations made by the executive bodies in the statutory manner;

b) the minimally necessary sum of outlays included in the budget of the development of a given national-state or administrative-territorial formation.

The revenue side of the minimum budget shall cover in full the said sums of outlays.

SECTION II

The Budget Revenues

Article 8. The Budget Revenues

The budget revenues consist of assigned and control revenues. Moreover, the budgets may receive subsidies and subventions, and also borrowed assets.

Article 9. The Level of Assigned Budget Revenues

The level of the assigned budget revenues (except for the district budgets in cities) shall comprise not less than 70 per cent of the revenues of the minimum budget of the corresponding national-state or administrative-territorial formation, and in the absence of such possibility due to

the insufficient assigned and control revenues - not less than 70 per cent of the revenues without account of subsidies and subventions in them.

In order to attain this level in the process of budget regulation, the Supreme Soviet of the Russian Federation or other higher representative organs of power shall assign to the budgets of a lower territorial level fully or in a strictly fixed share (in per cent), on a long-term basis (for not less than five years) any control revenues, and also may transfer their assigned revenues to these budgets. If the minimum budget is increased for the next financial year, the said fixed share (in per cent) shall be subject to the respective correction for increasing.

Article 10. The Granting and Use of Subsidies and Subventions

The order and conditions of using subsidies and subventions granted from the Republican budget of the Russian Federation shall be established by the legislative acts of the Russian Federation, while the order and conditions of using subsidies and subventions granted from other budgets shall be established by the legislative acts of the Republics within the Russian Federation and by the decisions of the corresponding representative bodies adopted within their competence.

Article 11. Principles of Determining and Approving the Norms of Deductions from Control Revenues

The Supreme Soviet of the Russian Federation and other higher representative bodies shall approve within their terms of reference and for the budgets of a lower territorial level differentiated or single (for all or corresponding groups of national-state and administrative-territorial formations) norms of deductions from control revenues. Differentiated and single norms may be endorsed at once for various types of control revenues.

The actual increase of the level of assigned revenues in the current financial year, resulted from the financial and economic activity on the territory of a given national-state or administrative-territorial formation, and also from the introduction of local taxes and dues by the representative body of the administrative-territorial formation, may not serve as a ground for reducing the normative deductions from control revenues for the next financial year. In these cases such a reduction of the normative deductions from control revenues may be made only with the consent of the corresponding representative body, unless otherwise established by the laws of the Russian Federation.

Article 12. Budget Borrowed Resources

If budget resources are insufficient to cover the expenditures exceeding the minimum budget or if there are temporary financial difficulties in the process of execution of the approved budget, the executive bodies may receive interest or interest-free loans from other budgets, and also may issue loans for investment purposes on relevant territories by decision of representative bodies in the statutory manner.

The executive body shall have the right to receive short-term credits of commercial banks from their own resources by decision of the representative body, which determines the acceptable conditions for the agreement of the executive body with the bank on granting and repaying the credit.

The maximum amount of the correlation between the total sum of loans, credits and other debt obligations of the corresponding budget and the amount of its expenditure shall be established by laws of the Russian Federation. The higher organs of power shall not be liable for

the debt obligations of a lower organ of power, except for the cases provided for by the legislative acts of the Russian Federation.

Article 13. The Revenues of the Budgets of the Republics within the Russian Federation, the Budgets of the Territories and Regions, and the Budgets of the Autonomous Formations, the Budgets of the Cities of Moscow and St. Petersburg

The following payments shall be remitted to the revenues of the budgets of the Republics within the Russian Federation, the budgets of the territories and regions, the budgets of the autonomous formations, the budgets of the cities of Moscow and St. Petersburg in cases, in the order and on the conditions established by the laws of the Russian Federation:

- the income tax (profit tax) on enterprises and organizations (fully or partially);
- the income tax on natural persons (fully or partially);
- the taxes and other payments for subsoil use (with regard to the corresponding taxes and other payments - fully or partially);
- part of land payments;
- 50 per cent of the tax on the property of enterprises;
- the taxes and other payments assigned fully or partially by the Supreme Soviet of the Russian Federation to the appropriate budgets in keeping with Article 9 of this Law;
- part of the revenues from state loans and state lotteries;
- revenues from loans and lotteries organized by decision of the corresponding representative bodies;
- revenues from the lease of property held in stable ownership (including that of the cities of Moscow and St. Petersburg) in respect of the part not used to cover the lessor's expenses subject to financing from the given budget;
- part of the revenues from the privatization of state property (including that of the cities of Moscow and St. Petersburg);
- other revenues.

In this case the order of distributing payments for water taken by industrial enterprises from water-supply systems and forest revenue among the respective budgets shall be determined by the representative bodies of the Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg, while the order of distributing the state duty and stamp duty, the tax on the property descended by inheritance or gift, the incomes from the sale of ownerless and confiscated property, the local taxes and dues in the cities of Moscow and St. Petersburg shall be determined by the representative bodies of these cities.

Article 14. The Revenues of the Budgets of Districts and Cities (Save the Cities of Moscow and St. Petersburg)

The following payments shall be remitted to the revenues of the budgets of districts and cities (save the cities of Moscow and St. Petersburg) in cases, in the order and on the conditions established by the laws of the Russian Federation:

- the income tax (profit tax) on enterprises and organizations (fully or partially);
- the income tax on natural persons (fully or partially);
- the taxes and other payments for subsoil use (with regard to the respective taxes and other payments - fully or partially);

- the land payments (fully or partially);
- 50 per cent of the tax levied on the property of enterprises;
- the local taxes and dues, including those in keeping with the decisions of representative bodies on their introduction, taken within their jurisdiction;
- the taxes, fully or partially assigned by the higher representative body to the respective budgets in accordance with Article 9 of this Law;
- part of the revenues from state loans and lotteries;
- the revenues from local loans and lotteries, organized by decisions of the respective representative bodies;
- revenues from the lease of property held in municipal ownership in respect of the part which is not used to cover the lessor's expenditures subject to the financing from the given budget;
- part of the revenues from the privatization of state and municipal property;
- other revenues.

In this case the order of distributing state and stamp duties, the tax levied on the property descended by inheritance and gift, the revenues from the sale of the ownerless and confiscated property, the corresponding local taxes and dues among the respective budgets shall be determined by the district and town Soviets of People's Deputies (save the Soviets of People's Deputies of district towns). The order of distributing 50 per cent of the tax levied on the property of enterprises among the budget of the district and the budget of the district town shall be determined by the district Soviets of People's Deputies.

Article 15. The Revenues of the Ward Budgets

The following payments may be remitted to the revenues of the budgets of the wards in the cities:

- the income tax (profit tax) on enterprises and organizations (fully or partially);
- the income tax levied on natural persons (fully or partially);
- the local taxes and dues;
- the revenues from the lease of property held in the municipal ownership of the wards in the city in respect of the part not used to cover the lessor's expenditures subject to the financing from the given budget;
- other revenues.

The types of taxes and other payments subject to the remittance to the budget of a ward in the city fully or partially shall be determined by the city Soviet of People's Deputies in keeping with the laws of the Russian Federation, the legislation of the Republic within the Russian Federation and the decisions taken by the higher representative bodies within their jurisdiction.

Article 16. The Revenues of the Budgets of Settlements and Rural Soviets

The following payments shall be remitted to the revenues of the budgets of settlements and rural Soviets in cases, in the order and on the conditions established by the laws of the Russian Federation:

- the income tax (profit tax) levied on enterprises and organizations (fully or partially);
- the income tax levied on natural persons (fully or partially);
- the lead payments;
- the taxes and other payments, fully or partially assigned by the higher representative body to the respective budgets in keeping with Article 9 of this Law;

- the local taxes and dues, including those introduced in accordance with the decisions of the residents' meetings (rallies);
- the revenues from the lease of property held in municipal ownership in inspect of the part not used to cover the lessor's expenses subject to the financing from the budget;
- other revenues.

SECTION III The Budget Expenditures

Article 17. The Rights of the Representative and Executive Bodies to Form the Budget Expenditures

The executive bodies shall be entitled to take the following measures while drafting budgets and specifying them during their execution and the representative bodies shall also be entitled to take the following measures while examining the draft budgets, approving and specifying them during the execution within their terms of reference:

- to estimate the size of financing from their budgets the measures involved in the socioeconomic development of the respective national-state or administrative-territorial formations within the limits of the planned budget revenues, the granted subsidies and subventions, and also with account of the attracted borrowed resources;
- to determine the directions of the use of budget resources for investment purposes, to define their special-purpose programmes, and also to apply the resources for the implementation of joint programmes together with the representative bodies of other national-state and administrative-territorial formations, for the foreign economic activity, environmental control (over and above the assignments from the ecological extra-budgetary funds), for the restoration of the monuments of nature and culture under the jurisdiction of the corresponding organs of power, for the provision of amenities for towns, settlements and villages, for the maintenance and major repairs of the housing stock, public utilities, the network of roads (over and above the assignments from highway funds), for educational, public health and social security establishments, scientific and cultural institutions, for physical culture and sport, mass information media, for the maintenance of the organs of power and administration, local self-government bodies, and for other purposes;
- to increase from the available resources the norms of expenditures on the maintenance of public utilities, educational, public health and social security bodies, science and culture, physical culture and sport, the organs of public security militia, environmental control and for other purposes;
- to determine in the statutory manner within the available resources the additional privileges and benefits, and also to make other outlays on the rendered assistance to some categories of the population in need of social protection;
- to form reserve and special-purpose funds within the volume of revenues of their budgets;
- to define the amounts of subsidies and subventions to the budgets of a lower territorial level and their target designation;
- to combine on a contractual basis the resources of their own budgets with the resources of other budgets, and also of enterprises, institutions, organizations, public associations and individuals in order to finance the construction, repair and maintenance of the facilities of production and non-production designation.

Article 18. The Budget of Current Expenditures and the Budget of Development

The budget expenditures provided for by the budget classification are divided into the expenditures included in the budget of current expenditures and the budget of development.

The budget of current expenditures includes the expenditure on the current maintenance and overhaul (complete renovation) of public utilities, environmental control facilities, educational establishments, public health and social security institutions, science and culture, physical culture and sport, mass media, organs of state power and administration, local self-government bodies, and other expenditures not included in the expenditures on development.

The budget of development includes assignments on innovations and capital investments in the socioeconomic development of territories, ecological programmes and environmental control measures (over and above the assignments allocated from ecological extra-budgetary funds), and other expenditures on extended reproduction.

SECTION IV General Principles of Drafting, Considering and Approving Budgets

Article 19. The Interaction of Executive Bodies of Different Levels in the Provision of Initial Data for Drafting Budgets

The Council of Ministers of the Russian Federation shall organize its work of bringing, not later than seven months before the beginning of a financial year, a letter of guidance to the representative and executive bodies of the Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg. This letter concerns the specific calculations for draft budgets for the next financial year, including the social and financial norms and standards (minimum), fixed in a centralized way, or their changes.

Within the terms fixed by the representative organs of power and proceeding from the need to approve budgets before the financial year begins, the executive bodies of the Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg shall bring to the notice of the representative and executive bodies of a lower level the appropriate directions on the drafting of budgets, including the social and financial norms and standards or their changes, including the norms and standards endorsed by the higher executive body.

In case of imbalance between the revenues and the minimally necessary expenditures of the budgets of the rural Soviets, settlements, wards in cities, cities not divided into wards, cities and towns (except for the cities of Moscow and St. Petersburg), and districts, the executive organ of power shall submit to the higher executive body, and in case of imbalance between the revenues and the minimally necessary expenditures of the budgets of the cities of Moscow and St. Petersburg, the regions, territories, autonomous formations, and the Republics within the Russian Federation, shall in a statutory manner to the Council of Ministers of the Russian Federation the necessary calculations to substantiate the amounts of the norms of deductions from control revenues, subsidies, subventions, the list of revenues and expenditures subject to the transfer from the higher-level budgets, and also the data on changes in the member of facilities subject to budget financing.

In order to take a full accounting of all the financial resources and also to determine the

average financial security of a national-state or administrative-territorial formation, the executive body shall have the right to compile a territorial consolidated financial balance-sheet. Enterprises, institutions and organizations of all forms of property, located on the corresponding territory, including the tax services and statistics agencies, shall be obliged, in reply to the inquiries from executive bodies, to submit for free use the data needed for compiling the balance-sheets.

The Council of Ministers of the Russian Federation shall organize the work of bringing not later than four and a half months before the beginning of a financial year to the notice of the representative and executive bodies of the Republics within the Russian Federation, its territories, regions and autonomous formations and the cities of Moscow and St. Petersburg the following data:

- projected norms (in per cent) of deductions from control revenues and the sums of contingents of these revenues accepted for calculations;
- subsidies and subventions intended for granting from the Republican budget of the Russian Federation and their target-oriented designation;
- the list of revenues and the fixed shares of revenues (in per cent) assigned to the budgets of said national-state and administrative-territorial formations in keeping with Article 9 of this Law;
- the list of expenditures transferred from the Republican budget of the Russian Federation.

The data on similar indicators shall be directly communicated by the higher executive bodies to the lower representative and executive bodies within the periods, fixed by the corresponding higher representative bodies, which ensure the adoption of budgets before the beginning of the next financial year.

The budget of a ward in the city shall be drafted with account of the powers delegated by the city Soviet of People's Deputies to the ward Soviet of People's Deputies.

The drafting of budgets shall be preceded by the elaboration of plans and forecasts of the development of the national-state and administrative-territorial formations and special-purpose programmes, on the basis of which the executive body brings in its proposals on the budget revenues and expenditures, and also submits information about the forecasted consolidated budget and the minimum budgets of a lower territorial level to the corresponding representative body in the order and within the terms fixed by this representative body.

Article 20. The Rights of Representative and Executive Bodies of Different Levels When They Examine Disagreements Over Particular Budget Indicators

The executive body shall have the right to table its proposals on changing and making more precise indicators projected by a higher organ and referred to in Article 19 of this Law.

These proposals shall be initially examined by the corresponding higher executive body. If they are declined (fully or partially), this higher executive body shall be obliged to draw up minutes together with the executive body interested in the further consideration of its proposals. These minutes shall fix the existing disagreements within the period fixed by the appropriate higher representative body and contain the justification of the proposals and of their rejection.

In order to examine the disagreements arising in connection with the rejection of proposals, the representative bodies shall form a conciliatory commission on a parity basis. The results of its work shall be brought to the notice of the corresponding lower and higher representative bodies within the period fixed by the latter. A final decision shall be taken the relevant higher

representative body.

This order shall be applicable to all the levels of the budget system of the Russian Federation.

Article 21. The rights of the Representative Bodies to Determine the Procedure for Considering the Draft Budget, the Approval of the Budget and Its Closer Definition in the Course of Its Execution and the Powers of the Executive Bodies During the Examination of the Draft Budget

The order and conditions of submitting the draft budget to the relevant representative body, examining the draft budget, its approval and closer definition in the course of the execution shall be established independently by the representative body in the regulations for the budgetary process on the territory of the given national-state or administrative-territorial formation in keeping with this Law.

In the course of considering the draft budget the executive body shall be obliged to submit all the necessary information and shall have the right to make changes in the draft budget.

SECTION V

Extra-budgetary and Foreign Currency Funds

Article 22. The Procedure for Forming Extra-budgetary and Foreign Currency Funds

The representative body shall have the right to take decisions on the formation of special-purpose extra-budgetary funds whose resources are formed from:

a) the voluntary contributions and donations of individuals, enterprises, institutions and organizations for relevant purposes;

b) the sums of fines for the pollution of the environment and the irrational use of natural resources and other breaches of the nature protection legislation, sanitary norms and rules, and also payments that compensate the inflicted damage. The sums of these fines and payments shall be used for nature-conservation and improvement undertakings;

c) the sums of fines for the spoiling and loss of monuments of history, culture and nature under the authority of the respective organs of power, for other breaches of the legislation on the protection of these monuments, and also the payments that compensate the inflicted damage. The amounts of these fines and payments shall be used to carry on measures providing for the restoration, maintenance and safety of the objects of the historico-cultural heritage;

d) other incomes of the extra-budgetary funds in conformity with legislation.

The taxes and other payments intended for the remittance to the budget shall not be subject to be included in the extra-budgetary funds. Budget resources shall not be remitted to the extra-budgetary funds.

The representative body shall have the right to take decisions on the formation of a foreign currency fund in the order and on the conditions established by the legislation of the Russian Federation.

Regulations for each extra-budgetary and foreign currency fund shall be approved by the corresponding representative body.

The resources of the extra-budgetary and foreign currency funds shall be kept in special accounts opened by the executive body or the management body of the extra-budgetary fund with banking institutions. They shall not be subject to seizure and shall be spent in keeping with

the designated purpose defined by the fund regulations, approved by the corresponding executive body, by the executive organ of power or the management body of the extra-budgetary fund.

In cases, order and on the conditions determined by the fund regulations, the management body of the extra-budgetary fund may include the representatives of the representative and executive bodies, the interested enterprises, institutions and organizations, and other natural persons concerned.

SECTION VI

The Execution of Budgets and Control Over the Use of the Extra-budgetary and Foreign Currency Funds

Article 23. Cash Performance of Budgets

The cash performance of budgets shall be effected by the corresponding establishments of the Central Bank of the Russian Federation and in their absence - by any other banks without collecting commission by agreement with the respective representative body.

Article 24. Conditions for the Sequestration of a Budget

When during the execution of a budget the level of its deficit exceeds the fixed one or when the receipts from sources of revenue are considerably reduced, the representative body shall take a decision on the putting into operation the mechanism of the sequestration of incomes on the proposal of the executive body. This mechanism may be put into operation also in cases when in the course of the budget's execution the deficit does not diminish, in consequence of which it becomes impossible to finance the undertakings provided for in the budget.

Article 25. Compensation for Budget Losses Arising Due to Decisions Taken by Organs of Power of a Different Level

In the course of the execution of the budget the higher organ of power takes a decision within its terms of reference on the reduction of revenues or the increase of the expenditures of the budget of a lower territorial level, the missing resources shall be compensated by the higher organ of power that has taken the decision to balance the minimum budget from its budget resources. In this case no account shall be taken, while calculating the missing resources, of the free balance of the resources of the budget of lower territorial level that has formed at the beginning of the current financial year and has not been spent by the time of the adoption of the said decision.

If in the course of the budget execution the higher (lower) organ of power takes contrary to its terms of reference a decision that inflicts damage to the budget of a lower (higher) level, the compensation of this damage shall be made by this higher (lower) organ of power from its budget resources.

Article 26. The Adoption of Decisions on the Closer Definition of the Budget and on the Use of Free Budgetary Resources

In the course of the execution of the budget the execution body shall have the right to take decisions on the introduction of changes in the items of expenditures of the budget classification within the limits of the approved assignments in each sphere of spending resources. The representative body shall have the right to charge the relevant executive body in cases indicated by this representative body caused by the need to introduce as soon as possible changes in the

budget with the submission of the corresponding changes with their subsequent approval by the representative body within the terms fixed by this representative body.

The free balance of the budgetary resources, formed at the beginning of the current financial year, the budgetary revenues received additionally during the execution of the budget, the amounts of the excess of revenues over expenditures that has formed as a result of the increased receipts by the budget or the economy in expenditures (hereinafter referred to as free budgetary resources), shall not be liable to seizure by the higher representative and executive bodies. A decision on their use, including on the investment of these funds in economic undertakings, shares and other securities, and also on granting interest-bearing and interest-free budget loans, shall be taken by the representative body with due account of the proposals made by the respective executive body, provided only the planned expenditures are financed and the resources received from these operations are remitted to its own budget.

The representative body shall have the right to delegate the right of taking decisions on the use free budget funds to a small Soviet.

The representative body shall have the right to charge the relevant executive body with the adoption of decisions on the use of free budgetary resources with the subsequent approval of these decisions by the said representative body.

Article 27. Control Over the Execution of the Budget and the Use of the Resources of Extra-budgetary and Foreign Currency Funds

1. Control over the execution of the budget and the spending by the executive body or the management bodies of the extra-budgetary resources of these funds, or the executive body of the foreign currency fund shall be exercised by the respective representative body, which independently defines the organizational forms of such control in the relevant regulations for the budgetary process on the territory of the given national-state or administrative-territorial formation.

The executive body shall be obliged to exercise control over the proper use by enterprises, institutions and organizations of the resources assigned from the corresponding budget and the resources of extra-budgetary funds.

The higher executive body shall have the right to supervise the execution of the budget by a lower executive body by proceeding from the requirements for the observance of the legislation in force, the decisions of the higher organs of power taken within their terms of reference. If subventions assigned from the budget to a lower territorial level are not spent within the fixed period or are spent not according to a special purpose, the subsidization shall be terminated, while the allocated resources shall be returned to the budget from which they were received.

2. In order to exercise control, the representative body shall have the right to independently define in the regulations for the budgetary process on the territory of the given national-state or administrative-territorial formation the period of submitting by the respective executive body information about the progress and forecasts of the budget execution.

The representative body and its standing commissions and committees shall have the right in the course of executing the budget to demand from the corresponding executive body, its financial and other body, management bodies of extra-budgetary funds any information connected with the execution of the budget, the use of the resources of extra-budgetary and foreign currency funds. The order and time-limits of submitting this information shall be defined by the relevant representative body in the regulations for the budgetary process on the territory of the given national-state or administrative-territorial formation. The representative body make

take a decision on the attraction of an auditor to audit the execution of the budget by the executive body, and also the use of the resources the extra-budgetary and foreign currency funds by the executive body or the management bodies of extra-budgetary funds.

Article 28. Reports on the Budget Execution and Reports on the Use of the Resources of Extra-budgetary and Foreign Currency Funds

1. The executive body shall be obliged to submit within the fixed term to the relevant representative body reports on the budget execution and the use of the resources of extra-budgetary and foreign currency funds.

2. The report on the execution of the budget and reports on the use of the resources of extra-budgetary and foreign currency funds shall be compiled by the executive body or the management bodies of the extra-budgetary funds, if such funds have been set up in accordance with the regulations for these funds endorsed by the representative organ of power.

3. The report on the budget execution shall be compiled on all the basic indications of revenues and expenditures in the statutory manner with the requisite analysis of the implementation of revenues (including the maintenance of the level of fixed revenues provided for by this Law) and the spending of resources.

4. Reports on the budget execution and the use of the resources of extra-budgetary and foreign currency funds shall be considered within the following periods:

- by the ward, settlement and rural Soviets of People's Deputies - not later than March 1 of the year succeeding the reporting year;

- by the district and town Soviets of People's Deputies - not later than March 1 of the year succeeding the reporting year;

- by the representative bodies of the Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg - not later than May 1 of the year succeeding the reporting year.

Concrete periods shall be fixed by the respective representative body in its regulations for the budgetary process on the given territory.

Proceeding from the results of considering said reports, the representative bodies shall take decisions on their approval or non-approval.

5. After the adoption of the decision on the approval of the budget for the next financial year and the report on its execution for the previous year, the regular session of the representative body (the Republics within the Russian Federation, the territory, region and autonomous formation, district, city divided into wards and the town whose budget includes the budgets of other administrative-territorial units) shall consider the information about the consolidated budget for the next financial year and about the execution of this budget for the previous year with account of the decisions on the approval of the budgets and reports on their execution, taken by the lower representative bodies. The said decisions of the lower representative bodies shall be sent by them to the respective higher representative and executive bodies within the periods fixed by the said higher representative bodies.

6. The executive bodies of the Republics within the Russian Federation, its territories, regions and autonomous formations and the cities of Moscow and St. Petersburg shall submit their reports on the execution of the corresponding consolidated budgets to the Ministry of Finance of the Russian Federation and the State Statistics Committee of the Russian Federation.

7. Concrete terms and forms of submitting reports shall be determined by the Ministry of Finance of the Russian Federation and the State Statistics Committee of the Russian Federation.

SECTION VII

Guarantees of the Budgetary Rights of the Representative and Executive Organs of State Power in the Republics within the Russian Federation, its Territories, Regions and Autonomous Formations, the Cities of Moscow and St. Petersburg, and the Local Self-government Bodies

Article 29. The Responsibility of the Representative and Executive Bodies of the Republics within the Russian Federation, Its Territories, Regions and Autonomous Formations, the Cities of Moscow and St. Petersburg, and the Local Self-government Bodies for the Decisions Taken by Them on Budget Matters

The representative and executive bodies of state power in the Republics within the Russian Federation, its territories, regions and autonomous formations, the cities of Moscow and St. Petersburg, and the local self-government bodies shall be obliged to fully indemnify the damage inflicted on juridical and natural persons as a result of the adoption by said bodies of the decisions with the excess of their competence on budgetary matters. The inflicted damage shall be compensated from the resources of the appropriate budget on the basis of a decision made by a court of law or a court of arbitration.

Article 30. Guarantees of Publicity for the Adoption of Decisions on Questions Bearing on the Budget, Extra-budgetary and Foreign Currency Funds

Decisions taken by the representative bodies on the approval of the budgets, the use of the resources of extra-budgetary and foreign currency funds, the approval of the report on the budget execution and the use of the resources of extra-budgetary and foreign currency funds, the approval of the report on the budget execution and the use of the resources of extra-budgetary and foreign currency funds, and also decisions taken on other matters of the formation of the budget or said funds shall be subject to publication in mass media within the periods fixed by the respective representative body or shall be brought to the notice of the population in any other method by proceeding from the possibilities afforded by the respective representative body.

If a decision is taken to reject the draft budget or to refuse to adopt reports on the budget execution and the use of the resources of extra-budget and foreign currency funds, mass media shall be obliged to publish the requisite information about the reasons for the adoption of such a decision.

The reports referred to in the first part of this Article shall be published in special collected statistical reports during the year since the day of the adoption of the decisions on their approval.

Article 31. Guarantees of the Observance of Time-limits of the Approval of Budgets

If the higher executive body fails to submit initial data needed for the drafting of the budget within the period fixed by Article 19 of this Law, the respective representative body shall have the right to endorse the budget by proceeding from the norms of deductions from control revenues approved for the current financial year and within the limits of the revenues provided for by the laws of the Russian Federation for the remittance to the corresponding budget.

Article 32. The Court's Guarantee of the Protection of Budgetary Rights

If the respective higher organ of power violates the provisions of the present Law, the relevant representative or executive body shall have the right to apply to a court of arbitration for the protection of its rights.

President of the Russian Federation
Moscow, the House of Soviets of Russia

Boris Yeltsin