

**BUDGET CODE
OF THE RUSSIAN FEDERATION
NO. 145-FZ OF JULY 31, 1998
(with the Amendments and Additions of August 5, December 27, 2000,
August 8, December 30, 2001, May 29, July 10, 24, December 24, 2002,
July 7, November 11, December 8, 23, 2003)**

Adopted
by the State Duma on July 17, 1998

Approved
by the Federation Council on July 17, 1998

According to [Federal Law No. 159-FZ of July 9, 1999](#) this Code shall come into force from January 1, 2000

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The Budget Code of the Russian Federation serves the purposes of financial regulation, establishes the general principles of the budget legislation of the Russian Federation, the legal principles of the functioning of the budget system of the Russian Federation, the legal principles of

the functioning of the budget system of the Russian Federation, the legal status of the subjects of budget legal relations, the order of the regulation of interbudgetary relations, and determines the principles of the budgetary process in the Russian Federation, the grounds and types of responsibility for breaking the budget legislation of the Russian Federation.

The First Part. General Provisions

Chapter 1. The Budget Legislation of the Russian Federation

Article 1. Legal Relations Regulated by the Budget Code of the Russian Federation

1. Budget legal relations include:

relations arising between the subjects of budget legal relations in the process of the revenue formation and of incurring the expenditures of budgets at all levels in the budget system of the Russian Federation and of budgets of state extra-budgetary funds, of the realization of state and municipal borrowings and the regulation of state and municipal debt;

relations arising between the subjects of budget legal relations in the process of drafting and considering budgets of all levels in the budget system of the Russian Federation, of the approval and execution of the budgets of all levels in the budget system of the Russian Federation and control over their execution.

2. The present Code establishes the legal status of participants in the budgetary process, and determines the legal principles of the order and conditions of making persons accountable for violating the budget legislation of the Russian Federation.

Article 2. The Structure of the Budget Legislation of the Russian Federation

The budget legislation of the Russian Federation consists of the present Code and the federal laws on the federal budget for the appropriate year, which were adopted in accordance with it, the laws of the subjects of the Russian Federation on their budgets for the appropriate year, the normative legal acts of the representative bodies of local self-government on local budgets for the corresponding year and of other federal laws, the laws of the subjects of the Russian Federation and the normative legal acts of the representative bodies of local self-government regulating the legal relations indicated in [Article 1](#) of the present Code. The normative legal acts provided for by the first part of the present Article may not contradict the present Code. In case of inconsistency between the present Code and the normative legal acts provided for by the first part of the present Article, this Code shall be applied.

Article 3. Normative Legal Acts Regulating Budget Legal Relations

1. The President of the Russian Federation shall issue decrees regulating the budget legal relations indicated in [Item 1 of Article 1](#) of this Code. The decrees of the President of the Russian Federation may not contradict the present Code and other acts referred to in [Article 2](#) of this Code. In the event of a contradiction between the present Code, the acts, referred to in Article 2 of the present Code, and the normative legal acts provided for by this item, this Code and the acts indicated in Article 2 of the Code shall be applied.

2. On the basis of and in pursuance of this Code, other acts referred to in Article 2 of the Code and in Item 1 of the present Article, the Government of the Russian Federation shall adopt normative legal acts regulating the budget legal relations provided for by [Article 1](#) of this Code. In the event of inconsistency between this Code, the acts referred to in [Article 2](#) of the Code and Item 1 of the present Article, and the acts stipulated by the present item the present Code and the acts indicated in Article 2 of the Code and in Item 1 of the present Article shall be applied.

3. The federal executive bodies shall adopt acts regulating the budget legal relations provided for by [Article 1](#) of this Code in the cases and within the limits stipulated by the Code and other acts indicated in [Article 2](#) of the Code and in Items 1 and 2 of the present Article.

4. The organs of state power in the subjects of the Russian Federation shall adopt normative legal acts regulating budget legal relations within their jurisdiction.

5. The local self-government bodies shall adopt normative legal acts regulating budget legal relations within their jurisdiction.

Article 4. The Budget Legislation of the Russian Federation and Standards of International Law

1. If the international treaty or agreement of the Russian Federation establishes rules other than those stipulated by the budget legislation of the Russian Federation, the rules of the international treaty or agreement shall apply.

2. The international treaties and agreements of the Russian Federation shall apply to the budget legal relations referred to in [Article 1](#) of this Code directly, except for cases when it follows from international treaties or agreements that internal state acts are required to be issued for their application.

Article 5. The Operation of the Budget Legislation of the Russian Federation in Time

1. The acts of the budget legislation of the Russian Federation shall not have retroactive force and shall apply to the relations which have arisen after they are enforced, unless otherwise stipulated by the present Code or by a federal law.

2. The law on the budget shall be adopted for the respective financial year and shall take effect from the day of its signing.

The law on the budget shall be subject to publication immediately after its adoption and signing in the statutory order.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 6 of this Code](#)
See the previous text of the Article

Article 6. The Concepts and Terms Applicable in the Present Code

The following concepts and terms are applied for the purposes of the present Code:

the budget is a form of the formation and expenditure of the fund of cash intended for the financial security of the tasks and functions of the State and local self-government.

the consolidated budget is a collection of the budgets of all levels in the budget system of the Russian Federation on the respective territory;

the state extra-budgetary fund is a form of the formation and expenditure of cash received outside the federal budget and the budgets of the subjects of the Russian Federation;

the budget system of the Russian Federation is the totality of the federal budget, the budgets of the subjects of the Russian Federation, the local budgets and the budgets of state extra-budgetary funds, based on economic relations and the state structure of the Russian Federation and regulated by the norms of law;

budget revenues represent cash received in gratuitous and non-repayable order in accordance with the legislation of the Russian Federation and placed at the disposal of the organs of state power of the Russian Federation, the organs of state power of the subjects of the Russian Federation and of local self-government bodies;

budget expenditures represent cash for the financial security of the tasks and functions of the State and local self-government;

budget deficit means the excess of budget expenditures over budget revenues;

budget profit means the excess of budget revenues over budget expenditures;

grants represent the budget resources transferred to the budget of a different level of the budget system of the Russian Federation on a gratuitous and non-repayable basis for the cover of current expenditures;

subvention represents the budget resources granted to the budget of a different level entity on a gratuitous and non-repayable basis for the accomplishment of definite target-oriented expenditures;

subsidy represents the budget resources granted to the budget of a different level of the budget system of the Russian Federation, to a natural person or legal entity on the terms of share financing

of target-oriented expenditures;

the budgetary process is the activity of the organs of state power, the local self-government bodies and the participants in the budgetary process regulated by norms of law and aimed at the drafting and considering state and municipal budgets, the budgets of state extra-budgetary funds, the approval and execution of state and municipal budgets and the budgets of state extra-budgetary funds, and also control over their execution;

the budget list is a document on the quarterly distribution of budget revenues and expenditures and receipts from the sources of financing the budget deficit; this document distributes the budget appropriations among the recipients of budget resources and is prepared in accordance with the budget classification of the Russian Federation;

budget appropriations mean budget resources provided for by the budget list for the recipient or manager of budget resources;

minimum state social standards mean state services the provision of which to private persons on a gratuitous and non-repayable basis at the expense of financing from the budgets of all levels in the budget system of the Russian Federation and the budgets of state extra-budgetary funds is guaranteed by the State on a specific minimally admissible level on the entire territory of the Russian Federation;

the minimum budget security is the minimally admissible value of state or municipal services in money terms, rendered by the organs of state power or local self-government bodies per head of population at the expense of the resources of corresponding budgets;

"budget credit" is a form of budget expenditure financing whereby funds are provided to legal entities or to another budget on repayment terms for a charge;

"target foreign credit (borrowing)" is a form of financing the projects included in the Program of State Foreign Borrowing of the Russian Federation whereby funds in foreign currency are provided on repayment terms for a charge by means of payment for goods, works and services in keeping with the goals of these projects. Target foreign credits shall include stringed credits of the governments of foreign states, banks and firms as well as non-financial credits of international financial organizations;

"stringed credits of the governments of foreign states, banks and firms" is a form of fund-raising on repayment terms for a charge for the purpose of purchasing goods, works and services at the expense of funds provided by foreign states, banks and firms predominantly in the creditor's country;

"non-financial credits of international financial organizations" is a form of fund-raising on repayment terms for a charge for the purpose of purchasing predominantly on a competitive basis goods, works and services for the purpose of implementing investment projects or structural reform projects with the participation and at the expense of funds of international financial organizations;

budget loan means budget resources granted to another budget on a repayable, gratuitous or remunerated basis for a term of six months in a financial year;

state or municipal loan (borrowing) means the transfer into the ownership of the Russian Federation, its subject or a municipal entity of monetary funds which the Russian Federation, a subject of the Russian Federation or a municipal entity undertake to repay in the same amount with the payment of interest (charge) on the sum of the loan;

state or municipal debt implies the obligations arising from state or municipal loans (borrowings), from the guarantees assumed by the Russian Federation, or its subject, or a municipal formation under the liabilities of third persons, other obligations, and also the liabilities of third persons assumed by the Russian Federation, or its subject, or a municipal entity;

external debt implies the liabilities arising in foreign currency;

internal debt implies the liabilities arising in the currency of the Russian Federation.

Chapter 2. The Jurisdiction of the Organs of State Authority and the Local Self-government Bodies in the Sphere of the Regulation of Budget Legal Relations

Article 7. The Jurisdiction of the Organs of State Power of the Russian

Federation in the Sphere of the Regulation of Budget Legal Relations

In the sphere of the regulation of budget legal relations the jurisdiction of the Russian Federation covers:

the establishment of general principles of the organisation and the functioning of the [budget system of the Russian Federation](#);

the differentiation of taxes and other revenues between the levels of the budget system, and also the distribution by way of interbudget regulations of revenues from federal taxes and duties, of other revenues of the federal [budget](#) among the budgets of various levels of the budget system of the Russian Federation;

the differentiation of powers of making expenditures between the budgets of different levels of the budget system of the Russian Federation;

the determination of the principles of preparing and considering draft budgets of all levels of the budget system of the Russian Federation, of the approval and execution of budgets of all levels of the budget system of the Russian Federation, of the confirmation of reports on their execution and of control over their implementation;

the determination of the principles of the formation of revenues and of making expenditures from the budgets of all levels of the budget system of the Russian Federation;

the determination of the principles of realizing state and municipal borrowings, and also of the principles of management of the [state and municipal debt](#);

the establishment of the procedure for preparing and considering the draft federal budget, the confirmation and the performance of the federal budget, the exercise of control over its execution, for compiling reports on the fulfilment and approval of reports on the performance of the federal budget and the budgets of [state extra-budgetary funds](#);

the preparation and examination of the draft federal budget, the approval and implementation of the federal budget, the exercise of control over its execution and the confirmation of reports on the performance of the federal budget and the budgets of state extra-budgetary funds;

the establishment by federal laws of the order of accomplishing borrowings by the Russian Federation, its subjects and the local self-government bodies and of the management of the debt of the Russian Federation, its subjects and the local self-government bodies;

the carrying out of state borrowings of the Russian Federation and the extension of credits to foreign States, and also the management of the [national debt](#) of the Russian Federation;

the establishment of the order of forming revenues of the federal budget and of the budgets of state extra-budgetary funds;

the making of expenditures of the federal [budget](#) and the budgets of state extra-budgetary funds;

the establishment of the order and conditions of providing the financial aid and [budget loans](#) from the federal budget to the budgets of the subjects of the Russian Federation and to local budgets;

the granting of financial aid and budget loans from the federal budget to the budgets of the subjects of the Russian Federation and to local budgets;

the establishment of general principles and conditions of granting budget credits;

the establishment of [minimum state social standards](#), and norms of financial expenditures per unit of state or municipal services;

the approval of the budget classification of the Russian Federation;

the establishment of single forms of budget documentation and reporting for the budgets of all levels of the [budget system of the Russian Federation](#);

the formation, repayment and service of [external debt](#), the definition of the list and the procedure of the accomplishment of state external borrowings;

the definition of the list and the order of the formation of state extra-budgetary funds and the management of their functioning;

the establishment of grounds for, and the order of, calling officials to account for infringing the budget legislation of the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 8 of this Code](#)

[See the previous text of the Article](#)

Article 8. The Jurisdiction of the Organs of State Power of the Subjects of the Russian Federation in the Sphere of the Regulation of Budget Legal Relations

In the sphere of the regulation of budget legal relations the jurisdiction of the subjects of the Russian Federation covers:

the establishment of the order of preparing and considering the draft budgets of the subjects of the Russian Federation, of the approval and execution of the budgets of the subjects of the Russian Federation, the exercise of control over their implementation and the approval of reports on the performance of the [budgets](#) of the subjects of the Russian Federation, the compilation of the report on performance under the consolidated budget of the subject of the Russian Federation;

the preparation and examination of the draft budgets of the subjects of the Russian Federation and of the consolidated budgets of the subjects of the Russian Federation, the approval and execution of the budgets of the subjects of the Russian Federation, the exercise of control over their implementation and the confirmation of reports on the performance of the budgets of the subjects of the Russian Federation and the budgets of the territorial state extra-budgetary funds;

the distribution of revenues from regional taxes and duties, other revenues of the subjects of the Russian Federation between the budget of a subject of the Russian Federation and local budgets;

the determination of the order of remitting to the budget of a subject of the Russian Federation of revenues from the use of property of the subject of the Russian Federation, of the revenues from the taxes and duties of the subject of the Russian Federation and of other revenues of the budget of the subject of the Russian Federation;

the differentiation of the powers of making expenditures between the budget of a subject of the Russian Federation and local budgets under the law of the Russian Federation;

the establishment together with the organs of state power of the Russian Federation of the order and conditions of granting financial aid to the [budgets](#) of the subjects of the Russian Federation;

the determination of the order and conditions of granting financial aid and budget loans from the budget of a subject of the Russian Federation to local budgets; the granting of financial aid and budget loans from the budget of a subject of the Russian Federation to local budgets;

the establishment of the order and conditions of granting [budget credits](#);

the determination of the list and the procedure of realizing state internal borrowings by the subjects of the Russian Federation;

the realization of state internal and external borrowings of a subject of the Russian Federation and the management of its state debt.

Article 9. The Jurisdiction of Local Self-government Bodies in the Sphere of the Regulation of Budget Legal Relations

In the sphere of the regulation of budget legal relations the jurisdiction of the local self-government bodies covers:

the establishment of the order of preparing and considering draft local budgets, of the confirmation of the execution of local budgets and of control over their performance and of the approval of reports on the implementation of local budgets;

the preparation and the examination of drafts of local [budgets](#), the confirmation and the execution of local budgets, the exercise of control over their performance and the approval of reports on the implementation of local budgets;

the determination of the order of remitting to local budgets revenues from the use of municipal property, local taxes and duties, other revenues of local budgets;

the determination of the order and conditions of granting financial aid and [budget loans](#) from local budgets;

the rendering of financial aid and giving budget loans from local budgets;

the determination of the order of making municipal borrowings;

the making of municipal borrowings and the management of the [municipal debt](#).

The Second Part. The Budget System of the Russian Federation

Section I. The Budget Organization of the Russian Federation

Chapter 3. The Budget System of the Russian Federation

Article 10. The Structure of the Budget System of the Russian Federation

The budget system of the Russian Federation consists of budgets of three levels: the first level represents the federal budget and the budgets of state extra-budgetary funds; the second level represents the budgets of the subjects of the Russian Federation and the budgets of the territorial state extra-budgetary funds; the third level represents the local budgets.

Article 11. The Legal Form of Budgets

The federal budget and budgets of state extra-budgetary funds shall be drafted and approved in the form of federal laws, the budgets of the subjects of the Russian Federation and the budgets of the territorial state extra-budgetary funds shall be drafted and approved in the form of the laws of the subjects of the Russian Federation and the local budgets shall be drafted and approved in the form of legal enactments of the representative bodies of local self-government or in the order established by the statutes of municipal entities.

If the present Code provides for the regulation of particular relations by a law on the budget, these relations for the local self-government bodies shall be regulated by the corresponding normative legal acts of the representative local self-government bodies on the budget or by the acts on the budget adopted in the order established by the statutes of municipal entities.

Article 12. The Annual Budget

The annual budget shall be prepared for one financial year that corresponds to the respective calendar year and lasts from January 1 to December 31.

Article 13. The State Extra-budgetary Fund

The state extra-budgetary fund is a monetary fund formed from the bounds of the federal budget and the budgets of the subjects of the Russian Federation and is intended for the realization of the constitutional rights of individuals to pensions, social insurance, social security in cases of unemployment, health protection and medical aid. The expenditures and revenues of state extra-budgetary fund shall be formed in the order established by a federal law or in a different order provided for by the present Code.

Article 14. The Budget of the Municipal Entity

The budget of the municipal entity (local budget) is a form of the formation and spending of monetary funds intended for the realization of the tasks and functions bearing the subject-matter of the jurisdiction of local self-government.

Article 15. The Budget of a Subject of the Russian Federation and the Consolidated Budget of a Subject of the Russian Federation

The budget of a subject of the Russian Federation (regional budget) is a form of the formation and spending of monetary funds intended for the realization of the tasks and functions bearing on the subject-matter of a subject of the Russian Federation.

The budget of a subject of the Russian Federation and the collection of the budgets of the municipal entities located on its territory make up the consolidated budget of the subject of the Russian Federation.

Article 16. The Consolidated Budget of the Russian Federation

The federal budget and the consolidated budgets of the subjects of the Russian Federation make up the consolidated budget of the Russian Federation.

Article 17. The Allocated Budgetary Fund

The allocated budgetary fund is a fund of cash which is formed in accordance with the legislation of the Russian Federation within the budget from the revenues of designated purpose or by way of target-oriented deductions from concrete revenues or other receipts, and which is used according to a separate estimate. The monetary means of the allocated budgetary fund may not be used for purposes that do not correspond to the designation of the allocated budgetary fund.

Chapter 4. The Budget Classification of the Russian Federation

Today Federal Law No. 115-FZ of August 15, 1996 on the Budget Classification of the Russian Federation is in effect

Article 18. The Budget Classification of the Russian Federation

The budget classification of the Russian Federation is a grouping of revenues and expenditures of budgets of all levels in the budget system of the Russian Federation, and also of sources of financing budget deficits. This grouping shall be used to prepare and execute budgets and to provide for the comparability of the indicators of the budgets of all levels of the budget system of the Russian Federation.

Article 19. The Make-up of the Budget Classification of the Russian Federation

The budget classification of the Russian Federation includes:

- the classification of the revenues of the budgets of the Russian Federation;
- the functional classification of the budget revenues of the Russian Federation; the economic classification of the budget expenditures of the Russian Federation;
- the classification of the sources of the internal financing budget deficits of the Russian Federation;
- the classification of the sources of the external financing of the deficit of the federal budget;
- the classification of the types of state internal debts of the Russian Federation, of the subjects of the Russian Federation and of municipal entities;
- the classification of the types of the national external debt of the Russian Federation and of the state external assets of the Russian Federation;
- the departmental classification of the federal budget expenditures.

Article 20. The Classification of the Revenues of the Budgets of the Russian Federation

The classification of the budget revenues of the Russian Federation is a grouping of revenues of the budgets of all the levels of the budget system of the Russian Federation and is based on the legislative acts of the Russian Federation, which determine the sources of the formation of revenues of the budgets of all levels in the budget system of the Russian Federation.
groups of revenues consist of the items of revenues uniting particular types of revenues according to the sources and methods of their reception.

Article 21. The Functional Classification of Budget Expenditures of the Russian Federation

The functional classification of expenditures of the budgets of the Russian Federation is a grouping of expenditures of the budgets of all levels in the budget system of the Russian Federation and reflects the use of budget resources for the fulfilment of the basic functions of the State, including for the financing of the realization of the normative legal acts adopted by the organs of state power of the Russian Federation and by the organs of state power of the subjects of the Russian Federation and for the financing of some governmental powers transferred to other levels of authority.

The first level of the functional classification of budget expenditures of the Russian Federation is represented by the sections which determine the spending of budget resources on the discharge of

the State's functions.

The second level of the functional classification of [budget expenditures](#) of the Russian Federation is represented by the subsections which concretize the use of budget resources for the discharge of the State's functions within the limits of the sections.

The classification of the target-oriented items of expenditures of the federal budget comprises the third level of the functional classification of budget expenditures of the Russian Federation and reflects the financing of the expenditures of the federal budget in particular spheres of the activity of the main managers of the federal budget resources within the limits of the subsections of the functional classification of the expenditures of the budgets of the Russian Federation.

Article 22. The Economic Classification of the Expenditures of the Budgets of the Russian Federation

The economic classification of the [expenditures of the budgets](#) of the Russian Federation is a grouping of the budget expenditures of all levels of the budget system of the Russian Federation in economic terms.

Article 23. The Classification of the Sources of Financing Deficits of the Budgets of the Russian Federation

The classification of the sources of financing the deficits of the budgets of the Russian Federation is a grouping of borrowed funds attracted by the Russian Federation, the subjects of the Russian Federation and the local self-government bodies to cover the deficits of the corresponding [budgets](#).

[Federal Law No. 158-FZ of December 8, 2003 amended Article 24 of this Code. The amendments shall come into force as of January 1, 2005](#)

Article 24. The Departmental Classification of the Federal Budget Expenditures

The departmental classification of the federal budget expenditures is a grouping of expenditures that reflects the distribution of budget resources among the main managers of the federal budget resources.

The list of main managers of the federal budget resources shall be approved by a federal law.

Federal budget expenditures by chief managers of federal budget resources according to sections, subsections, target-oriented items and expenditure types of the functional classification of the expenditures of the [budgets](#) of the Russian Federation, to groups of expenditures, subject-matter items, subitems and elements of expenditures of the budgets of the Russian Federation shall be approved by the federal law on the federal budget for the next financial year.

Article 25. The Departmental Classification of the Expenditures of the Subjects of the Russian Federation and the Departmental Classification of the Expenditures of the Local Budgets

1. The departmental classification of the expenditures of the budgets of the subjects of the Russian Federation is a grouping of the [expenditures of the budgets](#) of the subjects of the Russian Federation and reflects the allocation of budgetary appropriations by the chief managers of the budget resources of the subjects of the Russian Federation according to the sections, subsections, target-oriented items and types of the expenditures of the functional classification of the budget expenditures of the Russian Federation, to groups of expenditures, subject-matter items, subitems and elements of the expenditures of the economic classification of expenditures of the budgets of the Russian Federation.

2. The departmental classification of the expenditures of the local budgets is a grouping of the local budget expenditures and reflects the allocation of budgetary appropriations by the chief managers of local budgets according to the sections, subsections, target-oriented items and types of the expenditures of the functional classification of the expenditures of the budgets of the Russian Federation, to groups of expenditures, subject-matter items, subitems and elements of the

expenditures of the economic classification of the expenditures of the [budgets](#) of the Russian Federation.

3. The list of the chief managers of the budget resources of the subjects of the Russian Federation and the managers of the local budget resources shall be approved accordingly by the executive body of a subject of the Russian Federation and the local self-government body.

Article 26. The Unity of the Budget Classification of the Russian Federation

1. The budget classification of the Russian Federation in respect of the classification of the [budget revenues](#), the functional classification of the budget expenditures of the Russian Federation, the economic classification of the budget expenditures of the Russian Federation, the classification of the sources of financing the budget deficits of the Russian Federation is unified for the budgets of all levels of the budget system of the Russian Federation and shall be approved by a federal law.

2. Federal laws regulating relations not involved directly in the definition of the make-up and structure of the budget classification of the Russian Federation shall not contain provisions that change it.

Article 27. The Rights of the Legislative (Representative) Bodies of the Subjects of the Russian Federation and the Local Self-government Bodies in the Sphere of the Specification of the Objects of the Budget Classification of the Russian Federation

The legislative (representative) bodies of the subjects of the Russian Federation and the local self-government bodies may carry on the further specification of the objects of the budget classification of the Russian Federation in respect of the target-oriented items and types of expenditures without breaking the general principles of the building and unity of the budget classification of the Russian Federation.

Chapter 5. The Principles of the Budget System of the Russian Federation

Article 28. The List of the Principles of the Budget System of the Russian Federation

The budget system of the Russian Federation is based on the following principles:

- the unity of the budget system of the Russian Federation;
- the differentiation of revenues and expenditures between the levels of the budget system of the Russian Federation;
- the independence of the [budgets](#);
- the full reflection of revenues and expenditures of the budgets and the budgets of the state extra-budgetary funds;
- the equilibrium of the balance;
- the effective and economical use of budget resources;
- the general (aggregate) cover of budget expenditures;
- glasnost;
- the reliability of the budget;
- the particular use and target-oriented nature of budget resources.

Article 29. The Principle of the Unity of the Budget System of the Russian Federation

The principle of the unity of the budget system of the Russian Federation means the unity of the legal base, the monetary system, the forms of budget documentation, the principles of the [budgetary process](#) in the Russian Federation, of the sanctions for breaking the budget legislation of the Russian Federation, and also the single order of financing the expenditures of the budgets of all levels of the budget system of the Russian Federation and of keeping the accounting of the federal budget resources, the budget resources of the subjects of the Russian Federation and the local [budget](#) resources.

Article 30. The Principle of the Differentiation of Revenues and Expenditures
Between the Levels of the Budget System of the Russian Federation

The principle of the differentiation of revenues and expenditures between the levels of the budget system of the Russian Federation means the assignment of the corresponding types of revenues (in full or in part) and powers of making expenditures to the organs of state power of the Russian Federation, the organs of state power of the subjects of the Russian Federation and local self-government bodies.

Article 31. The Principle of the Independence of Budgets

The principle of independence of budget means:

[Federal Law No. 116-FZ of August 5, 2000 reworded paragraph 2 of Article 31 of this Code](#)
[See the previous text of the paragraph](#)

the right of legislative (representative) and executive bodies of state power and local self-government bodies on a respective level of the budget system of the Russian Federation to carry on the budget process at their own discretion;

the availability of the own sources of budget revenues at each level of the budget system of the Russian Federation, defined in keeping with the legislation of the Russian Federation;

the legislative recognition to the [budget](#) regulating revenues, the powers of forming the revenues of appropriate budgets in accordance with the present Code and the tax legislation of the Russian Federation;

the right of the organs of state power and the local self-government bodies to independently determine the trends of spending the funds of the respective budgets;

the right of the organs of state power and the local self-government bodies to determine the sources of financing the deficits of the respective budgets independently, in accordance with the present Code;

the inadmissibility of the withdrawal of revenues received additionally in the course of the implementation of laws (decisions) on the budget, of the amounts of the excess of budget revenues over [expenditures](#) and of amounts of economy in budget expenditures;

the inadmissibility of compensation from the budgets of other levels of the budget system of the Russian Federation for the losses of revenues and additional expenditures that have arisen in the process of the implementation of laws (decisions) on the budget, except for cases connected with the amendment of legislation.

Article 32. The Principle of the Full Reflection of the Revenues and Expenditures of State Budgets and the Budgets of State Extra-budgetary Funds

The principle of the full reflection of the budget revenues and expenditures and those of the budgets of [state extra-budgetary funds](#) means that all revenues and expenditures of state budgets and those of the budgets of state extra-budgetary funds and other obligatory receipts defined by the tax and budget legislation of the Russian Federation, and by the laws on state extra-budgetary funds, shall be subject to reflection in state budgets and in the budgets of state extra-budgetary funds without fail and in full scope. All state and municipal expenditures shall be financed from budget resources, the resources of state extra-budgetary funds accumulated in the budget system of the Russian Federation.

Tax credits, delays and instalments of tax payments and other obligatory payments shall be accounted in full separately for the revenues of state budgets, the budgets of state extra-budgetary funds and for the expenditures of state [budgets](#) and the budgets of state extra-budgetary funds, except for the delays and instalments of tax payments and other obligatory payments presented within the limits of the current financial year.

Article 33. The Principle of Budget Equilibrium

The principle of budget equilibrium means that the volume of expenditures stipulated by the

budget shall correspond to the summary volume of [budget revenues](#) and receipts from the sources of financing its deficit.

In the event of preparing, approving and executing the budget, the authorized bodies shall proceed from the need to minimize the amount of budget deficit.

Article 34. The Principle of the Effective and Economical Use of Budget Resources

The principle of the effective and economical use of budget resources means that upon the preparation and execution of budgets the authorized bodies and budget resources recipients shall proceed from the need to achieve the prearranged results with the use of the minimum volume of resources or the achievement of the best result with the use of the volume of funds defined by the [budget](#).

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 35 of this Code](#)
[See the previous text of the Article](#)

Article 35. The Principle of Total (Aggregate) Expenditure Coverage

The "principle of total (aggregate) expenditure coverage" means that all expenditures of the budget must be covered by the sum total of budget revenues and proceeds from budget deficit financing sources.

Budget revenues and proceeds from budget deficit financing sources cannot be tied up to specific budget expenditures, except the revenues of target budget funds, resources of target foreign credits and also in the case of centralization of resources from the budgets of other levels of the budget system of the Russian Federation.

Article 36. The Principle of Glasnost

The principle of glasnost means:

the compulsory publication in the open press of the approved budgets and the reports on their execution, the full submission of information about the execution of budgets, and also the accessibility of other information by decision of the legislative (representative) organs of state power and the local self-government bodies;

the compulsory openness for the community and mass media of the procedures for the consideration and adoption causing disagreements either inside the legislative (representative) body of the respective organ of state power or between the legislative (representative) and the executive body of state power.

Secret articles may be approved only within the federal budget.

Article 37. The Principle of Budget Reliability

The principle of budget reliability means the trustworthiness of the indicators of a forecast of the socio-economic development of the respective territory and the realistic calculation of [budget revenues](#) and expenditures.

Article 38. The Principle of the Specific Use and the Target-oriented Nature of Budget Resources

The principle of the specific use and the target-oriented nature of budget resources means that budget resources are assigned to the particular recipients of budget resources with their designated use for the financing of particular goals.

Any actions leading to a breach of the specific use of budget resources or to the use for the purposes not specified in the budget in the event of assigning particular amounts of resources shall be a violation of the budget legislation of the Russian Federation.

Section II. Budget Revenues

Chapter 6. General Provisions on Budget Revenues

Article 39. The Formation of Budget Revenues

1. Budget revenues shall be formed in accordance with the budget and tax legislation of the Russian Federation.
2. Revenues remitted to the [budgets](#) of other levels of the budget system of the Russian Federation for target financing centralized undertakings, and also gratuitous transfers may be partially centralized in budget revenues.
3. Revenues of target-oriented budgetary funds shall be accounted separately within the budget revenues.

Article 40. Accrual of Revenues to the State Budget and the Budget of a State Extra-budgetary Fund

According to [Letter](#) of the Ministry of Finance of the Russian Federation and the Ministry of Taxation of the Russian Federation Nos 83n, BG-6-09/723 of August 25, September 8, 2000, it is unlawful to perform the obligation to pay taxes and duties in non-cash form and bodies of executive power of the constituent entities of the Russian Federation, local selfgovernment bodies may not pass any normative legal acts that permit non-pecuniary forms of settlements in the payment of taxes and duties as such will contradict the fiscal and tax-related legislation of the Russian Federation

1. Tax revenues shall be deemed to be paid revenues of the relevant state budget or the budget of a [state extra-budgetary fund](#) from the time defined by the tax legislation of the Russian Federation. Non-tax revenues and other receipts shall be deemed to be paid to the state budget concerned or the budget of a state extra-budgetary fund from the time of the write-off of money from the payer's account in a credit organisation.
2. Monetary funds shall be deemed to be placed for the benefit of the corresponding budget or the budget of a state extra-budgetary fund from the time of the completion by the Central Bank of Russia or a credit organisation of a transaction of placing money to the account of the body executing the state budget or the budget of a state extra-budgetary fund.

*[Federal Law No. 116-FZ of August 5, 2000](#) reworded [Article 41 of this Code](#)
[See the previous text of the Article](#)*

Article 41. Types of Budget Revenues

1. Budget revenues shall be formed from tax and non-tax types of returns, and also at the expense of gratuitous transfers.
2. Non-tax revenues include the federal, regional and local taxes and duties provided for by the tax legislation of the Russian Federation, and also penalty fees and fines.
3. The amount of granted tax credits, delays and instalments of tax payments and other obligatory payments to the budget shall be accounted in full in the revenues of the respective budget.

[Federal Law No. 57-FZ of May 29, 2002](#) amended [Item 4 of Article 41 of this Code](#). The amendments shall be [put into effect](#) on the expiry of one month as of the date of the [official publication](#) of the mentioned Federal Law and shall extend to relations arising as of January 1, 2002

[See the previous text of the Item](#)

4. The non-tax revenues are as follows:
 - revenues from the use of assets under state or municipal ownership, after paying the taxes and fees provided for by the laws on taxes and fees;
 - revenues from services provided for a charge by the budget institutions controlled by federal bodies of executive power, bodies of executive power of the subjects of the Russian Federation, local selfgovernment bodies respectively, after paying the taxes and fees provided for by the laws on taxes

and fees;

funds receive as a result of application of civil, administrative and criminal sanctions including fines, confiscation, compensation as well as funds received as damages for harm inflicted to the Russian Federation, a subject of the Russian Federation, a municipal entity as well as other forcibly collected amounts;

revenues in the form of financial aid received from the budgets of other levels of the budget system of the Russian Federation, except budget loans and budget credits;

other non-tax revenues.

Federal Law No. 57-FZ of May 29, 2002 amended Article 42 of this Code. The amendments shall be put into effect on the expiry of one month as of the date of the official publication of the mentioned Federal Law and shall extend to relations arising as of January 1, 2002

See the previous text of the Article

Article 42. Returns from the Use of Property Held in State or Municipal Ownership

1. The budget revenues shall account the following funds:

- Funds received in the form of rental or any other payment for passing assets held in state or municipal ownership into temporary possession or use, or temporary use;

- the funds received in the form of interest on the balances of budget resources on the accounts in credit organisations;

- the funds received from the transfer of assets held in state or municipal ownership under gage or in trust management;

- the charges for the use of of budget resources granted to other budgets, foreign States or legal entities on a repayable and payable basis;

- returns in the form of profit accounting for stakes in the authorised (pooled) capitals of economic partnerships and companies or in the from of dividends on shares belonging to the Russian Federation, its subjects or municipal formations;

part of the profit of state or municipal unitary enterprises after taxes and other compulsory payments;

other statutory returns from the use of assets held in state or municipal ownership or as incomes from the paid services.

The revenues from the use of property in state or municipal ownership indicated in this Item shall be included in the composition of revenues of appropriate budgets after paying the taxes and fees provided for by the laws on taxes and fees.

2. The incomes of a budgetary institution received from business and other income-yielding activity after the payment of the taxes and fees stipulated by the legislation on taxes and fees shall be taken into account after paying the taxes and fees provided for by the laws on taxes and fees, in full scope in the estimate of the incomes and expenses of the budgetary institution and shall be reflected in the incomes of the relevant budget as incomes from the use of state or municipally owned property or as incomes from the rendering of paid services.

Article 43. Returns from the Sale of Assets Held in State or Municipal Ownership

Funds received from the sale of state and municipal property shall be entered to the relevant budgets in full scope. Procedure for the transfer to the budgets of all levels of the budget of the Russian Federation of the funds received in the process of privatization of state and municipal property, the norms of their allocation between the budgets of different levels, and also amounts of expenses on the organisation of privatization shall be determined by the legislation of the Russian Federation on privatization.

Article 44. Financial Aid

Financial aid rendered from the budget of another level of the budget system of the Russian Federation in the form of grants, subventions and subsidies or of any other non-repayable and

gratuitous transfer of funds shall be subject to accounting in the revenues of the budget that is the recipient of these funds.

Article 45. Gratuitous Transfers

1. Gratuitous transfers from natural persons or legal entities, international organisations or governments of foreign States may be placed for the [benefit of budgets](#).

2. Gratuitous transfer under mutual settlements may also be placed to the budget revenues. Mutual settlements shall be understood to mean the operations of the transfer of funds between the budgets of different levels of the budget system of the Russian Federation, the operations involved in amendments in the tax and budget legislation of the Russian Federation, in the transfer of the powers of financing expenditures or the transfer of revenues after the approval of the law or decision on the [budget](#), the revenues which have not been reckoned by the law or decision on the budget.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 46 of this Code](#)
[See the previous text of the Article](#)

Article 46. Fines and Other Amounts of Compulsory Withdrawal

1. Fines shall be remitted to local budgets in the place of location of the body or the official who has taken a decision on the imposition of a fine unless otherwise provided for by the present Code and other legislative acts of the Russian Federation.

2. Amounts of confiscations, compensations and other funds which are withdrawn for the benefit of the State in the enforced order shall be remitted to the budget revenues in accordance with the legislation of the Russian Federation and court decisions.

3. The amounts of cash collection (fines) applied as sanctions provided by [Chapters 16 and 18](#) of Part 1 of the Tax Code of the Russian Federation shall be entered to the respective budgets of the [budget system of the Russian Federation](#) at the rates and under the procedure established by the federal law on the federal budget for the current financial year and/or the taxes and fees legislation of the Russian Federation relating to the respective taxes and fees, the federal laws on the budgets of the state non-budget funds.

The amounts of cash collection (fines) applied as the sanctions provided by Chapters 16 and 18 of Part 1 of the Tax Code of the Russian Federation which cannot be referred to as pertaining to a respective tax or fee shall be entered in the federal budget, the budgets of respective subjects of the Russian Federation, local budgets in accordance with the procedure established by the federal law on the federal budget for next financial year.

Article 47. The Budget's Own Revenues

1. The [budget's own revenues](#) represent the types of returns assigned to the relevant budgets on a permanent basis in full or in part by the legislation of the Russian Federation.

2. The budget's own revenues include:
tax revenues assigned to the respective state budgets and the budgets of [state extra-budgetary funds](#) by the legislation of the Russian Federation;
non-tax revenues indicated in [paragraphs 2-5 of Item 4](#), Article 41 of the present Code;
other non-tax revenues, and also gratuitous transfers.

3. Financial aid shall not be the corresponding budget's own revenue or that of the budget of a state extra-budgetary fund.

[Federal Law No. 148-FZ of November 11, 2003 amended Article 48 of this Federal Law. The amendments shall come into force as of January 1, 2004](#)
[See the text of Article in the previous wording](#)

Article 48. Regulating Budget Revenues

Regulating budget revenues are federal and regional taxes and other payments for which norms of assignments (in percentages) shall be fixed to the budgets of the subjects of the Russian Federation or to local budgets for the next financial year, and also shall be fixed on a long-term basis

(for at least three years) on different types of such revenues.

Norms of assignments to the respective budget shall be determined by the present Code, or by the law on the [budget](#) of the level of the budget system of the Russian Federation, which transfers regulating revenues, or by the law on the budget of the level of the budget system of the Russian Federation which allocates the regulating revenues transferred to it the budget of another level.

The amount of the mineral resource extraction tax payable according to the results of the tax period and also advance payments of the tax shall be revenue for the federal budget, the budget of the Russian region and the relevant local budget.

The tax amount calculated by the taxpayer on extracted mineral resources (except for extracted mineral resources in the form of hydrocarbon raw materials and commonly occurring mineral resources) shall be distributed as follows:

40 per cent of the tax amount: as revenue of the federal budget;

60 per cent of the tax amount: as revenue of the budget of the Russian region.

The tax amount calculated by the taxpayer on mineral resources (except for extracted mineral resources in the form of hydrocarbon raw materials and commonly occurring mineral resources) extracted on the territory of an autonomous area incorporated in a territory (region) shall be distributed in the manner established by an agreement between the autonomous area and the territory (region) and entered to the budget of a subject of the Russian Federation.

The tax amount calculated by the taxpayer on extracted mineral resources in the form of hydrocarbon raw materials shall be distributed as follows:

80 per cent of the tax amount: as revenue of the federal budget;

20 per cent of the tax amount: as revenue of the budget of the Russian region.

The tax amount calculated by the taxpayer on extracted mineral resources in the form of hydrocarbon raw materials on the territory of an autonomous area incorporated in a territory or a region shall be distributed as follows:

74.5 per cent of the tax amount: as revenue of the federal budget;

20 per cent of the tax amount: as revenue of the budget of the area;

5.5 per cent of the tax amount: as revenue of the budget of the territory or the region.

In the case of extraction of commonly occurring mineral resources, the total amount of the tax shall be payable as revenue to the budgets of the Russian regions.

The amount of tax calculated by a taxpayer in respect of the widely spread minerals extracted on the territory of an autonomous area incorporated in a territory (region) shall be distributed in the procedure established by an agreement between the autonomous area and the territory (region).

When extracting any minerals from a sub-soil tract situated on the territories of two neighbouring subjects of the Russian Federation, the amount of tax calculated by a taxpayer with regard to extracted minerals in the part thereof payable to the budget of a subject of the Russian Federation shall be distributed in the order established by an agreement between these subjects of the Russian Federation.

In the case of extraction of any mineral resources on the continental shelf of the Russian Federation or in the economic exclusion zone of the Russian Federation and also in the case of recovery of mineral resources from sub-soil outside the territory of the Russian Federation if the extraction is being done on territories under the jurisdiction of the Russian Federation (or rented from foreign states or used under an international agreement) on a sub-soil tract provided to the taxpayer for use the full amount of the tax shall be entered into the federal budget.

[Federal Law No. 186-FZ of December 23, 2003 suspended the validity of part 13 of Article 48 of this Code from January 1 to December 31, 2004](#)

~~In the event of the allocation of tax revenues among the levels of the budget system the tax revenues of the budgets of the subjects of the Russian Federation shall comprise at least 50 per cent of the amount of the revenues of the [consolidated budget](#) of the Russian Federation.~~

The incomes from the payment of tax in case of the application of the simplified system of taxation shall be distributed by the federal treasury bodies among the levels of the budgetary system

of the Russian Federation in accordance with the following normatives of deductions:

1) abolished from January 1, 2004

See text of Subitem 1 of part 13 of Article 48

- 2) to the budgets of the subjects of the Russian Federation - 45 per cent;
- 3) to the local budgets - 45 per cent;
- 4) to the budget of the Federal Fund of Obligatory Medical Insurance - 0.5 per cent;
- 5) to the budgets of the territorial funds of obligatory medical insurance - 4.5 per cent;
- 6) to the budget of the Fund of Social Insurance of the Russian Federation - 5 per cent.

The incomes from the payment of tax in case of the application of the simplified system of taxation in the Cities of Moscow and St. Petersburg shall be distributed according to the following normatives of deductions:

1) abolished from January 1, 2004

See text of Subitem 1 of part 14 of Article 48

- 2) to the budgets of the Cities of Moscow and of St. Petersburg - 90 per cent;
- 3) to the budget of the Federal Fund of Obligatory Medical Insurance - 0.5 per cent;
- 4) to the budgets of the territorial funds of obligatory medical insurance - 4.5 per cent;
- 5) to the budget of the Fund of Social Insurance of the Russian Federation - 5 per cent.

The incomes from payment of the minimum tax in case of application of the simplified system of taxation shall be distributed by the federal treasury bodies among the levels of the budgetary system of the Russian Federation in accordance with the following normatives of deductions:

- 1) to the budget of the Pension Fund of the Russian Federation - 60 per cent;
- 2) to the budget of the Federal Fund of Obligatory Medical Insurance - 2 per cent;
- 3) to the budgets of the territorial funds of obligatory medical insurance - 18 per cent;
- 4) to the budget of the Social Insurance Fund of the Russian Federation - 20 per cent.

The incomes from the payment of uniform tax on imputed income for individual kinds of activity shall be distributed by federal treasury bodies among the levels of the budgetary system of the Russian Federation in accordance with the following normatives of deductions:

1) abolished from January 1, 2004

See text of Subitem 1 of part 16 of Article 48

- 2) to the budgets of the subjects of the Russian Federation - 45 per cent;
- 3) to the local budgets - 45 per cent;
- 4) to the budget of the Federal Fund of Obligatory Medical Insurance - 0.5 per cent;
- 5) to the budgets of the territorial funds of obligatory medical insurance - 4.5 per cent;
- 6) to the budget of the Social Insurance Fund of the Russian Federation - 5 per cent.

The incomes from the payment of uniform tax on the imputed income of activity in the Cities of Moscow and St. Petersburg shall be distributed in accordance with the following normatives of deductions:

1) abolished from January 1, 2004

See text of Subitem 1 of part 17 of Article 48

- 2) to the budgets of the Cities of Moscow and St. Petersburg - 90 per cent;
- 3) to the budget of the Federal Obligatory Medical Insurance Fund - 0.5 per cent;
- 4) to the budgets of the territorial funds of obligatory medical insurance - 4.5 per cent;
- 5) to the budget of the Social Insurance Fund of the Russian Federation - 5 per cent.

The amount of the tax payable in the event of applying the taxation system for agricultural commodity producers (the uniform agricultural tax) shall be distributed by the federal treasury bodies among the levels of the budget system of the Russian Federation according to the following standards of budgetary assignments:

- 1) to the federal budget - 30 per cent;
- 2) to the Federal Obligatory Medical Insurance Fund - 0,2 per cent;
- 3) to territorial obligatory medical insurance funds - 3,4 per cent;
- 4) to the Social Insurance Fund of the Russian Federation - 6,4 per cent;
- 5) to budgets of the subjects of the Russian Federation - 30 per cent;
- 6) to local budgets - 30 per cent.

The amount of the tax payable in the event of applying the taxation system for agricultural commodity producers (the uniform agricultural tax) in the cities of Moscow and Saint- Petersburg shall be distributed in compliance with the following standards of assignments:

- 1) to the federal budget - 30 per cent;
- 2) to the federal Obligatory Medical Insurance Fund - 0,2 per cent;
- 3) to territorial obligatory medical insurance funds - 3,4 per cent;
- 4) to the Social Insurance Fund of the Russian Federation - 6,4 per cent;
- 5) to budgets of the cities of Moscow and Saint-Petersburg - 60 per cent.

The amount of fee for the use of fauna objects in full shall be entered as revenue in the budgets of Russian regions.

Chapter 7. Federal Budget Revenues

Article 49. Types of Federal Budget Revenues

1. The federal budget's own tax revenues, with the exception of tax revenues transferred in the form of regulating revenues to the budgets of other levels of the [budget system of the Russian Federation](#), shall be remitted to the federal budget revenues.

2. The federal budget's own non-tax revenues shall be received by the federal budget in accordance with [paragraphs 2-5 of Item 5, Article 41](#) of the present Code.

3. Funds under mutual settlements and other gratuitous transfers may reach the federal budget from the budgets of the subjects of the Russian Federation in the process of the execution of the federal budget.

[Federal Law No. 116-FZ of August 5, 2000 excluded Item 4 of Article 49 of this Code](#)

~~**4.** The balance of funds at the end of the previous year shall be remitted to the federal budget's revenues.~~

Article 50. Tax Revenues of the Federal Budget

The tax revenues of the federal budget include:

the federal taxes and duties whose list and rates are determined by the tax legislation of the Russian Federation, while the proportions of their allocation by way of the budget regulation among the [budgets](#) of different levels of the budget system of the Russian Federation shall be approved by the federal law on the federal budget for the next financial year for a term of at least three years, provided that norms of assignments to the budgets of the lower level are increased for the regular financial year. The validity of long-term norms may be reduced only in the event of the introduction of amendments to the tax legislation of the Russian Federation;

customs duties, customs fees and other customs payments;

the state duty in keeping with the legislation of the Russian Federation.

[Federal Law No. 57-FZ of May 29, 2002 amended Article 51 of this Code. The amendments shall be put into effect on the expiry of one month as of the date of the official publication of the mentioned Federal Law and shall extend to the relations arising as of January 1, 2002](#)

[See the previous text of the Article](#)

Article 51. Non-tax Revenues of the Federal Budget

1. Non-tax revenues of the federal budget shall be formed in accordance with [Articles 41-46](#) of the present Code at the expense of:

returns from the use of assets held in state ownership, returns from paid services rendered by the state-financed institutions under the authority of the organs of state power of the Russian Federation - after paying the taxes and fees provided for by the laws on taxes and fees, in full scope;

the returns from the sale of assets held in state ownership - in the order and norms fixed by federal laws and other normative legal acts of the organs of state power of the Russian Federation;

a part of the profit of the unitary enterprises set up by the Russian Federation which remains after the disbursement of taxes and other obligatory payments - in the amounts set by the

Government of the Russian Federation.

2. The following returns, except those listed in Item 1 of this Article, shall also be accounted in the revenues of the federal budget:

- the profit of the Bank of Russia - at the norms set by federal laws, left after paying taxes and making other obligatory payments;
- returns from foreign economic activity;

Article 52. The Transfer of the Federal Budget's Own Resources to the Budgets of Other Levels

The federal budget's own resources may be transferred to the budgets of the subjects of the Russian Federation and local budgets at the norms set by the federal law on the federal [budget](#) for the next financial year for a term of at least three years and by the [Federal Law](#) on the Financial Principles of Local Self-Government in the Russian Federation. The validity term of norms may be reduced only in the case of introducing amendments to the tax legislation of the Russian Federation.

Article 53. The Powers of the Federal Legislative and Executive Bodies to Form Budget Revenues

1. New types of taxes may be instituted, revoked or changed only by means of introducing the appropriate amendments to the tax legislation of the Russian Federation.

2. The federal legislative bodies may institute new types of non-tax revenues to revoke or change the existing revenues after the federal executive bodies submit their findings and only by introducing amendments to the present Code.

3. Federal laws on the introduction of amendments and addenda to the tax legislation of the Russian Federation which enter into force from the beginning of the next financial year, shall be adopted before the approval of the federal law on the federal budget for the next financial year.

4. The introduction of amendments and addenda to the legislation of the Russian Federation on federal taxes and duties which are to enter into force during the current financial year shall be allowed only in the event of making appropriate amendments and addenda in the federal law on the federal budget for the current financial year.

5. The federal executive bodies shall grant tax credits, delays and instalments of taxes and other obligatory payments to the federal budget in conformity with the tax legislation of the Russian Federation within the limits of tax credits, delays and instalments of taxes and other obligatory payments determined by the federal law on the federal budget for the next financial year.

Article 54. Revenues of the Federal Allocated Budget Funds

Revenues of the federal allocated budget funds shall be accounted separately in the federal budget revenues at the rates fixed by the tax legislation of the Russian Federation and shall be distributed among the federal allocated budget funds and the territorial allocated budget funds at the norms defined by the federal law on the federal budget for the next financial year.

Chapter 8. Revenues of the Budgets of the Subjects of the Russian Federation

Article 55. Revenues of the Budgets of the Subjects of the Russian Federation

1. Revenues of the budgets of the subjects of the Russian Federation shall be formed from their own and regulating tax revenues, except for the revenues transferred by way of regulation to local [budgets](#).

Federal Law No. 57-FZ of May 29, 2002 amended Item 2 of part two of Article 55 of this Code. The amendments shall be [put into effect](#) on the expiry of one month as of the date of the [official publication](#) of the mentioned Federal Law and shall extend to relations arising as of January 1, 2002

[See the previous text of the Item](#)

2. Returns from the use of assets owned by subjects of the Russian Federation and returns from the paid services rendered by the state-financed institutions under the authority of the organs of state power in the subjects of the Russian Federation shall be received after paying the taxes and fees provided for by tax laws in full by the budgets of the subjects of the Russian Federation.

3. Miscellaneous non-tax revenues shall enter the budgets of the subjects of the Russian Federation in the order and at the norms established by federal laws and the laws of the subjects of the Russian Federation.

Article 56. Tax Revenues of the Budgets of the Subjects of the Russian Federation

The tax revenues of the budgets of the subjects of the Russian Federation from regional taxes and duties, the list and rates of which are determined by the tax legislation of the Russian Federation, while the proportions of their differentiation on a permanent basis and of the distribution by way of budget regulation between the budget of a subject of the Russian Federation and local budgets shall be determined by the law on the budget of a subject of the Russian Federation for the next financial year and by the Federal Law on the Financial Principles of Local Self-Government in the Russian Federation;

the assignments from the federal regulating taxes and duties distributed for the remittance to the budgets of the subjects of the Russian Federation at the rates fixed by the federal law on the federal budget for the next financial year, except for revenues from the federal taxes and duties transferred by way of budget regulation to local budgets.

Article 57. The Non-tax Revenues of the Budgets of the Subjects of the Russian Federation

Non-tax revenues of the budgets of the subjects of the Russian Federation shall be formed in accordance with Articles 41-46 of the present Code, including at the expense of the part of profit of unitary enterprises set up by the subjects of the Russian Federation which remains after the payment of taxes and other obligatory payments to the budget in amounts fixed by the laws of the subjects of the Russian Federation.

Article 58. The Transfer of the Revenues of the Budgets of the Subjects of the Russian Federation to Budgets of Other Levels

The revenues of the budgets of the subjects of the Russian Federation from regional taxes and duties, and also from the federal taxes and duties assigned to the subjects of the Russian Federation may be transferred to local budgets on a permanent basis in full or in part - in a percentage share, endorsed by the legislative (representative bodies of the subjects of the Russian Federation for a term of at least three years).

The validity term of norms may be reduced only in cases of introducing amendments to the tax legislation of the Russian Federation.

Article 59. The Powers of the Legislative (Representative) and Executive Bodies of the Russian Federation to Form Revenues of the Budgets of the Subjects of the Russian Federation

1. The legislative (representative) bodies of the subjects of the Russian Federation shall introduce regional taxes and duties, establish their rates and grant tax concessions within the limits of the rights stipulated by the tax legislation of the Russian Federation.

Letter of the Ministry of Taxation of the Russian Federation No. BG-6-01/584@ of August 2, 2000 designated the journal "Russian Tax Courier" (mass media registration certificate No. 017745 of June 22, 1998) as the source of publication of information on effective regional taxes and fees and the basic provisions thereof

2. Laws of the subjects of the Russian Federation on the introduction of amendments and addenda to the tax legislation of the Russian Federation within the jurisdiction of the subjects of the

Russian Federation which take effect from the beginning of the next financial year shall be adopted before the approval of the laws of the subjects of the Russian Federation on the budget for the next financial year.

3. The introduction of amendments and addenda to the legislation of the subjects of the Russian Federation on regional taxes and duties which are subject to entry into force during the current financial year shall be allowed only in the event of the introduction of appropriate amendments and addenda to the laws of the subjects of the Russian Federation on the budget for the current financial year.

4. The executive bodies of the subjects of the Russian Federation shall grant tax credits, delays and instalments for the disbursement of taxes and other obligatory payments to the budgets of the subjects of the Russian Federation in accordance with the tax legislation of the Russian Federation within the limits of submitted tax credits, delays and instalments for the disbursement of taxes and other obligatory payments determined by the laws of the subjects of the Russian Federation on the budget.

5. The executive bodies of the subjects of the Russian Federation shall grant delays or instalments for the payment of taxes and the disbursement of other obligatory payments to the budgets of the subjects of the Russian Federation in respect of the amount of federal tax or duty that comes to the budget of a subject of the Russian Federation only in the absence of indebtedness for loans of the budget of the subject of the Russian Federation to the federal budget and with the observance of the maximum amount of the deficit of the budget of the subject of the Russian Federation and the amount of the state debt of the subject of the Russian Federation established by the present Code.

Chapter 9. Revenues of Local Budgets

Federal Law No. 116-FZ of August 5, 2000 amended Article 60 of this Code

See the previous text of the Article

Article 60. The Formation of Local Budget Revenues

1. Local budget revenues shall be formed from the own returns and returns from the deductions from federal and regional regulating taxes and levies.

Federal Law No. 57-FZ of May 29, 2002 amended Item 2 of part two of Article 60 of this Code. The amendments shall be put into effect on the expiry of one month as of the date of the official publication of the mentioned Federal Law and shall extend to the relations arising as of January 1, 2002

See the previous text of the Item

2. Returns from the use of assets held in municipal ownership and returns from paid services rendered by the state-financed institutions under the authority of the local self-government bodies shall come after paying the taxes and fees provided for by the tax laws, in full measure to the local budgets.

3. Appropriations for the financing particular state powers to be delegated to the local self-government bodies, appropriations for the financing of the realization of the federal laws and the laws of the subjects of the Russian Federation by the local self-government bodies, appropriations for the compensation for additional expenditures which have arisen as a result of the decisions adopted by the organs of state power which increase the budget expenditures or decrease the budget revenues of municipal entities, and also other non-tax revenues coming to local budgets in the order and at the norms stipulated by federal laws, the laws of the subjects of the Russian Federation and by the legal acts of the local self-government bodies.

Article 61. Local Budget Tax Revenues

The tax revenues of local budgets include:

the tax yields of local budgets from local taxes and levies established by the tax legislation of the

Russian Federation;

the assignments from the federal and regional regulating taxes and levies to be transferred to the local [budgets](#) of the Russian Federation and the respective subject of the Russian Federation in the order prescribed by [Articles 52, 58](#) and [63](#) of the present Code;

state duty, except for the state duty remitted to the federal budget in keeping with [Article 50](#) of the present Code - at the norm of 100 per cent in the place of location of the credit organisation that has accepted the payment.

Article 62. Local Budget Non-tax Revenues

The non-tax yields of local budgets shall be accounted and formed in keeping with [Articles 41-46](#) of the present Code, including from the part of profit of the municipal unitary enterprises which remains after the payment of taxes and the disbursement of other obligatory payments - in amounts fixed by the legal acts of the local self-government bodies.

Article 63. The Regulation of Local Budget Revenues

Local budget revenues may be transferred to budgets of other levels at the rates (norms) fixed by the legal acts of the local self-government bodies.

Article 64. The Powers of Local Self-government Bodies to Form Local Budget Revenues

1. The representative bodies of local self-government shall introduce local taxes and levies, fix rates for them and grant tax concessions within the limits of the rights accorded to them by the tax legislation of the Russian Federation.

2. Legal acts of the representative bodies of local self-government on the introduction of amendments and addenda to the tax legislation of the Russian Federation within the jurisdiction of the local self-government bodies which take effect from the beginning of the regular financial year shall be taken before the approval of the local budget for the next financial year.

3. The introduction of amendments and addenda to the legal acts of the representative bodies of local self-government on local taxes and levies which are to enter into force during the current financial year shall be allowed only in the event of the introduction of appropriate amendments and addenda to the legal act of the representative body of local self-government on the local budget for the current financial year.

4. The local self-government bodies shall grant tax credits, delays and instalments for the payment of taxes and the disbursement of other obligatory payments to local budgets in conformity with the tax legislation of the Russian Federation within the limits of extending tax credits, delays and instalments for the payment of taxes and the disbursement of other obligatory payments established by the legal acts of the representative bodies of local self-government on the [budget](#).

5. The local self-government bodies shall determine the order of granting delays and instalments for the payment of taxes and the disbursement of other obligatory payments in respect of the amounts of federal taxes or duties, regional taxes or levies which come to local budgets, only in the absence of indebtedness for [budget loans](#) of the local budget to the budgets of other levels of the budget system of the Russian Federation and with the observance of the maximum amount of the local budget deficit and the amount of municipal debt established by the present Code.

Section III. Budget Expenditures

Chapter 10. General Provisions on Budget Expenditures

Federal Law No. 116-FZ of August 5, 2000 reworded part 1 of Article 60 of this Code. The amendments shall [come into force](#) as of the date when the federal law on state minimum social standards takes effect

Article 65. The Formation of Budget Expenditures

The formation of [budget expenditures](#) of all levels of the budget system of the Russian

Federation shall be based on the uniform methodological principles, the norms of [minimum budget security](#) and financial costs of rendering state services established by the Government of the Russian Federation.

The organs of state power in the subjects of the Russian Federation and the local self-government bodies shall have the right to increase the norms of financial costs of rendering state and municipal services subject to available financial potential.

Article 66. Components of Budget Expenditures

1. Depending on their economic content, budget expenditures are divided into current expenditures and capital expenditures.

2. The grouping of [budget expenditures](#) into current and capital shall be established by the economic classification of the expenditures of the budgets of the Russian Federation.

Federal Law No. 116-FZ of August 5, 2000 supplemented Article 66 of this Code with Item 3 of the following wording

3. Funds generated from repayment of state credits, budget credits and budget loans, including for instance funds received from the sale of assets and other securities delivered by the beneficiaries of budget credits, budget loans and state or municipal guarantees to the respective bodies of executive power as security for liabilities relating to the budget credits, budget loans and state or municipal guarantees shall be recorded as part of expenditures with the "minus" sign.

Article 67. Capital Expenditures of Budgets

Capital expenditures of budgets represent the part of [budget](#) expenditures that ensures innovation and investment activities. It includes the items of expenditures that are intended for investments in operating or in newly-established legal entities in accordance with the approved investment programme, the funds granted as [budget credits](#) for investment purposes to legal entities, the expenditures on major (renovation) repairs and other expenditures related to extended reproduction, expenditures on the creation or growth of assets held in the ownership of the Russian Federation, its subjects and municipal entities, and other budget expenditures included in the capital expenditures of the budget in conformity with the [economic classification](#) of the expenditures of the budgets of the Russian Federation.

A budget of development may be formed within the capital expenditures of budgets. Procedure and conditions of the formation of a budget of development shall be determined by a federal law.

See Federal Law No. 181-FZ of November 26, 1998 on the Development Budget of the Russian Federation

Article 68. Current Expenditures of Budgets

Current expenditures of budgets represent the part of [budget](#) expenditures that ensures the current functioning of organs of state power, local self-government bodies and state-financed institutions, state support to other budgets and particular sectors of the economy in the form of grants, [subsidies](#) and [subventions](#) for current functioning, and also other budget expenditures not included in capital expenditures in accordance with the budget classification of the Russian Federation.

*Federal Law No. 116-FZ of August 5, 2000 amended Article 69 of this Code
[See the previous text of the Article](#)*

Article 69. Forms of Budget Expenditures

Budget resources shall be extended in the following forms:
monetary funds for payment for goods, works and services performed by natural persons and legal entities under state or municipal contracts;
transfer to the population, which cover.

appropriations for the disbursement by local self-government bodies of compulsory payments to the population fixed by the legislation of the Russian Federation, the legislation of the subjects of the Russian Federation and by the legal acts of the representative bodies of local self-government;

appropriations for the discharge of particular state powers delegated to other levels of authority;

appropriations for the compensation for additional expenditures which have arisen as a result of decisions taken by organs of state power, which increase budget expenditures or decrease budget revenues;

budget credits to legal entities (including tax credits, delays and instalments of the payment of taxes and the disbursement of payments and other obligations);

subventions and subsidies capitals of the operating or the newly-established legal entities;

budget loans, grants, subventions and subsidies to the budgets of other levels of the budget system of the Russian Federation and to the state extra-budgetary funds;

credits and loans inside the country at the expense of state foreign borrowing;

credits to foreign States;

monetary funds for the service of debentures, including state or municipal guarantees.

Article 70. Expenditures of State-Financed Institutions

The state-financed institutions shall spend budget resources for the following purposes:

on labour remuneration in keeping with the concluded labour contracts and with the legal acts regulating the amount of wages and salaries of the corresponding categories of workers and other employees;

the transfer of insurance contributions to state extra-budgetary funds; transfers to the population to be paid in accordance with the federal laws, the laws of the subjects of the Russian Federation and the legal acts of the local self-government bodies;

the travel allowance and other compensatory payments to employees in keeping with the legislation of the Russian Federation;

the payment for goods, works and services under the concluded state or municipal contracts;

the payment for goods, works and services in conformity with the confirmed estimates without the conclusion of state or municipal contracts.

It shall be prohibited to spend budget resources by state-financed institutions for different purposes.

Article 71. Purchases of Goods, Works and Services by State-Financed Institutions

All purchases of goods, works and services to the amount of over 2,000 minimum wages and salaries shall be made exclusively on the basis of state or municipal contracts.

Article 72. The State or Municipal Contract and the State or Municipal Order

- 1.** The state or municipal contract is an agreement concluded by the organ of state power or the local self-government body, the state-financed institution, the authorized organ or organisation on behalf of the Russian Federation, its subject or the municipal entity with natural persons and legal entities for the purpose of satisfying state or municipal needs provided for by the expenditures of the corresponding budget.
- 2.** State and municipal contracts shall be placed on a competitive basis, unless otherwise stipulated by federal laws, laws, the laws and legislative acts of the subjects of the Russian Federation and by the normative legal acts of the representative bodies of local self-government.
- 3.** State and municipal contracts shall include the obligatory condition on the payment of a penalty in case of the violation of the contract terms by the contractor.
- 4.** The state or municipal order is a totality of state or municipal contracts concluded for the delivery of goods, the performance of works and the rendering of services the performance of works and the rendering of services at the expense of the resources of the corresponding budget.
- 5.** Relations involved in state and municipal contracts shall be regulated by federal laws, the laws and legislative enactments of the subjects of the Russian Federation and by the normative legal

acts of the representative bodies of local self-government.

Article 73. The Roll of Purchases

1. The state-financed institutions, the organs of state power of the Russian Federation, the organs of state power of the subjects of the Russian Federation and the local self-government bodies, the state and municipal customs shall be obliged to keep rolls of purchases.

[Federal Law No. 116-FZ of August 5, 2000 amended paragraph 1 of Item 2 of Article 73 of this Code](#)

[See the previous text of the paragraph](#)

2. The state-financed institutions, the organs of state power of the Russian Federation, the organs of state power of the subjects of the Russian Federation and the self-government bodies, and the state and municipal customers who buy goods, works, services to the amount of not more than 2,000 of the [minimum amounts of wages and salaries](#) for one type of goods or services (for one contract) and keep rolls of purchases with an indication of the following information:

the brief name of purchased goods, works and services;

the name and place of location of suppliers, contractors and executors of services;

the price and date of a purchase.

3. The procedure for keeping rolls of purchases under state and municipal contracts shall be determined by federal laws, the laws and other normative legal enactments of subjects of the Russian Federation and by the normative legal enactments of the local self-government bodies.

Article 74. The Financing of Expenditures Upon the Fulfilment of Conditions

The law or decision on the budget may determine the conditions of financing particular expenditures which are binding on the receivers of budget resources for execution if these expenditures are stipulated by the law or decision on the budget.

If the receiver of budget resources fails to fulfil the conditions determined by the law or decision on the budget, the Minister of Finance of the Russian Federation, the head of the corresponding executive body of a subject of the Russian Federation or the local self-government body shall be obliged to block at any stage of the execution of the budget the expenditures associated with fulfilment of definite conditions, pending the fulfilment of the said conditions in keeping with the order established by [Article 231](#) of the present Code.

Article 75. Transfers to the Population

Transfers to the population represent budget resources for the financing of obligatory payments: pensions, scholarships, benefits, compensations and other social payments fixed by the legislation of the Russian Federation, the legislation of the subjects of the Russian Federation and by legal enactments of the local self-government bodies.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 76 of this Code](#)

[See the previous text of the Article](#)

Article 76. Budget Credit to Legal Entities Not Being State or Municipal Unitary Enterprises

1. Budget credit may be extended to a legal entity not being state or municipal unitary enterprises, under an agreement made under the [civil law](#) of the Russian Federation with due regard to the provisions of the present Code and other regulatory documents only on condition that the borrower provides security for the borrower's liability for repaying the said credit.

2. Budget credit shall be extended on repayment terms for a charge.

See the [Rules](#) for accepting emission securities in pledge to provide for the return of funds from the federal budget granted on a returnable basis approved by [Order](#) of the Ministry of Finance of the Russian Federation No. 275 of November 6, 2001

3. The means of ensuring the discharge of the obligation to repay a budget credit can only be bank guarantees, sureties, pledge of assets, including but not limited to shares, other securities, and stakes at a rate of at least 100 per cent of the credit extended. Security for the liability shall have a high degree of liquidity.

4. The appraisal of the assets provided as security for a budget credit shall be performed in compliance with the law of the Russian Federation.

5. The state bodies, local self-government bodies empowered under federal laws, decrees of the President of the Russian Federation, decisions of the Government of the Russian Federation, regulatory acts of subjects of the Russian Federation, regulatory acts of municipal entities shall represent the Russian Federation, the subject of the Russian Federation, and the municipal entity respectively in the budget credit agreement.

6. The condition sine qua non for extending budget credit shall be a preliminary check-up of the financial state of the beneficiary of the budget credit to be carried out by a financial body or an authorized body on the instructions thereof. Authorized bodies shall be entitled to carry out inspections of the beneficiary of budget credit at any time within the effective term of the credit. Authorized bodies shall also verify the use of the budget credit as earmarked.

7. When the budget is being endorsed for the next financial year, an indication shall be made of the purposes for which a budget credit can be extended, the terms and procedure for granting budget credits, maximum limits on budget credits for a term not beyond that year and for a term going beyond the financial year as well as restrictions as to the subjects of the use of the budget credits.

8. Should the borrower not be capable of ensuring the proper performance under budget credit obligations by the means provided under [Item 3](#) of the present article, no budget credit shall be extended.

9. The report on the execution of the budget shall be supplemented with the report on the granting and redemption of budget credits.

10. A breach of the established procedure for granting budget credits by financial bodies as well as acceptance of low-liquidity assets as security shall be deemed a violation of the budget legislation of the Russian Federation and a ground for holding answerable the officials who let budget credits be extended in breach of the established procedure.

11. The repayment of the budget funds provided to legal entities and payment for the use of the funds shall qualify as budget payments.

12. Budget credit may be extended only to legal entities not having overdue indebtedness relating to budget funds provided earlier on repayment terms.

According to [Federal Law No. 147-FZ of July 31, 1998](#), the provisions of this Code shall not be applied to the relations regulated by [Federal Law No. 83-FZ of July 9, 2002 on the Financial Improvement of Agricultural Commodity Producers](#)

Article 77. Budget Credits to State and Municipal Unitary Enterprises

1. Budget credits (interest-bearing and non-interest-bearing credits) shall be extended to state and municipal unitary enterprises on the terms and within the limits provided for by appropriate budgets.

2. [Budget credit](#) recipients shall be obliged to repay the budget credit and pay interest for the use of it within the fixed time.

3. Budget credit recipients shall be obliged to submit information and a report on the use of the budget credit to the bodies implementing the budget and to the supervisory bodies of the respective legislative (representative) bodies.

4. [Budget](#) implementing bodies or any other authorized bodies shall keep the rolls of all granted budget credits per budget credit recipients.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 78 of this Code](#)
[See the previous text of the Article](#)

Article 78. Subsidies and Subventions

1. The provision of subsidies and subventions, for instance, towards grants and subsistence allowance, shall be allowed:

from the federal budget: in the cases specified by federal and regional target programs and federal laws;

from the budgets of subjects of the Russian Federation: in the cases specified by federal target programs, federal laws, regional target programs and laws of subjects of the Russian Federation;

from local budgets: in the cases specified by federal target programs, federal laws, regional target programs, laws of subjects of the Russian Federation and decisions of local self-government representative bodies.

2. Subsidies and subventions shall be repaid to the corresponding budget in cases of their non-allocated use within the time fixed by the authorized executive bodies, and also in cases of their non-use within the specified terms.

Article 79. Expenditures on the Financing of Budget Investments

1. Expenditures on the financing of budget investments shall be provided for by the corresponding budget, provided they are included in a federal target-oriented programme or a regional target-oriented programme either in conformity with the decision of a federal executive body, the executive body of a subject of the Russian Federation or a local self-government body.

Federal Law No. 116-FZ of August 5, 2000 supplemented Article 79 of this Code with a new Item 2. Item 2 shall be deemed Item 3

2. Items of state property of subjects of the Russian Federation and municipal property may be included in a federal program of investment in specific projects, federal target programs in the phase of the compilation, scrutiny and approval of the federal budget for next financial year.

A procedure for effecting the federal budget expenditures earmarked to finance the items of state property of subjects of the Russian Federation and municipal property included in a federal program of investment in specific projects, federal target programs shall be governed by Item 4 Article 85 of the present Code.

3. Federal investment projects requiring expenditures in the amount of 200,000 minimum wages and salaries shall be subject to consideration and approval in the order stipulated for the financing of federal target-oriented programmes.

Article 80. Budget Investments to Legal Entities Which Are Not State or Municipal Unitary Enterprises

1. The granting of budget investments to legal entities which are not state or municipal unitary enterprises involves the emergence of the right of state or municipal ownership of the equivalent part of the authorized (pooled) capitals and the property of said legal entities and shall be legalized by the participation of the Russian Federation, its subjects and municipal entities in the authorized (pooled) capital of such legal entities in keeping with the civil legislation of the Russian Federation. The legislation of the share of the Russian Federation, its subject and a municipal entity in the authorized (pooled) capital, the share which belongs to the Russian Federation, its subject and a municipal entity shall be carried out in the order and at the prices determined in accordance with the legislation of the Russian Federation.

2. Budget investments intended for the legal entities referred to in Item 1 of this Article shall be included in the draft budget only given a feasibility report on the investment project, design estimates and a plan for the transfer of land and structures, and a draft agreement between the Government of the Russian Federation, the executive body of a subject of the Russian Federation or a local self-government body and the said legal entity on the participation of the Russian Federation, its subject or the municipal entity in the property of the subject of investments.

3. The draft agreements referred to in Item 2 of this Article shall be completed within two month months of the entry into force of the law on the budget.

The absence of agreements completed in the statutory order shall serve as grounds for blocking

the expenditures envisaged on relevant budget investments, in the order stipulated by the present Code.

4. Facilities set up with the attracted budget resources for production or non-production purposes in the equivalent part of authorized (pooled) capitals and property shall be handed over to the respective bodies for the management of state or municipal property.

Article 81. Reserve Funds

1. The expenditure part of the budgets of all levels of the budget system of the Russian Federation shall provide for the creation of reserve funds of the executive bodies and the local self-government bodies.

Federal Law No. 116-FZ of August 5, 2000 supplemented Article 81 of this Code with a new Item 2. Items 2-5 shall be deemed Items 3-6

2. It is prohibited to set up reserve funds of legislative (representative) bodies and of deputies of legislative (representative) bodies in the expenditures part of the budgets of all levels of the budget system of the Russian Federation.

3. The amount of reserve funds in the federal budget may not exceed three per cent of the approved expenditures of the federal budget.

The amount of reserve funds in the budgets of the subjects of the Russian Federation shall be fixed by the legislative (representative) bodies of the subjects of the Russian Federation upon the approval of their budgets for the next financial year.

4. The resources of reserve funds shall be spent on the finding of unforeseen expenditures, including damage-restoring works in cases of the clear up after disasters and other emergency situations which have taken place in the current financial year.

5. The procedure for spending the resources of the reserve funds shall be established by the normative legal acts of the Government of the Russian Federation, the executive bodies of the subjects of the Russian Federation, or the local self-government bodies.

6. Every quarter the executive body or the local self-government body shall inform the legislative (representative) body or the representative body of local self-government about the spending of the reserve fund resources.

Article 82. The Reserve Fund of the President of the Russian Federation

1. The federal budget shall provide for the creation of the reserve fund of the President of the Russian Federation for next financial year in the amount of not more than one per cent of the approved expenditures of the federal budget.

2. The resources of the reserve fund of the President of the Russian Federation shall be spent on the financing of unforeseen expenditures, and also of additional expenditures stipulated by the Decrees of the President of the Russian Federation.

3. The resources of the reserve fund of the President of the Russian Federation shall be spent on the basis of a written order of the President of the Russian Federation.

4. It shall be prohibited to spend the resources of the reserve fund of the President of the Russian Federation on the holding of elections, referenda and on the coverage of the activity of the President in mass media.

Federal Law No. 116-FZ of August 5, 2000 reworded Article 83 of this Code

See the previous text of the Article

Article 83. Financing Expenditures Not Provided in the Budget

1. Should a federal law or another legal act be adopted as providing for an increase in financing per the existing kinds of expenditure or institution of new kinds of budget expenditure which had not been financed by any budget whatsoever prior the adoption of the legislative act, the said legal act shall contain provisions to determine the sources and procedure for financing the new budget

expenditure, for example, in case when funds need to be transferred to budgets of other levels to finance the new expenditure.

2. When financing sources are being designated for a new budget expenditure, an increase in budget deficit is prohibited.

3. Financing towards new kinds of budget expenditure or increasing funds towards existing kinds of budget expenditure may be effected only from the beginning of the next financial year on condition that it is included in the law (decision) on the budget or in the current year after appropriate amendments are made to the law (decision) on the budget, given the availability of appropriate sources of additional budget revenue and/or a cut in expenditures under specific budget items.

4. The law (decision) on the budget for next financial year shall contain (as an annex) a list of legislative acts (articles, specific items in articles, subitems, paragraphs) repealed or suspended for the next financial year due to the lack of budget allocations for implementing them.

In the event when expenditures for implementing a legislative or other regulatory legal act are partially (not fully) covered by funding sources there shall be specified in the respective law (decision) on the budget which part of the legislative (regulatory) act is lacking financing.

5. In the event that legislative or other legal acts establish budget liabilities for which there is no provision in the law (decision) on the budget, the law (decision) on the budget shall be applicable.

Federal Law No. 150-FZ of December 27, 2000 suspended the effect of item 6 of Article 83 of this Federal Law until December 31, 2001

~~6. Should in the course of performance under the budget an increase in budget revenues exceeding the amounts set under the law (decision) on the budget for a respective year occur, the additional revenue shall be appropriated as top priority to finance the expenditures specified in the legislative and regulatory acts not covered or insufficiently covered (not fully covered) by sources of funding in the budget for a respective year, except as otherwise provided by the budget legislation.~~

Chapter 11. Expenditures of the Federal Budget, Expenditures of the Budgets of the Subjects of the Russian Federation and Expenditures of the Local Budgets

Article 84. Expenditures Financed Solely from the Federal Budget

The following functional types of spending shall be financed solely from the federal budget:

the provision of the activity of the President of the Russian Federation, the Federal Assembly of the Russian Federation, the Counting Chamber of the Russian Federation, the Central Election Commission of the Russian Federation, the federal executive body and their territorial agencies and other expenditures on the general state administration according to the list determined during the approval of the federal law on the federal budget for the next financial year;

the functioning of the federal judicial system;

the realization of international activity in the general federal interests (the financial provision of the realization of interstate agreements and agreements with international finance organisations, the international cultural, scientific and information cooperation of the federal executive bodies, the contributions of the Russian Federation to international organisations, other expenditures in the sphere of the international cooperation which are defined when the federal law on the federal budget is approved for the next financial year);

the national defence and the security of the State, and the conversion of defence-related industries;

fundamental research and promotion of scientific and technical progress;

state support for the railway, air and sea transport;

state support for the atomic power engineering;

elimination of the consequences of emergency situations and disasters on a federal scale;

the exploration and use of outer space;

the maintenance of the institutions held in federal ownership or under the authority of the organs of state power of the Russian Federation;

- the formation of federal property;
- the service and redemption of the national debt of the Russian Federation;
- the compensation to the [state extra-budgetary funds](#) for expenditures on the payment of government pensions and benefits and other social payments subject to financing in accordance with the legislation of the Russian Federation from the federal budget resources;
- the renewal of the state stocks of precious metals and precious stones and of the state material reserves;
- the holding of elections and referenda in the Russian Federation;
- the federal investment programme;
- the realization of the decisions of the federal organs of state power which resulted in the increase of budget expenditures or the decrease of the budget revenues of the budgets of other levels;
- the fulfilment of particular state powers to be delegated to the other levels of authority;
- the financial support of the subjects of the Russian Federation;
- the official statistical accounting;
- miscellaneous expenditures.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 85 of this Code](#)
[See the previous text of the Article](#)

Article 85. The Expenditures Jointly Financed out of the Federal Budget, the Budgets of the Subjects of the Russian Federation and the Budgets of Municipal Entities

1. The following functional types of expenditure shall be financed jointly from the resources of the federal budget, the budgets of the subjects of the Russian Federation and the local [budgets](#) on:

- the state support of the industries (except for the atomic power engineering), construction and the building industry, gas distribution system and water supply system development, agriculture, motor and river transport, communication and motor road facilities and subways;
- the provision of law-enforcement activities;
- the provision of fire-prevention safety;
- research and development, design and survey works making provision for scientific and technological progress;
- the social protection of the population;
- the protection of the natural environment, natural resources and their reproduction, the provision of hydrometeorological activity;
- the prevention and liquidation of consequences of emergency situations and disasters of an inter-regional scale;
- the development of the market infrastructure;
- the development of federative and national relations;
- the provision of the activity of the election commissions of the subjects of the Russian Federation in conformity with the legislation of the Russian Federation;
- the provision of the activity of mass media;
- miscellaneous expenditures made jointly by the Russian Federation, the subjects of the Russian Federation and the municipal entities.

2. Expenditures indicated in this Article shall be distributed between, and assigned to, the budgets of different levels of the [budget system of the Russian Federation](#) by agreement between the organs of state power of the Russian Federation and of the organs of state power of its subjects and shall be approved by the laws on the budgets or by agreement between the organ of state power of a subject of the Russian Federation and the local self-government bodies located on the territory of this subject of the Russian Federation.

Procedure for the coordination of the distribution and assignment of expenditures made under the joint jurisdiction of the Russian Federation and its subjects shall be determined by the Government of the Russian Federation.

A procedure for seeking approval for the distribution and designation of expenditures financed from the budgets of the subjects of the Russian Federation and the budgets of municipal entities shall be determined by the executive body of state power of the subject of the Russian Federation.

3. In legislative or other legal acts establishing the budget liabilities payable from the resources of the budgets of various levels there shall be established a delineation of spending powers in terms of financing each kind of liability ensuing from the legislation of the Russian Federation by the level of the budget system of the Russian Federation. Consolidated budget is prohibited to be designated as a source of financing the expenditures.

4. Pieces of state property of subjects of the Russian Federation and municipal property may be included in a federal program of investment in specific projects, federal target programs in the phase of the compilation, scrutiny and approval of the federal budget for the next financial year.

As the performance is carried on under the federal budget, the appropriations made to finance the said pieces shall be transferred to the budgets of subjects of the Russian Federation, and to local budgets as a matter of inter-budget relations.

For the purpose of implementing federal target programs it shall be admissible to finance out of the federal budget the purchase of goods for institutions controlled by subjects of the Russian Federation and by municipal entities, with logistical resources being later transferred by the beneficiaries of the federal budget funds to respective institutions under the procedure established by the Government of the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 86 of this Code](#)
[See the previous text of the Article](#)

Article 86. Expenditures Financed Solely from the Budgets of the Subjects of the Russian Federation

1. The following functional types of expenditure shall be financed solely from the budgets of the subjects of the Russian Federation on:

the functioning of the legislative (representative) bodies and the executive bodies of the subjects of the Russian Federation;

the service and redemption of the [national debts](#) of the subjects of the Russian Federation;

the holding of elections and referenda of the subjects of the Russian Federation;

the realization of the regional target-oriented programmes;

the formation of state property for the subjects of the Russian Federation;

the maintenance of international and foreign economic relations of the subjects of the Russian Federation;

the maintenance and development of enterprises, institutions and organisations under the authority of the organs of state power in the subjects of the Russian Federation;

the activity of the mass media of the subjects of the Russian Federation;

the rendering of financial aid to the local budgets;

the discharge of particular state powers delegated to the municipal entities;

the compensation for the additional expenditures which have arisen as a result of the decisions adopted by the organs of state power of the subjects of the Russian Federation, and lead to the increase of budget expenditures or to the decrease of the budget revenues of local [budgets](#);

the miscellaneous expenditures associated with the discharge of powers by the subjects of the Russian Federation.

2. A procedure for performing under the federal budget expenditures items provided to finance the items of state property of subjects of the Russian Federation included in the federal program of investment in specific projects, federal target programs shall be determined by [Item 4 Article 85](#) of the present Code.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 87 of this Code](#)
[See the previous text of the Article](#)

Article 87. The Expenditures Financed Exclusively from Local Budgets

1. The following functional types of expenditures shall be financed exclusively from local budgets:

- the maintenance of local self-government bodies;
- the formation of municipal property and management thereof;
- the organization, maintenance and development of educational, public health, culture, physical activities and sports, mass media enterprises, institutions and organizations as well as other institutions and organizations under municipal ownership or controlled by local self-government bodies;

- the maintenance of municipal law-enforcement bodies;
- the organization, maintenance and development of municipal housing and utility facilities;
- municipal road construction and the maintenance of local significance roads;
- landscaping and planting on the territory of municipal entities;
- the organization of household waste (except radioactive) disposal and processing;
- the maintenance of places of burial controlled by municipal bodies;
- the organization of transportation services for the population and institutions under municipal ownership or controlled by local self-government bodies;

- ensuring fire safety;

- environmental protection on the territory of municipal entities;

- the implementation of target programs adopted by local self-government bodies;

- servicing and repaying municipal debts;

- target subsidies to the population;

- the maintenance of municipal archives;

- holding municipal elections and local referendums;

financing the implementation of other decisions of local self-government bodies and other expenditures classified as local significance matters as determined by local self-government bodies in keeping with the budget classification of the Russian Federation.

2. In the subjects of the Russian Federation - federal-significance cities of Moscow and St. Petersburg the expenses financed exclusively from the local budgets shall be designated by the laws of the said subjects of the Russian Federation.

3. The procedure for effecting federal budget expenditures provided to finance the pieces of municipal property included in a federal program of investment in specific projects, federal target programs shall be determined by [Item 4 Article 85](#) of the present Code.

Section IV. The Budget Equilibrium

[Federal Law No. 116-FZ of August 5, 2000 excluded Chapter 12 from this Code](#)

~~Chapter 12. Budget Profit and the Order of Its Use~~

~~Article 88. The Order of Using a Budget Profit~~

~~1. The federal budget, the budget of a subject of the Russian Federation and the local budget shall be drafted accordingly by the Government of the Russian Federation by the executive body of a subject of the Russian Federation and the local self-government body and shall be approved by the legislative (representative) bodies and the representative body of local self-government without a [budget profit](#).~~

~~2. If a budget surplus is discovered in the process of preparing or considering a draft budget, it shall be necessary to cut the budget profit before the approval of the budget in the following sequence:~~

- ~~to reduce the attraction of proceeds from the sale of state or municipal property (in cases of the federal budget to reduce the attraction of proceeds from the sale of state stocks and reserves);~~

- ~~to provide for the use of budget resources for the additional redemption of debentures;~~

- ~~to increase [budget](#) expenditures at the expense of the transfer of part of the revenues to budgets of other levels.~~

~~If it is inexpedient to take the measures provided for by the second – fourth paragraphs of this~~

~~item, it shall be necessary to cut the budget tax revenues by introducing amendments and addenda to the tax legislation of the Russian Federation.~~

Chapter 13. The Budget Deficit and Sources of Its Cover

Federal Law No. 116-FZ of August 5, 2000 reworded Article 89 of this Code

See the previous text of the Article

Article 89. The State Borrowing of the Russian Federation

The "state borrowing of the Russian Federation" is loans and credits raised from natural persons and legal entities, foreign states, international financial organizations under which occur debt liabilities of the Russian Federation as a borrower or guarantor of loan (credit) repayment by other borrowers.

The "state foreign borrowing of the Russian Federation" is loans and credits raised from natural persons and legal entities, foreign states, international financial organizations under which there are debt liabilities of the Russian Federation as a borrower or a guarantor of loan (credit) repayment by other borrowers denominated in foreign currency.

The "state domestic borrowing of the Russian Federation" is loans and credits raised from natural persons and legal entities, foreign states, international financial organizations under which there occur debt liabilities of the Russian Federation as a borrower or a guarantor of loan (credit) repayment by other borrowers denominated in the currency of the Russian Federation.

Federal Law No. 116-FZ of August 5, 2000 reworded Article 90 of this Code

See the previous text of the Article

Article 90. The State Borrowing of the Subjects of the Russian Federation, Municipal Borrowing

The "state borrowing of the subjects of the Russian Federation, municipal borrowing" is loans and credits raised from natural persons and legal entities under which occur debt liabilities of a subject of the Russian Federation or a municipal entity respectively as a borrower or a guarantor of loan (credit) repayment by other borrowers denominated in the currency of the obligation.

Federal Law No. 116-FZ of August 5, 2000 excluded Article 91 from this Code

~~Article 91. Municipal Drawings~~

~~Municipal drawings represent the loans which are attracted from natural and juridical persons and legal entities in the currency of the Russian Federation and under which debt liabilities arise for a local self-government body in its capacity as a borrower or a guarantor of the repayment of loans contracted by other borrowers and expressed in the currency of the Russian Federation.~~

Federal Law No. 116-FZ of August 5, 2000 reworded Article 92 of this Code

See the previous text of the Article

Article 92. Budget Deficit

1. Should the budget for next financial year be adopted with a deficit, the respective law (decision) on the budget shall endorse sources of financing the budget deficit.

Should the budget for next financial year be adopted without a deficit, the respective law (decision) on the budget may provide for fund-raising at the expense of budget deficit financing sources for the purpose of financing budget expenditures within the limits of debt repayment expenditure.

2. The current expenditures of the budget of the subject of the Russian Federation, local budget endorsed by a law on the budget of the subject of the Russian Federation or a regulatory act of the local self-government representative body respectively shall not exceed the amount of revenues of the budget of the subject of the Russian Federation, the amount of revenues of the local budget

endorsed by the law on the budget of the subject of the Russian Federation or the regulatory act of the local self-government body respectively.

3. The amount of federal budget deficit endorsed by a federal law on the federal budget shall not exceed the sum total of budget investments and expenditures towards the servicing of the state debt of the Russian Federation in a respective financial year.

4. The amount of deficit of the budget of a subject of the Russian Federation approved by a law of the subject of the Russian Federation on the budget for a respective year shall not exceed 15 per cent of the amount of revenues of the budget of the subject of the Russian Federation without account taken of financial aid from the federal budget.

When the law of the subject of the Russian Federation on the budget for a respective year approves the amount of proceeds from the sale of property the maximum limit on the deficit of the budget of the subject of the Russian Federation may exceed the limit set by Part 1 of the present Item but by the amount of proceeds from the sale of the property at maximum.

5. The amount of deficit of a local budget approved by the regulatory act of a self-government representative body on the budget for a respective year shall not exceed 10 per cent of the amount of revenues of the local budget without account taken of financial aid from the federal budget and the budget of the subject of the Russian Federation.

In the event when the regulatory act of a local self-government representative body on the budget for a respective year approved the amount of proceeds from the sale of property the maximum limit on the deficit of the local budget may exceed the limit set by Part 1 of the present Item but by the amount of proceeds from the sale of the property at maximum.

6. The observance of the maximum limits set by [Items 2 - 5](#) of the present article shall also be ensured according to the data of the report on performance under a respective budget for the financial year.

Article 93. The Sources of Financing the Budget Deficit

1. The sources of financing the [budget deficit](#) shall be approved by the legislative (representative) bodies on their law or decision on the [budget](#) for the next financial year according to the main types of the attracted funds.

2. Bank credits, and also the debt liabilities acquired by the Bank of Russia from the Russian Federation, its subjects and municipal entities may not be sources of financing the budget deficit when these liabilities are placed initially.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 94 of this Code](#)
[See the previous text of the Article](#)

Article 94. The Sources of Financing Federal Budget Deficits

The sources of financing federal budget deficits shall be as follows:

1) domestic sources in the following forms:

credits received by the Russian Federation from credit organizations in the currency of the Russian Federation;

state loans effected by means of issuing securities on behalf of the Russian Federation;

On the General Terms and Conditions of the Issue and Circulation of the State Savings Loan Bonds of the Russian Federation, see:

[Decision of the Government of the Russian Federation No. 771 of November 6, 2001](#)

[Decision of the Government of the Russian Federation No. 379 of May 16, 2001](#)

budget loans and budget credits received from the budgets of other levels of the budget system of the Russian Federation;

proceeds from the sale of property under state ownership;

the amount of surplus of revenues over expenditures in terms of state stocks and reserves;

the variation in the balance of federal budget resources accounts;
2) foreign sources in the following forms:
state loans effected in a foreign currency by means of issuing securities on behalf of the Russian Federation;
credits of the governments of foreign states, banks and firms, international financial organizations denominated in a foreign currency which are raised by the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 95 of this Code](#)
[See the previous text of the Article](#)

Article 95. The Sources of Financing the Deficit of the Budget of a Subject of the Russian Federation

The sources of financing the deficit of the budget of a subject of the Russian Federation may be domestic sources in the following forms:
state loans effected by means of issuing securities on behalf of the subject of the Russian Federation;
budget loans and budget credits received from the budgets of other levels of the budget system of the Russian Federation;
credits received from credit organizations;
proceeds from the sale of property under state ownership of the subject of the Russian Federation;
the variation in the balance of accounts used to record resources of the budget of the subject of the Russian Federation.

Article 96. The Sources of Financing the Local Budget Deficit

The sources of financing the local budget deficit may include internal sources of the following forms:
[municipal loans](#) floated by the issue of municipal securities on behalf of a municipal entity;
credit received from credit organisations.

[Federal Law No. 116-FZ of August 5, 2000 supplemented Article 96 of this Code with the following paragraphs](#)

budget loans and budget credits received from the budgets of other levels of the budget system of the Russian Federation;
proceeds from the sale of property under municipal ownership;
the variation in the balance of local budget resources accounts.

Chapter 14. National and Municipal Debt

[Federal Law No. 116-FZ of August 5, 2000 amended Article 97 of this Code](#)
[See the previous text of the Article](#)

Article 97. The National Debt of the Russian Federation

1. The [national debt](#) of the Russian Federation is represented by the debt liabilities of the Russian Federation to natural legal entities persons, foreign States, international organisations and other subjects of international law, including obligations under state guarantees extended by the Russian Federation.
2. The national debt of the Russian Federation shall be secured in full and without any conditions by property held in federal ownership and constituting state treasury.
3. The organs of state power shall make use of all their powers to form federal [budget](#) revenues for the redemption of the debt liabilities of the Russian Federation and the service of the national debt of the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 98 of this Code](#)
[See the previous text of the Article](#)

Article 98. The Forms of State Debt of the Russian Federation

1. The debt liabilities of the Russian Federation may exist in the following forms:
credit agreements and treaties entered into on behalf of the Russian Federation as a borrower with credit organizations, foreign states and international financial organizations;
state loans implemented by means of issuing securities on behalf of the Russian Federation;
agreements and deals on the receipt of budget loans and budget credits by the Russian Federation from the budgets of other level of the budget system of the Russian Federation;
agreements for the provision of state guarantees by the Russian Federation;
agreements and treaties, for instance international ones, on debt extension and restructuring entered into on behalf of the Russian Federation in the past years.

2. The debt liabilities of the Russian Federation can be short-term (up to one year), medium-term (over one year to five years) and long term (over five years to 30 years).

The debt liabilities of the Russian Federation shall be repaid within a term set by specific loan terms and conditions, the term not exceeding 30 years.

It is prohibited to modify the terms and conditions of an issued state loan, for instance, interest disbursement and rate, maturity date.

3. The following shall be included in the amount of state domestic debt of the Russian Federation:

the principal face value of the debt owing under state securities of the Russian Federation;

the amount of principal debt on credits received by the Russian Federation;

the amount of principal debt on budget loans and budget credits received by the Russian Federation from the budgets of other level.

the amount of liabilities under state guarantees extended by the Russian Federation.

4. The following shall include the amount of state foreign debt of the Russian Federation:

the amount of liabilities under state guarantees extended by the Russian Federation;

the amount of principal debt on the credits of governments of foreign states, credit organizations, firms and international organizations received by the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 99 of this Code](#)
[See the previous text of the Article](#)

Article 99. The State Debt of the Subject of the Russian Federation

1. The "state debt of the subject of the Russian Federation" is an aggregate of the debt obligations of the subject of the Russian Federation.

2. The state debt of the subject of the Russian Federation shall be fully and unconditionally secured with all assets owned by the subject of the Russian Federation as making up the treasury of the subject of the Russian Federation.

3. The debt liabilities of the subject of the Russian Federation can exist in the following forms:
credit agreements and deals;

state loans of the subject of the Russian Federation implemented by means of issuing securities of the subject of the Russian Federation;

agreements and deals for receipt of budget loans and budget credits from the budgets of other level of the budget system of the Russian Federation received by the subject of the Russian Federation;

agreements on the provision of state guarantees by the subject of the Russian Federation;

agreements and deals, including international ones, on extending and restructuring the debt of the subject of the Russian Federation entered into on behalf of the subject of the Russian Federation in recent years.

The debt liabilities of the subjects of the Russian Federation shall not exist in other forms except the forms provided under the present item.

4. The following shall be included in the amount of state debt of the subjects of the Russian Federation:

the amount of principal debt on credits received by the subject of the Russian Federation;

the amount of principal debt on budget loans and budget credits received by the subject of the Russian Federation from the budgets of other levels;

the amount of liabilities under state guarantees extended by the subject of the Russian Federation.

5. The debt liabilities of the subject of the Russian Federation shall be repaid within the terms set by the borrowing terms and conditions, such terms not exceeding 30 years.

6. The forms and kinds of state securities issued on behalf of the subject of the Russian Federation, the terms and conditions of the issuance and trading thereof shall be determined by the respective bodies of state power of the subjects of the Russian Federation in keeping with the present Code and the [federal law](#) on the peculiarities of the issuance of and trading in state and municipal securities.

7. The legislative (representative) bodies of subject of the Russian Federation and the bodies of executive power of subject of the Russian Federation shall exercise all the powers of generating revenues of the budget of the subject of the Russian Federation to repay their debts and provide debt servicing.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 100 of this Code](#)

[See the previous text of the Article](#)

Article 100. Municipal Debt

1. "Municipal debt" is an aggregate of the debt liabilities of the municipal entity.

2. Municipal debt shall be fully and unconditionally secured with all municipal assets making up the municipal treasury.

3. The debt liabilities of municipal entity can exist in the following forms:

credit agreements and deals;

loans implemented by means of issuing municipal securities;

agreements and deals for the receipt of budget loans and budget credits by the municipal entity from the budgets of other level of the budget system of the Russian Federation;

agreements for the provision of municipal guarantees.

The debt liabilities of municipal entity shall not exist in other forms except as provided under the present item.

4. The following shall be included in the amount of municipal debt:

the principal face amount of debt under municipal securities;

the amount of principal debt on credits received by the municipal entity;

the amount of principal debt on budget loans and budget credits received by the municipal entity from the budgets of other level;

the amount of liabilities under municipal guarantees extended by the municipal entity.

5. Local self-government bodies shall exercise all the powers of generating revenues of the local budget to repay their debt and provide debt servicing.

6. The debt liabilities of the municipal entity shall be repaid within the terms set by the borrowing terms and conditions, not exceeding 10 years.

Article 101. Management of National and Municipal Debt

1. The management of the national debt of the Russian Federation shall be carried out by the Government of the Russian Federation.

2. The management of the national debt of a subject of the Russian Federation shall be carried out by the executive body of the subject of the Russian Federation.

3. The management of the national debt shall be carried out by the authorized body of local self-government.

Article 102. The Liabilities for the Debentures of the Russian Federation, the

Subjects of the Russian Federation and Municipal Entities

1. The Russian Federation shall not be liable for the debentures of the subjects of the Russian Federation and municipal entities, unless the said debentures have been guaranteed by the Russian Federation.

2. The subjects of the Russian Federation and the municipal entities shall not be liable for the debentures of one another, unless the said debentures have been guaranteed by them, and also for the debentures of the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 103 of this Code](#)
[See the previous text of the Article](#)

Article 103. The Right of State Foreign Borrowing of the Russian Federation

1. The state foreign borrowing of the Russian Federation shall be used to cover federal budget deficits as well as repay state debts of the Russian Federation.

2. The right to effect foreign borrowing of the Russian Federation and enter into agreements on the provision of state guarantees for the purpose of raising foreign credits (loans) shall belong to the Russian Federation.

Foreign borrowing on behalf of the Russian Federation may be effected by the Government of the Russian Federation or a responsible federal body of executive power authorized by the Government of the Russian Federation in keeping with the present Code.

Article 104. The Right of State and Municipal Internal Drawings

[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 104 of this Code](#)
[See the previous text of the Item](#)

1. Data and municipal internal drawings shall be used to cover the deficits of corresponding budgets, and also to finance the expenditures of respective budgets within the maximum limits on the repayment of state and municipal debts.

2. On behalf of the Russian Federation the right of making state internal drawings and of giving state guarantees to other borrowers for the attraction of credits (loans) shall belong to the Government of the Russian Federation or to the responsible federal executive body authorized by the Government of the Russian Federation.

3. On behalf of a subject of the Russian Federation the right of making state internal drawings and of giving state guarantees to other borrowers for the attraction of credits (loans) shall belong to the sole authorized executive body of the subject of the Russian Federation.

4. On behalf of municipal entity the right of making municipal internal drawings and of giving municipal guarantees to other borrowers for the attraction of credits (loans) shall belong to the authorized local self-government body in accordance with the buy-law of the municipal entity.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 105 of this Code](#)
[See the previous text of the Article](#)

Article 105. Debt Restructuring

1. For the purposes of the present Code, "debt restructuring" means an agreement-based termination of debt liabilities making up a state or municipal debt, with the said debt liabilities being replaced with other obligations providing other debt servicing and repayment terms and conditions.

2. The debt may be restructured with the partial write-off (reduction) of the amount of the principal debt.

3. The amount of expenses towards servicing a restructured debt shall not be included in the amount of expenses towards servicing the debt in the current year if the said amount is included in the total amount of restructured debt.

Article 106. The Maximum Volume of the National Debt of the Russian

Federation and the Maximum Volumes of State Drawings of the Russian Federation

1. The maximum volumes of the national internal debt and the national [external debt](#) and the limits of the external drawings of the Russian Federation for the next financial year shall be approved by the federal law on the federal budget for the next financial year with a breakdown according to the forms of the security of liabilities.

[Federal Law No. 227-FZ of December 31, 1999 on the Federal Budget for 2000 established the ultimate limit of the state internal debt of the Russian Federation as on January 1, 2001](#)

2. The maximum volume of state external drawings of the Russian Federation shall not exceed the annual volume of payments for the service and the redemption of the national external debt of the Russian Federation.

[According to Federal Law No. 159-FZ of July 9, 1999 paragraph 2 of Item 2 of Article 106 of this Code shall be put into force by a federal law](#)

The Government of the Russian Federation shall have the right to make external drawings in a volume exceeding the maximum volume of state external drawings fixed by federal law on the federal budget for the next financial year, if in the process it carries out such restructuring of the national [external debt](#) which leads to a reduction of expenditure on its service within the framework of the fixed maximum volume of the national external debt.

[According to Federal Law No. 159-FZ of July 9, 1999 Item 3 of Article 106 of this Code shall be put into force by a federal law](#)

3. The Government of the Russian Federation shall have the right to make internal or external drawings with the surplus of the maximum volume of the national internal or external debt fixed by the federal law on the federal budget for the next financial year instead of external drawings, if this reduces the expenditure on the national debt service within the framework of national debt (the sum of internal and external debt) fixed by the federal law on the federal budget for the next financial year. A different order of restructuring is not stipulated by the federal law on the federal budget for the next financial year.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 107 of this Code](#)
[See the previous text of the Article](#)

Article 107. The Maximum Limit on the Amount of State Debt of the Subject of the Russian Federation, Municipal Debt

1. The law of the subject of the Russian Federation on the budget and legal act of the local self-government body on the local budget for next financial year shall establish the maximum limit on the debt of the subject of the Russian Federation, municipal debt including the indication among other things of a maximum limit on the amount of liabilities under state or municipal guarantees.

2. The maximum limit of state debt of subject of the Russian Federation, municipal debt shall not exceed the amount of revenues of a respective budget without account taken of financial aid from the budgets of other levels of the budget system of the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 108 of this Code](#)
[See the previous text of the Article](#)

Article 108. The Program of State Foreign Borrowing of the Russian Federation

1. The Program of State Foreign Borrowing of the Russian Federation is a list of foreign borrowing of the Russian Federation for the next financial years, with borrowing without strings

attached (financial borrowing) and target foreign borrowing being shown separately including the indication of the following for each of them:

1) for borrowing without strings attached (financial borrowing):

the source of borrowing;

the amount of borrowing;

repayment term;

2) for target foreign borrowing;

end beneficiary;

the aims of borrowing and guidelines for the use thereof;

the source of borrowing;

the amount of borrowing;

repayment term;

third persons' guarantees for repayment of funds to the federal budget by the end borrower, if such a repayment is envisaged for the end borrower, including the indication of the organization (body) which has extended the guarantee, the effective term and scope of obligation of the guarantee;

an assessment of the amount of funds used before the beginning of next financial year;

a forecast of the amount of funds to be used in the next financial year.

2. The Programme of State External Drawings of the Russian Federation shall provide for all loans separately and state guarantees whose size exceeds an amount equivalent to 10 million US dollars for the entire period of the loan. Such loans and state guarantees shall be subject to realization provided that they have been approved within the Programme of State External Drawings of the Russian Federation by the Federal Drawings of the Russian Federation by the Federal Assembly of the Russian Federation.

3. The volume of particular loans detailed in the Programme of State External Drawings of the Russian Federation shall constitute not less than 85 per cent of the total volume of external drawings.

4. The Government of the Russian Federation shall have the right to make external drawings that are not included in the Programme of State External Drawings of the Russian Federation, if the said external drawings are realized in the process of restructuring the national external debt of the Russian Federation, which leads to a reduction of expenditure on the service of the national external debt of the Russian Federation within the framework of the fixed maximum volume of the national external debt of the Russian Federation.

This right shall extend solely to the untied (financial) state external drawings of the Russian Federation.

5. The Programme of State External Drawings of the Russian Federation must include agreements on loans concluded in previous years, unless such agreements are vitiated in the established order.

Article 109. The Introduction of Changes to the Maximum Volumes of State External Drawings of the Russian Federation and to the Programme of State External Drawings of the Russian Federation

1. Agreements on state external drawings of the Russian Federation the execution of which requires the increase of the maximum volumes of state external drawings of the Russian Federation, approved by the federal law on the federal budget for the next financial year, may be concluded only after the introduction of the appropriate changes to the federal law on the federal budget for the next financial year.

According to Federal Law No. 159-FZ of July 9, 1999 paragraph 2 of Item 1 of Article 109 of this Code shall be put into force by a federal law

The present item shall not extend to the agreements concluded in the process of the realization of the right established by Item 2 of Article 106 of this Code.

2. Agreements on state external drawings of the Russian Federation and on granting

guarantees of external loans shall be subject to ratification:

unless the loans (guarantees) stipulated by these agreements are concluded in the Programme of State External Drawings of the Russian Federation in conformity with [Article 108](#) of this Code and/or of the financial resources attracted by them exceed the amount equivalent to 10 million US dollars for the entire period of the respective loan;

if the execution of such agreements requires an increase in the maximum volumes of state external drawings approved by the federal law on the federal budget for the next financial year;
on other grounds provided for by the legislation of the Russian Federation.

According to [Federal Law No. 159-FZ of July 9, 1999, paragraph 5 of Item 2 of Article 109 of this Code shall be put into force by a federal law](#)

Agreements on state external drawings of the Russian Federation shall not be subject to ratification if they have been concluded in pursuance of the right established by [Item 2 of Article 106](#) of this Code.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 110 of this Code](#)
[See the previous text of the Article](#)

Article 110. The Programme of State Internal Drawings of the Russian Federation, the Subjects of the Russian Federation and Municipal Entities

1. The Programme of State Internal Drawings of the Russian Federation, the Subjects of the Russian Federation and Municipal Entities represents a list of internal drawings of the Russian Federation, the subjects of the Russian Federation and municipal entities for the next financial year according to the types of drawings and the total volume of drawings used to cover the [budget deficit](#), and repayment of state and municipal debts.

In case of the issue of debt instruments of the Russian Federation, its subjects and municipal entities with the security of the execution of liabilities in the form of separate property the Programme of State Internal Drawings of the Russian Federation, the Subjects of the Russian Federation and Municipal Entities shall contain quantitative data on the issue of the said instruments, expressed in the current of the Russian Federation, and also a list of property that can serve as security of the execution of these liabilities during the period of drawing.

2. The Programme of State Internal Drawings of the Russian Federation, the Subjects of the Russian Federation and Municipal Entities shall be submitted by the federal executive body or the executive body of a subject of the Russian Federation as an annex to the bill (draft decision) on the budget for the next financial year.

3. The Programme of State Internal Drawings of the Russian Federation, the Subjects of the Russian Federation and Municipal Entities must include the agreements on loans concluded in previous years, unless such agreements have been vitiated in the statutory order.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 111 of this Code](#)
[See the previous text of the Article](#)

Article 111. The Maximum Limits on Expenditures Towards State or Municipal Debt Servicing and Repayment

The implementation of state or municipal borrowing as well as the extension of state or municipal guarantees to other borrowers shall be admissible only if the following parameters are approved by a federal law, a law of a subject of the Russian Federation or a decision of a local self-government body on the budget of respective level for the current financial year:

drawing on sources of funds for financing the budget deficit in keeping with the limitations established by [Article 92](#) of the present Code;

the maximum amount of the state or municipal debt being in compliance with the limitations established by [Articles 106](#) and [107](#) of the present Code;

expenditures towards servicing the respective state or municipal debt in the current financial

year. Here the maximum amount of expenditure towards servicing the state debt of the subject of the Russian Federation or municipal debt approved by the law (decision) on the budget of respective level shall not exceed 15 per cent of the amount of expenditures of the budget of the respective level.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 112 of this Code](#)
[See the previous text of the Article](#)

Article 112. Exceeding the Maximum Limit on the Amount of the State Debt of a Subject of the Russian Federation or Municipal Debt and the Maximum Limit on Expenditures Towards Servicing the State Debt of a Subject of the Russian Federation or Municipal Debt

1. If in the course of performance under the budget of a subject of the Russian Federation there occurs a breach of at least one of the parameters specified in [Article 111](#) of the present Code while the subject of the Russian Federation is able to provide servicing and repayment of its debt, a new debt can be assumed by the subject of the Russian Federation only after the said budget parameters have been brought into compliance with the provisions of Article 111 of the present Code, except borrowing (other debt) aimed at restructuring and repaying the debt of the subject of the Russian Federation.

2. If in the course of performance under the budget of a subject of the Russian Federation occurs a breach of at least one of the parameters specified in [Article 111](#) of the Code while the subject of the Russian Federation is not able to provide servicing and repayment of its debt, the following measures can be applied by a body of state power of the subject of the Russian Federation authorized to do so:

order an inspection of performance under the budget of the subject of the Russian Federation;
place performance under the budget of the subject of the Russian Federation under the control of the Ministry of Finance of the Russian Federation;

take other measures as provided by the budget legislation of the Russian Federation.

3. If in the course of performance under a local budget occurs a breach of at least one of the parameters specified in [Article 111](#) of the present Code while the municipal entity is able to provide servicing and repayment of its debt a new debt shall be assumed by the municipal entity only after the said budget parameters have been brought to compliance with the provisions of Article 111 of the present Code, except borrowing (other debt) aimed at restructuring and repaying the municipal debt.

4. If in the course of performance under a local budget occurs a breach of at least one of the parameters specified in [Article 111](#) of the present Code while the municipal entity is not able to provide servicing and repayment of its debt, the following measures can be applied by the body of state power of the subject of the Russian Federation authorized to do so:

order an inspection of performance under the local budget;
place performance under the local budget under the control of the body responsible for performance under the budget of the Russian Federation;

take other measures as provided by the budget legislation of the Russian Federation.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 113 of this Code](#)
[See the previous text of the Article](#)

Article 113. Reflecting in Budgets Borrowed Funds and Expenditures towards Servicing and Repaying State or Municipal Debt

1. The entry to a budget of funds from borrowing and other debt shall be reflected in the budget as budget deficit financing sources.

2. All expenditures towards debt servicing, including among other things discount (or the difference between the floatation price and redemption (buyback) price of state or municipal securities shall be reflected in the budget as state or municipal debt servicing expenditure.

Earnings received from the floatation of state or municipal securities in an amount exceeding the face value, earnings received as accumulated coupon yield as well as earnings received in cases of securities being bought back at a price below floatation price shall be referred to the decrease of

actual expenditure towards state or municipal debt servicing in the current year.

3. The repayment of principal debt of the Russian Federation, debt of a subject of the Russian Federation, municipal debt which has occurred due to state or municipal borrowing shall be recorded as deficit financing sources of a respective budget by means of reducing the amount of deficit financing sources of the respective budget.

4. In the event of an issuance of state or municipal securities under which the discharge of obligation is secured with state-owned or municipally-owned isolated assets performance under the obligations of such securities may be effected in keeping with the terms and conditions of issue by means of transfer into the ownership of the owners of such state or municipal securities of the assets used as security for the issuance of the said state or municipal securities.

Should performance under state or municipal securities of whom discharge is guaranteed by isolated assets be effected by means of the said assets being transferred to the creditors, the amount of state or municipal debt shall be reduced by the amount of the principal debt under the obligations being repaid in such a way. The discharge of obligations under the said securities shall be recorded in compliance with [Items 2 and 3](#) of the present article.

5. [Items 1 - 4](#) of the present article shall not extend to cases when state or municipal guarantees are granted.

The provision of state or municipal guarantees shall be recorded as part of state or municipal debt in accordance with the procedure set forth in [Articles 116](#) and [117](#) of the present Code.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 114 of this Code](#)
[See the previous text of the Article](#)

Article 114. The Issue of Government and Municipal Securities

1. A decision on the issue of government securities of the Russian Federation and its subjects or municipal securities shall be taken accordingly by the Government of the Russian Federation, the executive bodies of the subjects of the Russian Federation and the local self-government bodies in accordance with the maximum volumes of the [budget deficit](#) and the national or municipal debt established in conformity with this Code, the law or decision on the budget, and also with the programme of internal drawings. A decision on the issue of government securities of the Russian Federation shall also be taken in keeping with the [Programme](#) of State External Drawings of the Russian Federation.

The decision to issue state or municipal securities shall comprise information as required by the federal law on the peculiarities of the issuance of and trading in state and municipal securities.

2. The terms and conditions of the issuance of securities of a subject of the Russian Federation and municipal securities shall be subject to registration with the Ministry of Finance of the Russian Federation.

3. The order of the issue, trading and sinking of government securities of the Russian Federation, its subjects, and also of municipal securities shall be regulated by the federal law on the specific features of the issue and trading of government and municipal securities.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 115 of this Code](#)
[See the previous text of the Article](#)

Article 115. State and Municipal Guarantees

1. For the purposes of the present Code the "state or municipal guarantee" is the way to secure a civil legal obligation whereby a guarantor being the Russian Federation or a subject of the Russian Federation respectively issue an undertaking in writing to be liable in full or in part for the performance of the person to which the state or municipal guarantee is issued under the obligations before third persons.

2. The written form of state or municipal guarantee is compulsory.

A failure to observe the written form of state or municipal guarantee shall cause it to be invalid (null and void).

3. The state or municipal guarantee shall comprise the following:

information on the guarantor including the name thereof (the Russian Federation, a subject of the Russian Federation, a municipality) and the name of the body that has issued the guarantee on behalf of the said guarantor;

the scope of obligations under the guarantee.

The effective term of guarantee shall be determined by the maturity date of the obligations in respect of which the guarantee is issued.

4. As a rule, guarantees shall be issued on tender terms.

5. The guarantor under a state or municipal guarantee shall be jointly liable in addition to the debtor's liability for the obligation which the guarantor guarantees.

The guarantor's obligation provided by the state or municipal guarantee in respect of a third person is limited by the payment of an amount corresponding to the scope of guarantee obligation.

The guarantor who has discharged the obligation of the beneficiary of the guarantee shall be entitled to claim beneficiary's reimbursement in full of the amounts paid to the third person under the state or municipal guarantee, in accordance with the procedure provided by the civil law of the Russian Federation.

6. Guarantees for obligations making up the state foreign debt of the Russian Federation may provide for a guarantor's joint liability.

7. The discharge of state and municipal guarantees shall be recorded as a part of budget expenditures as extension of credits.

If payments made in the capacity of a guarantor do not lead to the occurrence of equivalent claims on the part of the guarantor in respect to the debtor who as defaulted on an obligation the discharge of state and municipal guarantees shall be recorded in the deficit financing sources of a respective budget.

Article 116. The Granting of State Guarantees of the Russian Federation

Federal Law No. 116-FZ of August 5, 2000 excluded Item 1 from Article 116 of this Code. Items 2-6 shall be deemed Items 1-5

~~1. The federal law on the federal budget for the next financial year shall establish an upper limit on the total amount of the state guarantees of the Russian Federation granted in the currency of the Russian Federation and an upper limit on the state guarantees of the Russian Federation granted for the security of obligations in foreign currency.~~

1. The total amount of the granted state guarantees of the Russian Federation for the security of obligations in the currency of the Russian Federation shall be included in the national internal debt of the Russian Federation as a debt liability. The federal law on the federal budget for the next financial year shall confirm the state guarantees of the Russian Federation granted to a particular subject of the Russian Federation, a municipal entity or a legal entity to the amount exceeding 1,000,000 minimum wages and salaries.

2. The total amount of the state guarantees of the Russian Federation granted for the security of obligations in foreign currency shall include the national external debt of the Russian Federation as a kind of debt liability. Furthermore, the state guarantees of the Russian Federation to the amount exceeding a sum of money equivalent to 10 million US dollars shall be approved separately. The granting of state guarantees of the Russian Federation for the security of obligations in foreign currency shall be approved in the order provided for state external drawings within the framework of the Programme of State External Drawings of the Russian Federation.

3. When a receiver of a state guarantee of the Russian Federation discharges the obligations to a third person, or discharges the obligations to a third person, the external or internal national debt of the Russian Federation shall be reduced to the corresponding amount, which is reflected in the report on the execution of the budget. The Ministry of Finance of the Russian Federation or any other executive body authorized by the Government of the Russian Federation shall keep a record of the issued guarantees, of the implementation by the receivers of the said guarantees of their obligations secured by the state guarantees of the Russian Federation, and also of cases of making state

payments under the issued guarantees.

A circumstantial report on the issued guarantees to all receivers of the said guarantees, on the execution by these receivers of the obligations secured by said guarantees, and on the disbursement by the State of payments under the issued guarantees.

4. State guarantees of the Russian Federation shall be granted by the Government of the Russian Federation. The Ministry of Finance of the Russian Federation or any other authorized body shall represent the Government of the Russian Federation at all negotiations on providing state guarantees of the Russian Federation and shall conclude the corresponding agreements on behalf of the Government of the Russian Federation.

5. In the event of the granting of a state guarantee of the Russian Federation, the Ministry of Finance of the Russian Federation or any other executive body authorized by the Government of the Russian Federation shall be obliged to audit the financial condition of the receiver of state guarantee of the Russian Federation.

Article 117. The Granting of State Guarantees of the Subjects of the Russian Federation and Municipal Guarantees

1. State guarantees of the subjects of the Russian Federation and municipal guarantees shall be given to the subjects of the Russian Federation, municipal entities and legal entities for the secured execution of their liabilities to third persons. The agreement on the granting of a state or a municipal guarantee shall indicate the liability which it secures.

Federal Law No. 116-FZ of August 5, 2000 reworded Item 2 of Article 117 of this Code
See the previous text of the Item

2. The law (decision) on the budget for next financial year shall provide a list of guarantees extended to specific subjects of the Russian Federation, municipalities and legal entities for amounts exceeding 0.01 per cent of the revenues of a respective budget.

3. The total amount of the given guarantees shall be included in the debt of a subject of the Russian Federation or the municipal debt as a kind of debt liability.

4. Upon the execution by a receiver of a guarantee of its liabilities to a third person the debt of a subject of the Russian Federation or the relevant municipal debt shall be reduced, which is to be reflected in the report on the execution of the budget.

5. The relevant finance body shall keep a record of issued guarantees, the execution by receivers of the said guarantees of their liabilities secured by these guarantees, and also keep a record of payments under the given guarantees.

A circumstantial report on the issued guarantees for all their receivers, on the execution by these receivers of the liabilities secured by the said guarantees and on the making of payments under the issued guarantees shall be presented to the respective representative organ of power on the basis of the data of this record-keeping.

6. State guarantees shall be granted by the respective executive body.

Municipal guarantees shall be granted by the authorized body of local self-government.

7. In the event of the presentation of a state or a municipal guarantee the respective finance body shall be obliged to audit the financial condition of the receiver of the said guarantee.

8. The representative body may instruct the controlling agency of a subject of the Russian Federation or a municipal entity to audit the financial condition of the receiver of a state or a municipal guarantee.

Article 118. Drawings of State and Municipal Unitary Enterprises and State-financed Institutions from Third Persons

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of Item 1 of Article 118 of this Code from January 1 to December 31, 2004 as concerns the words "with the exception of loans from the budgets and from the state extra-budgetary funds"

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of Item 1 of Article 118 of this Code from January 1 through December 31, 2003 with regard to the words "with the exception of loans from budgets and state extrabudgetary funds"

1. State-financed institutions shall have no right to obtain credits from credit organisations and from other natural persons and legal entities, ~~with the exception of loans from budgets and state extra-budgetary funds~~. This item shall not extend to the cases provided for by [Article 237](#) of this Code.

2. State and municipal unitary enterprises shall have their drawings from third persons registered without fail with the corresponding finance body.

3. The body implementing the budget shall keep a register of debts of state and municipal unitary enterprises.

Article 119. The Service of the National Internal Debt of the Russian Federation, the National Internal Debt of a Subject of the Russian Federation and the Municipal Debt

1. The costs of the placement, the payment of incomes and the redemption of debt liabilities of the Russian Federation shall be made from the federal budget resources.

2. The service of the national internal debt of the Russian Federation shall be rendered by the Central Bank of Russia and its agencies, unless otherwise stipulated by the Government of the Russian Federation, by means of conducting operations in the placement of debt liabilities of the Russian Federation, their redemption and the payment of incomes in the form of interest on them or in any other form.

3. The discharge by the Central Bank of Russia and by other specialized finance institutions of the functions of the general agent of the Government of the Russian Federation, the redemption of debt liabilities and the payment of income in the form of interest on it shall be effected on the basis of special agreements concluded with the federal executive body authorized by the Government of the Russian Federation to fulfil the functions of the issuer of government securities.

4. The Bank of Russia shall discharge the functions of a general agent (agent) to serve the national internal debt free of charge.

5. The services of agents to place and service the [national debt](#) shall be paid for within the norms approved by the Government of the Russian Federation from the federal budget resources allocated for the service of national debt.

6. The national internal debt of a subject of the Russian Federation and the municipal debt shall be served in accordance with federal laws, the laws of the subject of the Russian Federation and the legal enactments of the local self-government bodies.

Article 120. The Single of Accounting and Registration of State Drawings of the Russian Federation, the State Drawings of the Subjects of the Russian Federation and of Municipal Drawings

1. A single system of accounting and registration of state drawings of the Russian Federation shall operate in the Russian Federation. The subjects of the Russian Federation and the municipal entities have their drawings registered with the Ministry of Finance of the Russian Federation.

2. The Ministry of Finance of the Russian Federation shall keep the government books of the internal and [external debt](#) of the Russian Federation (the State Debt Book of the Russian Federation).

Federal Law No. 116-FZ of August 5, 2000 reworded Article 121 of this Code
[See the previous text of the Item](#)

Article 121. The State Debt Book of the Russian Federation, the State Debt Book of the Subject of the Russian Federation, the Municipal Debt Book

1. Information on the debts shall be entered by the respective authorized bodies specified in

[Articles 103](#) and [104](#) of the present Code in the State Debt Book of the Russian Federation, the state debt book of the subject of the Russian Federation, and the municipal debt book within three days after the occurrence of the respective liability.

2. Information entered in the municipal debt book shall be passed to the body keeping the state debt book of the respective subject of the Russian Federation and, further, this information shall be passed to the body keeping the State Debt Book of the Russian Federation under the procedure and within the term established by this body.

3. The following shall be entered in the State Debt Book of the Russian Federation: information on the amount of debts (including guarantees) of the Russian Federation, on the date of the occurrence of the debt, the forms of security for the debt, on the discharge of the said debt in full or in part, as well as other information. The composition, procedure and term for the provision of information shall be established by the Government of the Russian Federation.

4. The following shall be entered in the debt book of the subject of the Russian Federation: information on the amount of debts of the subject of the Russian Federation (including guarantees) relating to all state borrowing of the subject of the Russian Federation, on the date of borrowing, the form of security for the debt, on the discharge of the said debt in full or in part as well as other information whose composition shall be established by the body of executive power of the subject of the Russian Federation.

5. The following shall be entered in the municipal debt book: information on the amount of debts of municipalities (including guarantees), the date of borrowing, the forms of security for the debt, on the discharge of the said debt in full or in part as well as other information whose composition shall be established by local self government representative body.

Chapter 15. State Credit Extended by the Russian Federation to Foreign States and the Debt of Foreign States to the Russian Federation

Article 122. State Credits Granted by the Russian Federation to Foreign States, Their Legal Entities and to International Organizations

State credits extended by the Russian Federation to foreign States, their legal entities and to international organisations shall be understood to mean credits (loans), under which the debt obligations of foreign States, their legal entities and international organisations appear to the Russian Federation as a creditor. Said state credits shall form the state external assets of the Russian Federation.

Article 123. The Debts of Foreign States to the Russian Federation as a Creditor

The debt liabilities of foreign States to the Russian Federation as a creditor shall form the debts of foreign States to the Russian Federation.

Article 124. The Regulation of Foreign States' Debts to the Russian Federation

1. Information about the size and the structure of debts of foreign States to the Russian Federation according to types of debt liabilities and to borrowers shall be submitted to the State Duma within the documents and materials presented simultaneously with the draft federal law on the federal budget for the next financial year.

[Federal Law No. 116-FZ of August 5, 2000 reworded Items 2-3 of Article 124 of this Code](#)
[See the previous text of the Items](#)

2. For the purposes of the present Code the "restructuring the debt of foreign states owing the Russian Federation" means the repayment of a debt of a foreign state by that foreign state as accompanied with a simultaneous borrowing (assumption of another debt) within the amount of the debt being repaid as including the establishment of other debt servicing terms and conditions as well

as repayment term.

A debt owing the Russian Federation may be restructured by a foreign state with a part of the debt being written off (reduced).

3. The federal law on federal budget shall approve the following:

repayment and interest amounts relating to foreign countries' debts; the maximum limit on the debts of foreign states as of the end of the financial year, except member states of the Commonwealth of Independent States;

the maximum limit on the amount of debt of member states of the Commonwealth of Independent States;

the maximum amount of state credits extended by the Russian Federation to foreign states, their legal entities and international organizations, except those provided to member states of the Commonwealth of Independent States;

the maximum amount of state credits extended by the Russian Federation to member states of the Commonwealth of Independent States;

a program of provision of state credits by the Russian Federation to foreign states, their legal entities and international organizations.";

Federal Law No. 116-FZ of August 5, 2000 excluded Item 4 from Article 124 of this Code

~~4. The Government of the Russian Federation shall be have the right to grant to foreign States, their legal entities and to international organisations credits exceeding the maximum volume of state credits, if new credits are extended by way of restructuring the debts of foreign borrowers to the Russian Federation and provided that the terms of the service of the debts of foreign borrowers to the Russian Federation are not worsened for the Russian Federation.~~

Federal Law No. 116-FZ of August 5, 2000 amended Article 125 of this Code

See the previous text of the Article

Article 125. The Programme of the Extension by the Russian Federation of State Credits to Foreign States, Their Legal Entities and to International Organizations

1. The programme for the granting by the Russian Federation of state credits, to foreign States their legal entities and to international organisations (hereinafter referred to as the Programme of the Extension by the Russian Federation of State Credits) from federal budget resources is a list of credits for the next financial year with an indication of the purpose of granting credits, the name of the credit receivers, the total volume of credits and the volume of credits given in the current financial year.

The program of provision of state credits by the Russian Federation for the next financial year shall be approved when the State Duma scrutinizes the bill on the federal budget for next financial year in the third hearing, as a separate annex to that law.

Should the program of provision of state credits by the Russian Federation for next financial year fail to be approved within the said term, the preceding program of provision of state credits by the Russian Federation for the next financial year shall be prolonged for the next financial year until the date of endorsement of a new program.

2. An agreement on the granting by the Russian Federation of a state credit to the amount of over 10 million US dollars may be signed by the Russian side only in case of the confirmation of the credit in the first expected year within the framework of the Programme of the Extension by the Russian Federation of state credits.

3. If after including the credits in the Programme of the Extension by the Russian Federation of state credits, the size of which exceeds the amount equivalent to 10 million US dollars, the amount that has not been written up for particular credits exceeds 15 per cent of the total amount of the extended credits for the next financial year, the said programme shall be detailed to specify in the order of decline the amount of credits, the size of which is below the amount equivalent to 10 million US dollars, until the amount that has not been written up for particular credits becomes 15 per cent of

the total volume of extended credits.

Article 126. The Introduction of Changes to the Maximum Volume of the Granting by the Russian Federation of State Credits and to the Programme of the Extension by the Russian Federation of State Credits

1. Agreements on the extension by the Russian Federation of state credits whose implementation requires an increase in the maximum volumes of the granting of credits by the Russian Federation, approved by the federal law on the federal budget, may be concluded only after the introduction of appropriate amendments to the federal law on the federal budget.

2. Agreements on the extension of state credits by the Russian Federation shall be subject to approval by the Federal Assembly in the form of a federal law:

unless state credits provided by these agreements are included in the Programme of the Extension by the Russian Federation of state credits in conformity with [Article 125](#) of this Code and/or the financial resources granted under these agreements exceed the amount equivalent to 10 million US dollars for the entire period of a credit;

if the execution of such agreements requires an increase in the maximum volume of the extended state credits, endorsed by the federal law on the federal budget;

on other grounds stipulated by the legislation of the Russian Federation.

Article 127. The Restructuring and the Write-off of the Indebtedness of a Foreign State to the Russian Federation

Agreements on the restructuring or the write-off of the indebtedness of foreign States to the Russian Federation shall be subject to ratification by the State Duma, except for the cases of the restructuring and write-off of the indebtedness within the framework of the participation of the Russian Federation in international finance organisations and finance clubs on conditions which are common and uniform for all the participants in these organisations and clubs.

Article 128. The Cession of Rights of Claim Under the Debt Liabilities of Foreign States to the Russian Federation

The cession of rights of claim under the debt liabilities of foreign States to the Russian Federation may be carried out in keeping with a special federal law or with the provision on the relevant cession of rights of claim, which is contained in the federal law on the federal [budget](#) for the next financial year.

Chapter 16. Inter-budget Relations

Article 129. The Principles of Inter-budget Relations

1. Inter-budget relations are the relations between the organs of state power of the Russian Federation, the organs of state power of the subjects of the Russian Federation and the local self-government bodies.

2. Interbudget relations shall be based on the following principles:

the distribution and the assignment of budget expenditures to particular levels of the [budget system of the Russian Federation](#);

the differentiation (assignment) of regulating revenues on a permanent basis and their distribution according to temporary norms among the levels of the budget system of the Russian Federation;

the equality of the budget rights of the subjects of the Russian Federation and the equality of the budget rights of the municipal entities;

the levelling out of the levels of the [minimum budget security](#) of the subjects of the Russian Federation and the municipal entities;

the equality of all the budgets of the Russian Federation in the mutual relations with the federal budget and the equality of the local budgets in the mutual relations with the budgets of the subjects of the Russian Federation.

Article 130. The Transfer of Budget Expenditures and Revenues

1. The particular types of expenditure may be transferred from the federal budget to the budgets of the subjects of the Russian Federation by including appropriate rules (provisions) in the federal law on the federal budget with the simultaneous introduction of amendments to the present Code.

[Federal Law No. 116-FZ of August 5, 2000 amended Item 2 of Article 130 of this Code](#)
[See the previous text of the Item](#)

2. The particular types of [budget expenditure](#) of the subjects of the Russian Federation stipulated by [Item 1 of Article 86](#) of this Code may be transferred from the budget of a subject of the Russian Federation to local budgets only by including the appropriate rules (provisions) in the law of the subject of the Russian Federation on the budget on the next financial year and by introducing amendments to this Code.

3. Revenues of the budget of one level of the budget system of the Russian Federation may be transferred to the budget of a different level in the order established by [Articles 52, 58](#) and [63](#) of this Code.

4. The financial resources needed for the discharge of particular state powers, which do not refer to the jurisdiction of the Russian Federation, the subjects of the Russian Federation and the municipal entities, and transferred from the corresponding budget, shall be provided for in the [budget](#) from which expenditures are turned over as a particular type of budget expenditure and shall be accounted separately for each transferred type of expenditure.

Resources transferred to the federal budget, the budget of a subject of the Russian Federation and the local budget as the security of particular state powers shall be accounted in the corresponding budget as a revenue in the form of gratuitous assignments.

Article 131. The Increase in the Budget Expenditures of the Subjects of the Russian Federation and the Local Budgets

During a financial year the organs of the legislative (representative) executive power and the representative local self-government bodies shall have no right to take decisions leading to an increase in budget expenditures or to the reduction of the [revenues of the budgets](#) of other levels of the budget system of the Russian Federation without introducing amendments and addenda to the corresponding budget laws or decisions which compensate for the increase in expenditures and the reduction of revenues.

Article 132. The Principle of Equality of the Budgets of the Russian Federation in Mutual Relations with the Federal Budget

[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 132 of this Code](#)
[See the previous text of the Item](#)

1. The principle of the equality of the budgets of the subjects of the Russian Federation in mutual relations with the federal budget implies the establishment of norms of assignments uniform for all the subjects of the Russian Federation, from federal taxes and duties to the budgets of the subjects of the Russian Federation and of a single order of payment of federal taxes and duties. Norms of financial expenditure on the provision of state services and norms of the minimum budget security, which are the basis for the calculation of financial aid to the subjects of the Russian Federation, shall be defined on the basis of a single method with due account of the socio-economic, geographical, climatic and other specific features of the subjects of the Russian Federation and shall be agreed upon with the subjects of the Russian Federation until the adoption of the federal law on federal budget for the next financial year.

According to [Federal Law No. 116-FZ of August 5, 2000, paragraph 2 of Item 1 of Article 132 of this Code shall be put into force as of the date when the federal law on state minimum social](#)

standards takes effect

The procedure for securing approval of the subjects of the Russian Federation for financial cost rates for the provision of state services and minimum budget coverage rates shall be established by the Government of the Russian Federation.

2. Agreements between the Russian Federation and its subject containing norms which break the single order of mutual relations between the federal budget and the budgets of the subjects of the Russian Federation and other provisions of this Code and the federal law on the federal budget for the next financial year shall be null and void and shall not be executed.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 133 of this Code](#)
[See the previous text of the Article](#)

Article 133. The Forms of Financial Aid from the Federal Budget to the Budgets of the Subjects of the Russian Federation

The provision of financial aid from the federal budget to budgets of the subjects of the Russian Federation may be effected in the following forms:

subsidies for smoothing the level of minimum budget coverage of the subjects of the Russian Federation;

subventions and subsidies for the purpose of financing specific target expenditures;

budget credits;

budget loans for the purpose of covering a temporary cash disruption which might occur in the course of performance under the budget of the subject of the Russian Federation.

Article 134. Basic Conditions for Rendering Financial Aid

1. Financial aid from the federal budget to equalize the level of [minimum budget security](#) to the budget of a subject of the Russian Federation shall be given upon the signing of the agreement on the execution of the budget of the subject of the Russian Federation through the Federal Treasury of the Russian Federation.

2. The subject of the Russian Federation which receives financial aid from the federal budget to equalize the level of minimum budget security shall have no right:

to place government employees financed from the budget resources of a subject of the Russian Federation in better conditions (labour remuneration, travelling allowance and other expenditures) as compared with the government employees of federal institutions (with account of regional wage ratios);

to extend budget credits to legal entities in an amount exceeding three per cent of the [budget expenditures](#) of a subject of the Russian Federation;

to grant the state guarantees of the subject of the Russian Federation in the amount exceeding five per cent of the budget expenditures of the subject of the Russian Federation.

3. The municipal entity which receives financial aid from the budget of a subject of the Russian Federation to equalize the level of minimum budget security shall have no right:

to place the municipal employees financed from the local budget resources in better conditions (labour remuneration, travelling allowances and other expenditures) as compared with the government employees of the subjects of the Russian Federation (with account of regional wage ratios);

to extend [budget credits](#) to legal entities in an amount exceeding three per cent of the local budget expenditures;

to grant municipal guarantees in an amount exceeding five per cent of the local budget expenditures.

Article 135. The Rendering of Financial Aid to Equalize the Level of Minimum Budget Security

1. Financial aid from the federal [budget](#) to the budget of a subject of the Russian Federation rendered to equalize the level of minimum budget security shall be estimated on the basis of financial

expenditure norms of providing state services with the aim of financing the expenditures ensuring minimum state social standards.

2. A list, types and quantitative values of minimum state social standards shall be established by a federal law and defined by the potentialities of the [consolidated budget](#) of the Russian Federation.

Norms of financial expenditures on the provision of state services and norms of minimum budget security shall be established by the Government of the Russian Federation.

3. All budgets shall be prepared and executed on the basis of the principle of the priority financing the expenditures on the security of [minimum state social standards](#) with the unconditional discharge of debt liabilities.

4. Procedure for the rendering and calculating a concrete size of financial aid to equalize the level of [minimum budget security](#) shall be determined by a federal law.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 133 of this Code](#)

[See the previous text of the Items](#)

Article 136. The Rendering of Financial Aid to Finance Particular Target-oriented Expenditures

1. Subventions and subsidies to the budgets of the subjects of the Russian Federation shall be granted to finance the expenditures of an allocated character, namely:

expenditures under federal target-oriented programmes;

capital expenditures;

expenditures transferred from budgets of other levels of the budget system of the Russian Federation;

other allocated expenditures.

2. Procedure for granting [subventions](#) and subsidies to the budgets of the subjects of the Russian Federation and their calculation shall be determined by a federal law or by the federal law on the federal budget for the next financial year.

Article 137. The granting of Budget Loans to the Subjects of the Russian Federation to Finance Cash Gaps

1. The subjects of the Russian Federation shall have the right to attract target-oriented loans to finance cash gaps conditioned by the seasonal character of expenditures or by the seasonal character of receipts of revenues, for a term of up to six months on a repayable or gratuitous basis. The purpose of the said loans, and the conditions of the payment and repayment of target-oriented [budget loans](#) to the subjects of the Russian Federation shall be determined by the federal law on the federal budget for the next financial year.

2. If granted budget loans are not repaid before the end of the respective financial year, the balance of a non-repaid loan shall be repaid from the resources of the financial aid to be rendered to the [budget](#) of a subject of the Russian Federation from the federal budget in the regular financial year.

If the budget of a subject of the Russian Federation does not receive financial aid from the federal budget in the regular financial year, the non-repaid part of the budget loan shall be repaid from the assignments from the federal taxes and duties to be remitted to the budget of the subject of the Russian Federation.

3. The procedure for granting budget loans from the federal budget shall be determined by the Government of the Russian Federation in accordance with the present Code and with the federal law on the federal budget for the next financial year.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 138 of this Code](#)

[See the previous text of the Article](#)

Article 138. The Rights of the Bodies of State Power of the Russian Federation Upon the Rendering of Financial Aid to the Budget of a Subject of the Russian Federation

1. The authorized organ of state power of the Russian Federation shall have the right to checkup the budget of a subject of the Russian Federation receiving financial aid from the federal budget.

2. When a subject of the Russian Federation receives financial aid in the amount that exceeds 50 per cent of the expenditures of its consolidated budget, the checkup of the budget of this subject of the Russian Federation shall be carried out without fail.

3. A checkup of the budget of the subject of the Russian Federation may be carried out by the controlling agency of the Ministry of Finance and by the Counting Chamber of the Russian Federation.

Article 139. Mutual Relations Between the Budgets of the Subjects of the Russian Federation and the Local Budgets

1. Financial aid from the budget of a subject of the Russian Federation to local budgets may be rendered in the following forms:

the provision of financial aid from the funds of financial support of the municipal entities in the subjects of the Russian Federation which are formed in the budgets of these subjects to equalize the level of the minimum budget security of the municipal entities with the aim of financing the minimum state social standards, the responsibility for the financing of which is borne by the local self-government bodies;

the granting of subventions to finance particular target-oriented expenditures;

other forms of assistance provided for by the budget legislation of a subject of the Russian Federation.

2. Budget loans from the budget of a subject of the Russian Federation may be granted to a local budget to cover temporary cash gaps arising during the execution of the local budget.

3. The procedure for the provision of financial aid and its calculation for the equalization of the level of socio-economic development shall be determined by a law of a subject of the Russian Federation or by its law on the budget for the next financial year.

4. Procedure for the granting of subventions and their calculation for the financing the target-oriented expenditures to the local budgets from the budgets of the subjects of the Russian Federation shall be determined by a law of the respective subject of the Russian Federation or by its law on the budget for the next financial year.

5. Procedure and terms of granting budget loans from the budget of a subject of the Russian Federation shall be determined by the executive body of this subject in conformity with the present Code and its law on the budget for the next financial year.

Federal Law No. 116-FZ of August 5, 2000 amended Article 140 of this Code

[See the previous text of the Article](#)

Article 140. The Rights of the Organs of State Power of the Subjects of the Russian Federation in Case of the Extension of Financial Aid to the Local Budgets

1. The authorized organ of state power of a subject of the Russian Federation shall have the right to checkup the local budget of the respective receiver of financial aid from the budget of the subject of the Russian Federation.

2. The budget of a municipal entity may be audited by the financial control agency of executive authority or by the controlling body of the respective subject of the Russian Federation. The opinion of the controlling agency of the subject of the Russian Federation shall be made public when the legislative (representative) body of this subject of the Russian Federation considers its draft budget.

3. The organs of state power of the subjects of the Russian Federation shall exercise control over the spending of funds received by the local budgets from the budgets of the subjects of the Russian Federation.

Article 141. Mutual Relations Between the Federal Budget and the Local Budgets

1. The federal law on the federal budget may provide for the financial aid to the local budgets in the financing of the allocated expenditures stipulated by the federal target-oriented programmes or

by federal laws.

2. The organs of state power of the Russian Federation shall have the right to exercise control over the spending of the funds which have come to local budgets from the federal budget.

Article 142. Procedure for the Formation of the Budget of a Closed Administrative-Territorial Entity

[Federal Law No. 227-FZ of December 31, 1999 suspended for 2000 the validity of Item 1 of Article 124 of this Code with the exception of the closed administrative-territorial entities on whose territories are federal nuclear centres](#)

On the procedure for charging the taxes and duties, paid by the enterprises and organisations registered in the closed administrative-territorial entities, see the mentioned [Federal Law](#)

1. The budget of a closed administrative-territorial entity shall be formed with due account of the following specific features:

[Federal Law No. 186-FZ of December 23, 2003 suspended the validity of paragraph 2 of Item 1 of Article 142 of this Code from January 1 to December 31, 2004](#)

On the procedure of the deductions of incomes from the payment of taxes and fees into the budgets of closed administrative-territorial entities, see the mentioned [Federal Law](#)

[Federal Law No. 176-FZ of December 24, 2002 suspended the validity of the second paragraph of Item 1 of Article 142 of this Code from January 1 through December 31, 2003](#)

On the procedure of deductions of revenues from the payment of taxes and fees to closed administrative-territorial formations' budgets in the year 2003, see the mentioned [Federal Law](#)

According to [Federal Law No. 194-FZ of December 30, 2001](#), the effect of paragraph 2 of item 1 of Article 142 of this Code is suspended from January 1, through December 31, 2002

On the procedure for charging the taxes and duties into the budgets for the Year 2002 coming from the closed administrative-territorial unit, see the mentioned [Federal Law](#)

[Federal Law No. 150-FZ of December 27, 2000 suspended the effect of paragraph 2 of Article 142 of this Federal Law until December 31, 2001](#)

~~all federal, regional and local taxes and other receipts accumulated on the territory of a closed administrative-territorial entity shall be remitted in full scope for the [benefit of its budget](#);~~

if a closed administrative-territorial entity possesses an insufficient amount of its own and regulated revenues, its budget shall receive grants from the federal budget to finance the costs of the functioning of the local self-government bodies. The amount of the said grants shall be approved by the federal law on the federal budget for the next financial year;

the excess of revenues over expenditure in the [budget](#) of a closed administrative-territorial entity shall not be subject to withdrawal to the budgets of other levels of the budget system of the Russian Federation.

2. The budget of a closed administrative-territorial entity shall be implemented by the Federal Treasury of the Russian Federation.

[Federal Law No. 150-FZ of December 27, 2000 suspended the effect of Item 3 of Article 142 of this Federal Law until December 31, 2001](#)

According to [Federal Law No. 227-FZ of December 31, 1999](#) the effect of Item 3 of Article 142 of this Code shall be suspended from January 1, 2000

~~**3.** The local self-government bodies of a closed administrative-territorial entity shall have no right to change or terminate the tax rates, and also to establish different concessions for the taxes~~

~~and duties under the authority of the federal organs of state power and the organs of state power of the subjects of the Russian Federation in accordance with the tax legislation of the Russian Federation and the tax legislation of the subject of the Russian Federation on whose territory the closed administrative-territorial entity is to be found.~~

Chapter 17. State Extra-budgetary Funds

Article 143. General Principles and the Legal Status of the State Extra-budgetary Funds

1. State funds of monetary assets shall be set up out of the bounds of the federal budget; they shall be managed by the organs of state power of the Russian Federation and shall be intended for the realization of the constitutional rights of citizens to:

social security because of age;

social security because of illness, disability, in case of the breadwinner's loss, the birth and upbringing of children in other cases provided for by the social security legislation of the Russian Federation;

social security in case of unemployment;

health protection and receipt of free medical assistance.

2. The legal status, the order of the establishment, functioning and liquidation of state extra-budgetary funds shall be determined by the federal law in keeping with this Code.

3. The monetary resources of the state extra-budgetary funds shall be held in federal ownership.

4. The monetary resources of the state extra-budgetary funds shall not be a part of the budgets of all levels of the budget system of the Russian Federation and shall not be subject to withdrawal.

Article 144. The Make-up of the State Extra-budgetary Funds of the Russian Federation

The state-budgetary funds of the Russian Federation include:

the Pension Fund of the Russian Federation;

the Social Insurance Fund of the Russian Federation;

the Federal Obligatory Medical Insurance Fund;

the State Employment Fund of the Russian Federation.

Article 145. Procedure for Preparing, Submitting and Approving the Budgets of the State Extra-budgetary Funds

1. Draft budgets of the state extra-budgetary funds shall be prepared by the management bodies of the said funds and shall be submitted by the executive bodies for the consideration by the legislative (representative) bodies within the documents and materials presented together with the drafts of the corresponding budgets for the next financial year.

2. The budgets of the state extra-budgetary funds of the Russian Federation shall be considered and approved by the Federal Assembly in the form of federal laws simultaneously with the adoption of the federal law on the federal budget for the next financial year.

The draft budgets of the territorial state extra-budgetary funds shall be submitted by the executive bodies of the subjects of the Russian Federation for consideration by the legislative (representative) bodies of the subjects of the Russian Federation simultaneously with the adoption of the laws of the subjects of the Russian Federation on the budget for the next financial year.

Article 146. The Revenues of the State Extra-budgetary Funds

1. The revenues of the state extra-budgetary funds shall be formed from:

obligatory payments established by the legislation of the Russian Federation;

voluntary contributions of natural persons and legal entities;

other returns provided for by the legislation of the Russian Federation.

According to Federal Law No. 159-FZ of July 9, 1999 Item 2 of Article 146 of this Code shall be put into force by a federal law

2. The collection of obligatory payments to the [state extra-budgetary funds](#) and control over their receipt by these funds shall be effected by the same executive body which has been charged with the function of tax collection to the federal budget.

Article 147. The Expenditures of State Extra-budgetary Funds

The resources of the state extra-budgetary funds shall be spent solely for the purposes determined by the legislation of the Russian Federation and its subjects, which regulates their activity, in conformity with the budgets of the said funds, approved by the federal laws and the laws of the subjects of the Russian Federation.

According to [Federal Law No. 159-FZ of July 9, 1999 Article 148 of this Code shall be put into force by a federal law](#)

Article 148. The Execution of the Budgets of the State Extra-budgetary Funds

The [budgets](#) of the state extra-budgetary funds shall be executed by the Federal Treasury of the Russian Federation.

Article 149. The Report on the Execution of the Budget of a State Extra-budgetary Fund

A report on the execution of the budget of a state extra-budgetary fund shall be prepared by the fund's management body and submitted by the Government of the Russian Federation for the consideration and approval by the Federal Assembly in the form of a federal law.

A report on the execution of the budget of a territorial state extra-budgetary fund shall be prepared by the fund's management body and submitted by the executive body of a subject of the Russian Federation for the consideration and approval by the legislative (representative) body of the subject of the Russian Federation in the form of a law of the subject of the Russian Federation.

Article 150. Control over the Execution of the Budgets of the State Extra-budgetary Funds

According to [Federal Law No. 159-FZ of July 9, 1999 Item 1 of Article 150 of this Code shall be put into force by a federal law](#)

1. Control over the execution of the state extra-budgetary funds shall be exercised by the bodies responsible for the implementation of the budgets of the corresponding level of the [budget system of the Russian Federation](#) in the order prescribed by this Code for appropriate budgets.

2. Procedure and time-limits of the submission of reports by the state extra-budgetary funds, including published reports, shall be determined in conformity with this Code for appropriate budgets.

Part Three. The Budgetary Process in the Russian Federation

Section V. The Participants in the Budgetary Process

Chapter 18. The Powers of the Participants in the Budgetary Process

Article 151. The System of Bodies Vested with Budget Powers

1. The system of the bodies possessing budget powers include the finance bodies, monetary regulation bodies and state municipal finance control bodies. Each body shall have its own tasks and operate within its terms of reference.

2. The structure of the federal finance bodies shall be defined by a decree of the President of the Russian Federation.

3. The Bank of Russia shall be a monetary regulation body.

4. The State or municipal finance control bodies include:
 - the Counting Chamber of the Russian Federation;
 - the control and finance bodies of executive power;
 - the control bodies of the legislative (representative) bodies of the subjects of the Russian Federation and the representative bodies of local self-government.
5. Particular budget powers may be discharged by other federal executive bodies in compliance with the legislation of the Russian Federation.
6. For the purpose of pursuing their own budget policy the subjects of the Russian Federation shall set up finance bodies and finance control bodies in accordance with the legislation of a subject of the Russian Federation.
7. For the purpose of serving the local [budget](#) concerned and of managing the local budget resources, the municipal entities shall set up municipal treasuries and/or other finance bodies (posts) in accordance with the buy-law of the respective municipal entity and the legislation of the Russian Federation.

Article 152. The Participants in the Budgetary Process

The participants in the [budgetary process](#) include:

- the President of the Russian Federation;
- the organs of legislative (representative) power;
- the organs of executive power (high-ranking officials of the subjects of the Russian Federation, the heads of local self-government, the finance bodies, the bodies responsible for the collection of budget revenues and other authorized bodies);
- the bodies of monetary regulation;
- the bodies of state and municipal financial control;
- [the state extra-budgetary funds](#);
- the managers and chief managers of budget resources;
- other bodies vested with budget, tax and other powers by the legislation of the Russian Federation and its subjects.

State-financed institutions, state and municipal unitary enterprises and other receivers of budget resources, and also credit organisations performing particular operations in budget resources.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 153 of this Code](#)
[See the previous text of the Article](#)

Article 153. The Budget Powers of Legislative (Representative) Bodies

1. The legislative (representative) bodies, local self-government representative bodies shall scrutinize and approve budgets and reports on performance under the budgets, perform follow-up monitoring of performance under the budgets, formulate and determine the legal status of the bodies responsible for monitoring the implementation of the budgets of respective levels of the budget system of the Russian Federation, exercise other powers in compliance with the present Code, other legal acts of the budget legislation of the Russian Federation, the subjects of the Russian Federation, and acts of local self-government bodies. Similar powers shall be exercised by the legislative (representative) bodies in respect of state non-budget funds.
2. The legislative (representative) bodies are not entitled to generate their reserve funds and perform specific functions of performance under budgets (except the local self-government bodies combining the functions of legislative and executive bodies).

Article 154. The Budget Powers of the Executive Bodies

The executive bodies and local self-government bodies shall prepare a draft budget, submit it with the essential documents and materials for approval by the respective legislative (representative) body or the representative body of local self-government and shall implement the [budget](#), collect its revenues, manage the state or municipal debt, exercise departmental control over the budget execution, present a report on the budget execution for approval by the legislative (representative) bodies or the representative bodies of local self-government and carry out other powers defined by

this Code, other legal pieces of the budget legislation of the Russian Federation and its subjects and by the enactments of the representative bodies of local self-government.

Similar powers shall be exercised by the executive bodies with regard to the state extra-budgetary funds.

Article 155. The Budget Powers of the Bank of Russia

1. Together with the Government of the Russian Federation the Bank of Russia shall elaborate and submit for the consideration by the State Duma the main areas of the monetary policy.

2. The Bank of Russia shall serve the budget accounts.

3. The Bank of Russia shall perform the functions of the general agent for securities of the Russian Federation.

Article 156. Credit Organizations Carrying out Particular Operations in Budget Resources

1. Credit organisations may be attracted to carry out operations in granting budget resources on a repayable basis.

According to [Federal Law No. 176-FZ of December 24, 2002](#) the validity of Items 2 and 3 of Article 156 of this Code with regard to affiliates shall not extend to the [procedure](#) of the servicing of the budget accounts of Russian Federation subjects

2. Credit organisations shall perform the functions of the Central Bank of Russia stipulated by [Item 2 of Article 155](#) of this Code, in the absence of the Bank's establishments on the respective territory or if such establishments are unable to perform these functions.

[Federal Law No. 116-FZ of August 5, 2000](#) supplemented Article 156 of this Code with the following Item

3. The subjects of the Russian Federation and municipalities are entitled to open accounts with the credit organizations servicing settlements under deals accomplished with state securities of subjects of the Russian Federation and municipal securities as well as effecting settlements (in cases when there are no institutions of the Bank of Russia in a respective area or when it is impossible for them to perform these functions).

Article 157. State and Municipal Finance Control Bodies

1. The state and municipal finance control bodies set up by the respective legislative (representative) bodies of the Russian Federation, the legislative (representative) bodies of the subjects of the Russian Federation, and the representative bodies of local self-government shall exercise control over the execution of the respective budgets and the budgets of the [state extra-budgetary funds](#), carry out expert examinations of the drafts of said budgets, federal and regional target-oriented programmes and other normative pieces of the budget legislation of the Russian Federation and its subjects and of the enactments of the local self-government bodies.

2. The state municipal finance control bodies set up accordingly by the federal executive bodies, the executive bodies of the subjects of the Russian Federation and the local self-government bodies shall exercise preliminary, current and subsequent control over the execution of state [budgets](#) and the budgets of state extra-budgetary funds.

3. The powers of the state and municipal finance control bodies shall be determined by this Code, the [Federal Law](#) on the Counting Chamber of the Russian Federation, the laws of the subjects of the Russian Federation on control bodies, the legal enactments of the representative bodies of local self-government, and also by the normative legal acts of the executive bodies with regard to the state municipal finance control agencies of the corresponding executive bodies.

Article 158. The Chief Manager of Budget Resources

Federal Law No. 158-FZ of December 8, 2003 amended Item 1 of Article 158 of this Code. The amendments shall come into force as of January 1, 2005

1. The chief manager of federal budget resources represents the organ of state power of the Russian Federation and has the right of distributing federal budget resources among the subordinate managers and receivers of budget resources; this body shall be defined by the departmental classification of federal budget expenditures.

The chief manager of budget resources of a subject of the Russian Federation and of local budget resources represents the organ of state power of the subject of the Russian Federation, of the local self-government body and the state-financed institution, which have the right to distribute the budget resources among the subordinate managers and receivers of budget resources of the subject of the Russian Federation and of local budget resources which are defined by the departmental classification of the expenditures of the corresponding budget.

2. The chief manager of budget resources may be authorized by the Government of the Russian Federation to represent the State in talks on the provision of budget resources on a repayable basis, of state or municipal guarantees and budget investments.

3. The chief manager of budget resources shall define assignments in the provision of state or municipal services for subordinate managers or receivers of budget resources taking account of norms of the financial expenditures.

4. The chief manager of budget resources shall approve the revenue and expenditure estimates of the subordinate state-financed institutions.

5. The chief manager of budget resources shall write up the budget and distribute the limits of budget obligations among the subordinate managers and receivers of budget resources and executive the corresponding part of the budget.

6. The chief manager of budget resources shall have the right, on the basis of a motivated representation of a state-financed institution, to introduce changes to the approved revenue and expenditure estimate of the state-financed institution in respect of the distribution of funds between its items with the notification of the body executing the budget in conformity with this Code.

7. The chief manager of budget resources shall exercise control of the budget resources receivers over the allocated use of budget resources, their timely repayment, the submission of reports and the fulfilment of assignment on the provision of state or municipal services.

8. The chief manager of budget resources shall exercise control over the use of budget resources by the managers of these resources, the state-financed institutions and other receivers of budget resources, the state and municipal unitary enterprises, which have received by right of economic or operative management the property of the Russian Federation, its subjects or municipal entities. Direct control over the use of budget resources by unitary enterprises shall be exercised at the initiative of the chief manager of budget resources by the state finance control bodies.

9. The chief manager of budget resources shall prepare and submit to the body responsible for control over the execution of the corresponding budget an overall report on the implementation of the budget in respect of the allocated funds, the consolidated revenue and expenditure estimate, and also the report on the fulfilment of the assignment on the provision of state or municipal services.

10. The chief manager of federal budget resources shall sue and be sued in court on behalf of the treasury of the Russian Federation:

at the suits for damage caused by illegal decisions and actions (inaction) of the appropriate officials and bodies according to their departmental belonging;

at the suits of subordinate enterprises and institutions brought by way of subsidiary liability.

Payments of monetary funds under writs of execution shall be made at the expense of the treasury of the Russian Federation from the federal budget resources allocated by the federal executive body as the chief manager of federal budget resources.

Article 159. The Manager of Budget Resources

1. The manager of budget resources represents the organ of state power or the local self-government body which have the right to distribute budget resources among the subordinate

receivers of budget resources.

[Federal Law No. 116-FZ of August 5, 2000 reworded Item 2 of Article 159 of this Code](#)
[See the previous text of the Item](#)

2. The manager of budget resources may be empowered by the Government of the Russian Federation to represent the state in agreements on the provision of federal budget resources on repayment terms, state guarantees, budget investments.

The manager of budget resources may be empowered by the body of executive power of the subject of the Russian Federation to represent the subject of the Russian Federation in agreements for the provision of resources of the budget of the subject of the Russian Federation on repayment terms, state guarantees, budget investments.

The manager of budget resources may be empowered by the local self government body to represent the municipality in agreements on the provision of local budget resources on repayment terms, municipal guarantees, budget investments.

3. The manager of budget resources shall [write up the budget](#), distribute the limits of budget liabilities to the subordinate receivers of budget resources and shall remit them to the body implements the budget.

4. The manager of budget resources shall determine assignments on the provision of state or municipal services for the receivers of budget resources with due account of the norms of financial expenditure.

5. The manager of budget resources shall endorse the revenue and expenditure estimates of the subordinate state-financed institutions.

6. The manager of budget resources shall exercise control over the use of budget resources by the subordinate receivers of budget resources.

[Federal Law No. 158-FZ of December 8, 2003 amended Article 160 of this Code. The amendments shall come into force as of January 1, 2005](#)

Article 160. The Responsibility of the Chief Manager and the Manager of Budget Resources

The chief manager and the manager of budget resources as executive bodies, and also the officials of the chief manager and the manager of budget resources shall bear responsibility for:

- the allocated use of budget resources assigned at their disposal;
- the authenticity and timely submission of standard reports and other information on the execution of the budget concerned;
- the timely [write-up of the budget](#) and the composition of limits of budget liabilities to the subordinate receivers and managers of budget resources;
- the timely submission of the budget write-up and the limits of budget liabilities to the subordinate receivers and managers of budget resources to the body that implements the budget;
- the approval of the revenue and expenditure estimates of the subordinate state-financed institutions;
- the compliance of the budget write-up with indicators approved by the respective law or decision on the budget;
- the observance of the norms of financial expenditure on the provision of state or municipal services upon the approval of revenue and expenditure estimates;
- the effective use of budget resources;
- the compliance with other requirements of this Code and the federal laws.

Article 161. The State-financed Institution

1. The state-financed institution is an organisation set up by the organs of state power of the Russian Federation and the organs of state power of the subjects of the Russian Federation, the local self-government bodies for the performance of managerial, socio-cultural, scientific and technical or other functions of a non-commercial nature, an organisation whose activity is financed from the

appropriate budget or the budget of the state extra-budgetary fund on the basis of the revenue and expenditure estimate.

2. Organizations which are vested with state or municipal property by right of operative management but which do not have the status of a governmental enterprise not subject to privatization shall be deemed to be state-financed institutions for purposes of this Code.

3. The revenue and expenditure estimate shall reflect all revenues of the state-financed institution received both from the [budget](#) and the state extra-budgetary funds and from business activity, including returns from paid services and other income received from the use of state or municipal property assigned to the respective state-financed institution by right of operative management and other activity.

4. With the statutory decrease of the budget resources allocated to finance agreements to be concluded by the respective state-financed institution, this institution and the other party to such an agreement shall be obliged to adjust new time-limits and other agreement terms, if this is necessary. A party to the agreement shall have the right to demand that the state-financed institution should compensate for the real damage caused by a change in the agreement terms.

5. The state-financed institution shall prepare and submit its budget request for the next financial year on the basis of the predicted volumes of state or municipal services and of the fixed norms of financial expenditure on their provision, and also with account of the fulfilment of the revenue and expenditure estimate for the reporting period. This request shall be handed over to the chief manager or the ordinary manager of budget resources.

6. The state-financed institution shall make use of budget resources in accordance with the approved revenue and expenditure estimate. Together with the chief managers of budget resources the Federal Treasury of the Russian Federation or any other body that executes the budget concerned shall define the rights of the state-financed institution with regard to the redistribution of expenditures according to subject-matter items and types of expenditure during the estimate implementation.

During the estimate implementation the state-financed institution shall independently spend the resources received from extra-budgetary sources.

7. The state-financed institution which is subordinate to federal executive bodies shall use budget resources solely through the personal accounts of state-financed institutions kept by the Federal Treasury of the Russian Federation.

Article 162. The Receiver of Budget Resources

Budget resources shall be received by the state-financed institution or any other organisation which have the right to obtain budget resources in keeping with the [budget write-up](#) for the respective year.

Article 163. The Rights and Duties of the Receivers of Budget Resources

- 1.** The receivers of budget resources shall have the right to:
 - the timely receipt and use of budget resources in conformity with their amount endorsed by the budget write-up with due account of a reduction and indexation;
 - the bringing of information about [budget appropriations](#) and budget liability limits to the notice of respective addresses;
 - the compensation in the amount of under-financing.
- 2.** The receivers of budget resources shall be obliged:
 - to file in due time budget requests and other documents which confirm the right to receive budget resources;
 - to make effective use of budget resources in accordance with their designated purpose;
 - to return in due time and in full scope the budget resources granted on a repayable basis;
 - to contribute in due time and in full scope the charge for the use of budget resources granted on a repayable basis;
 - to submit in due time their report and other information about the use of budget resources.

Chapter 19. The Powers of the Budgetary Process at Federal Level

Article 164. The Participants in the Budgetary Process Who Possess Budget Powers at Federal Level

1. The participants in the budgetary process who possess budget powers at federal level include:

- the President of the Russian Federation;
- the State Duma of the Federal Assembly of the Russian Federation;
- the Federation Council of the Federal Assembly of the Russian Federation;
- the Government of the Russian Federation;
- the body responsible for preparing and implementing the federal budget (hereinafter referred to as the Ministry of Finance of the Russian Federation);
- the body that conducts the treasury execution of the federal budget (hereinafter referred to as the Federal Treasury);
- the bodies collecting budget revenues;
- the Bank of Russia;
- the Counting Chamber of the Russian Federation;
- the state extra-budgetary funds;
- the chief managers and ordinary managers of budget resources,
- other bodies charged with budget, tax and other powers by the legislation of the Russian Federation.

Article 165. The Powers of the Ministry of Finance of the Russian Federation in the Budgetary Process

The Ministry of Finance of the Russian Federation possesses the following powers:

- it prepares a draft federal budget and submits it to the Government of the Russian Federation, takes part in drafting the budgets of the state extra-budgetary funds;
- it represents the State on the instructions of the Government of the Russian Federation in agreements on granting federal budget resources on a repayable basis and guarantees at the expense of the federal budget resources;
- it exercises methodological guidance in the sphere of drafting and implementing the federal budget;
- it prepares an overall budget write-up of the federal budget;
- it makes a forecast of the consolidated budget of the Russian Federation;
- it elaborates on Government instructions the Programme of State Internal Withdrawals of the Russian Federation, formulates the terms of the issue and placements of government loans, issues government securities and registers the issue of government securities of the subjects of the Russian Federation and municipal securities;
- it cooperates with international finance organisations on the instructions of the Government of the Russian Federation;
- it works out the Programme of State External Withdrawals of the Russian Federation on Government instructions, organizes the campaign for attracting foreign credit resources, elaborates the programme of granting Government guarantees of the attraction of credits by third parties and defines the order of granting such guarantees;
- it exercises methodological guidance for the accounting and reporting of legal entities, regardless of their organisational structure and legal status, unless otherwise stipulated by the legislation of the Russian Federation;
- it adopts normative acts within its terms of reference;
- it receives from the federal executive bodies, the executive bodies of the subjects of the Russian Federation, state extra-budgetary funds or the local self-government bodies materials necessary for drafting a federal budget, preparing a report on the budget implementation, a forecast of the consolidated budget of the Russian Federation, and also a report on the execution of the consolidated budget of the Russian Federation;

it grants budget loans and budget credits within the limits of the resources, approved by the federal law on the federal budget for the next financial year, in the order prescribed by the Government of the Russian Federation;

it gives on behalf of the Russian Federation and on Government instructions state guarantees to the subjects of the Russian Federation, to the municipal entities and legal entities within the limits of resources approved by the federal law on the federal budget for the next financial year;

it audits the financial condition of budget resource receivers, including the receivers of budget loans, [budget credits](#) and state guarantees;

it supervises the observance by the receivers of budget investments of the conditions and effective use of said resources;

it registers the issues of loans by the subjects of the Russian Federation, municipal entities, state unitary enterprises and federal state-owned enterprises which are not subject to privatization;

it keeps state books (registers) of the internal and [external debt](#) of the Russian Federation;

it manages the national debt of the Russian Federation in the order prescribed by the Government of the Russian Federation;

it performs other powers provided for by this Code and other pieces of the budget legislation or charged with by the Government of the Russian Federation;

it organizes the implementation of the federal budget; and also the budgets of the subjects of the Russian Federation and the local budgets in the event of the conclusion of the appropriate budget agreements;

it performs the federal budget in the order prescribed by this Code;

it exercises preliminary and current control over the execution of the federal budget, and also the budgets of the subjects of the Russian Federation and the local [budgets](#) in the event of the conclusion of appropriate budget agreements;

it conducts operations with federal budget resources, and also the budgets of the subjects of the Russian Federation and the local budgets in the event of the conclusion of appropriate budget agreements;

it prepares a report on the implementation of the federal budget, and also the budgets of the Russian Federation and local budgets in the event of the conclusion of appropriate budget agreements;

it prepares a report on the execution of the [consolidated budget](#) of the Russian Federation;

it submits a report on the execution of the federal budget to the Government of the Russian Federation;

it establishes the order of accounting and reporting on the implementation of the budgets of all levels of the budget system of the Russian Federation, of the expenditure estimates of the state-financed institutions, institutes the forms of accounting and reporting on the execution of the budgets of all the levels of the budget system of the Russian Federation in conformity with this Code and the [Federal Law](#) on the Budget Classification of the Russian Federation;

it opens personal accounts for the chief managers and ordinary managers of budget resources, for budget institutions, and also budget accounts of receivers of budget resources;

it possesses the right to demand that chief managers, ordinary managers and receivers of budget resources should submit their reports on the use of federal budget funds and other information about the receipt, transfer, entry and use of federal budget resources; it receives from credit organisations information about transactions with budget resources and the resources of [state extra-budgetary funds](#);

it sends representations to the chief and ordinary managers and receivers of federal budget resources, to the Bank of Russia and its establishments and the credit organisations and demands the removal of the evident breaches of the budget legislation of the Russian Federation, and also exercises control over their elimination;

it suspends transactions with the personal accounts of the chief and ordinary managers and receivers of federal budget resources in the [order](#) prescribed by the Government of the Russian Federation;

it recovers in the extra-judicial order from the personal accounts of the chief and ordinary

managers and receivers of federal budget resources the budget funds in the amount of budget resources not used according to the designated purpose;

it recovers in compliance with agreements from all the accounts of the receivers of budget resources the budget funds granted in the form of the running-off budget loans, [budget credits](#), and also interest subject to payment for the use of budget loans and budget credits;

it imposes fines on chief and ordinary managers and receivers of federal budget resources and credit organisations in conformity with the agreements and legislation of the Russian Federation;

it keeps an overall register of the chief and ordinary managers and receivers of federal [budget](#) resources and registers state-financed institutions whose activity is financed from federal budget resources;

it performs other powers in compliance with this Code and other pieces of the budget legislation of the Russian Federation.

Article 166. The Exclusive Powers of the Head of the Ministry of Finance of the Russian Federation

1. The head of the Ministry of Finance of the Russian Federation (hereinafter referred to as the Ministry of Finance) shall have the exclusive right to give a permit for the performance of the following actions:

the approval of the overall [budget write-up](#) of the federal budget;

the approval of the limits of budget liabilities for the chief managers of federal budget resources;

the granting of the Bank of Russia loans from federal budget resources;

the introduction of the order of reducing federal budget expenditures, provided that there is a shortage of receipts of not more than 15 per cent of the approved receipts to the federal budget;

the transfer of assignments between the chief managers of federal budget resources, the sections, subsections and items of the functional and economic classification of [budget expenditures](#) of the Russian Federation within 10 per cent of the approved expenditure.

the blocking of expenditures and the repeal of a decision on blocking expenditures in the case defined by [Article 231](#) of this Code.

The performance of said actions without the permit of the Minister of Finance shall be a breach of the budget legislation of the Russian Federation and involve the imposition of responsibility in keeping with this Code.

2. The Ministry of Finance shall have the right to prohibit the chief managers of budget resources from changing the designed purpose of budget resources within the framework of an estimate, if the Minister of Finance receives an official representation from the Counting Chamber of the Russian Federation or the Federal Treasury bodies that testifies to a breach of the budget legislation of the Russian Federation by the respective manager of budget resources.

3. The Minister of Finance shall have right to appoint authorized representatives for the federal budget in the federal executive bodies and the state-financed institutions if he establishes cases of the non-allocated use of budget resources.

All the powers of the chief and ordinary manager and the receiver of budget resources shall pass to the authorized representative for the federal budget.

4. The Minister of Finance shall have the right to prohibit the chief and ordinary manager and the state-financed institution from making particular expenditures, except for the expenditures made by the manager of the state-financed institution at the expense of the funds received from extra-budgetary sources.

The official representation of the Counting Chamber of the Russian Federation and audit reports of the agencies of the Ministry of Finance of the Russian Federation and the Federal Treasury, which testify to breaches of the budget legislation of the Russian Federation, shall be grounds for the application of the said prohibition.

Article 167. The Responsibility of the Ministry of Finance of the Russian Federation, the Minister of Finance and the Federal Treasury

1. The Ministry of Finance of the Russian Federation shall bear responsibility for:

the compliance of the budget write-up with the approved budget;
the timely preparation of the budget write-up;
the observance of the order of granting budget loans, budget credits, state guarantees and budget investments.

2. The Minister of Finance shall bear personal responsibility for:
the compliance of the budget write-up with the approved budget;
the timely preparation of the budget write-up;
the introduction of the order of reducing the Bank of Russia's expenditures when he receives information about the impossibility of executing the federal budget.

3. The Federal Treasury shall bear responsibility for:
the correct implementation of the federal budget, the keeping of accounts and the management of budget resources;
the financing of expenditures associated with the granting of budget loans, budget investments and state guarantees, with the violation of the order established by this Code;
the full transfer of budget resources to their receivers;
the timely placement of budget resources to the accounts of the receivers of budget resources;
the timely submission of reports and other information about the execution of the budget;
the timely bringing of information about budget appropriations and limits of budget liabilities to the notice of the receivers of budget resources;
the financing of the expenditures not included in the budget write-up;
the financing of expenditures over and above the approved limits of the budget liabilities;
the exercise of control over the observance of the budget legislation by the chief and ordinary managers and receivers of budget resources and by the credit organisations;
the execution of the orders of the Counting Chamber of the Russian Federation and of the court decisions on the compensation for the damage inflicted by finance bodies of budget resources.

4. The responsibility shall commence in the forms provided for by the legislation of the Russian Federation.

Article 168. The Charge of the Federal Treasury Bodies with the Functions of Implementing the Budgets of the Subjects of the Russian Federation and the Local Budgets

The executive bodies of the Russian Federation shall have the right to implement the budgets of the subjects of the Russian Federation and the local budgets through the Federal Treasury on the basis of agreements. The powers of the Federal Treasury bodies shall extend to the organisations (including credit organisations) which carry on operations in budget resources in the scope of their powers with regard to the federal budget resources.

Section VI. The Preparation of Draft Budgets

Chapter 20. The Principles of the Preparation of Draft Budgets

Article 169. General Provisions

The preparation of draft budgets shall be preceded by the wording out of forecasts of the socio-economic development of the Russian Federation, the subjects of the Russian Federation, the municipal entities and economic sectors, and also the preparation of consolidated balance-sheets, on the basis of which the executive bodies draw up draft budgets.

According to Federal Law No. 159-FZ of July 9, 1999 Part 2 Article 169 of this Code shall come into force as of the date when the federal law on the minimum state social standards enters force

Draft budgets shall be made out with account of the need to achieve minimum state social standards on the basis of the norms of financial expenditure on the provision of state or municipal services, and also in accordance with other norms established by the legislation of the Russian Federation and its subjects and by the legal enactments of the local self-government bodies.

Article 170. The Budget Message of the President of the Russian Federation

The budget message of the Russian Federation shall be sent to the Federal Assembly of the Russian Federation before the March of the year that precedes the next financial year.

The budget message of the President of the Russian Federation shall define the budget policy of the Russian Federation for the next financial year.

Article 171. The Bodies Which Prepare Draft Budgets

1. The preparation of draft budgets is the exclusive prerogative of the Government of the Russian Federation, of the corresponding executive bodies of the subjects of the Russian Federation and the local self-government bodies.

2. Draft budgets shall be directly prepared by the Ministry of Finance of the Russian Federation, the finance bodies of the subjects of the Russian Federation and of the municipal entities.

Article 172. Information Necessary for the Preparation of Draft Budgets

1. In order to prepare qualitative draft budgets in due time, the finance bodies shall have the right to obtain necessary information from the finance bodies of a different level of the budget system of the Russian Federation, and also from other state bodies, local self-government bodies and legal entities.

2. The information needed for drafting budgets include the respective budget;
the norms of assignments from the own and regulating budget revenues of other levels of the budget system of the Russian Federation;
the estimated volumes of financial aid granted from the budgets of the other levels of the budget system of the Russian Federation;
the types and volumes of expenditure transferred from one level of the budget system of the Russian Federation to another one;

According to Federal Law No. 159-FZ of July 9, 1999 paragraphs 6 and 7 of Item 2 of Article 172 of this Code shall come into force as of the date when the federal law on minimum state social standards is put in force

the norms of financial expenditures on the provision of state or municipal services;
the norms of minimum budget security.

3. The drafting of the budget shall be based on:
the budget message of the President of the Russian Federation;
the forecast of the socio-economic development of the relevant territory for the next financial year;
the main areas of the budget and tax policy of the relevant territory for the next financial year;
the forecast of the consolidated financial balance-sheet for the relevant territory for the next financial year.

Article 173. The Forecast of the Socio-Economic Development of a Territory

A forecast of the socio-economic development of a territory shall be drawn up on the basis of the data of the territory's socio-economic development over the latest reporting period, the forecast of the territory socio-economic development up to the end of the base year and the trends of the development of its economy and the social sphere for the planned financial year and shall precede the drafting of the budget concerned.

Changes in the forecast of the territory's socio-economic development in the course of preparing and considering the draft budget shall involve changes in the main characteristics of the draft budget.

Article 174. The Long-term Financial Plan

1. The long-term financial plan is a document formed simultaneously with the draft budget for the next financial year on the basis of the medium-term forecast of the socio-economic development of the Russian Federation, its subject and the respective municipal entity and containing data on the

predictable budget potentialities for revenue mobilization, the attraction of state or municipal drawings and the financing of the main [budget expenditures](#).

2. The long-term financial plan shall not be approved by legislation.

3. The long-term financial plan shall be mapped out for the following purposes:

to inform the legislative (representative) bodies of the expected medium-term tendencies of the development of the economy and the social sphere;

to forecast in a comprehensive way the financial consequences of the elaborated reforms, programmes and laws;

to reveal the need and the possibility of implementing future measures in the sphere of financial policy;

to trace long-term negative tendencies and to take appropriate measures in good time.

4. The long-term financial plan shall be mapped out for three years, of which:

the first year is the year when the budget is being drafted;

the next two years is the planned period for tracing the actual results of the stated economic policy.

The budget for the current year is the initial base for forming the long-term financial plan.

5. The long-term financial plan shall be corrected every year with due account of indicators of the specified medium-term forecasting of the socio-economic development of the Russian Federation, its subject or the respective municipal entity with the result that the planned period is shifted one year forward.

6. The long-term financial plan shall be drawn up according to the aggregated indicators of the budget classification.

Article 175. Balance of Financial Resources

Balance of financial resources is a balance of all the revenues and expenditures of the Russian Federation, its subjects and the municipal entities and of the economic units on a particular territory. Balance of financial resources shall be drawn up on the basis of the reporting balance of financial resources for the previous year in conformity with the forecast of the socio-economic development of the corresponding territory and shall be the groundwork for drafting the respective [budget](#).

Article 176. The Provision of State or Municipal Services

Assignments for providing state or municipal services shall be established for each chief or ordinary manager of budget resources and for a state-financed institution in the process of drafting its budget depending on the purpose of the functioning of the concrete chief or ordinary manager of budget resources, the state-financed institution, the respective state or municipal unitary enterprise.

According to [Federal Law No. 159-FZ of July 9, 1999, Article 177 of this Code shall come into force as of the date when the federal law on the minimum state social standards is put in force](#)

Article 177. Norms of Financial Expenditures on the Provision of State or Municipal Services

1. The federal executive body shall work out and approve the norms of financial expenditures per unit of supplied state or municipal services.

2. In the process of budget drafting the allocation of funds to a particular chief or ordinary manager of budget resources or to a state-financed institution shall be determined with due account of the norms of financial expenditures per unit of supplied state or municipal services and of the assignment for the provision of the said services.

3. Norms of financial expenditures on the provision of state or municipal services shall be used to calculate the financing of a government order for the provision of state or municipal services performed by state and municipal unitary enterprises or by other legal entities.

Article 178. The Plan for the Development of the State or Municipal Economic Sector

1. The plan for the development of the state or municipal economic sector includes:

the list of state or municipal unitary enterprises and the overall plan for their financial and economic activity;

the programme of the privatization or sale of state or municipal property and of the acquisition of assets into state or municipal ownership;

information about the maximum staff of government or municipal employees and servicemen per chief manager of budget resources.

Procedure for compiling, approved and establishing indicators of plans for the financial and economic activity of state or municipal enterprises shall be determined by the [federal law](#) on state and municipal unitary enterprises.

2. The plan for the development of the state economic sector on a federal level shall include the plan for the provision of state or municipal services by state-financed institutions in the form of the overall plan per chief manager of budget resources.

3. The organs of state power and local self-government bodies may define the additional components and additional requirements for the plan of the development of the state or municipal economic sector.

Article 179. Long-term Target-Oriented Programmes

1. Long-term target-oriented programmes shall be worked out by the respective executive body or local self-government body and be liable to approval by the corresponding legislative (representative) body or the representative body of local self-government.

2. A list of long-term target-oriented programmes shall be formed by the respective executive or local self-government body in accordance with the forecast of the socio-economic development of the Russian Federation and the forecast of the socio-economic development of the respective territory and with the priorities defined on the basis of these forecasts.

3. A long-term target-oriented programme offered for approval and financing from budget resources or state extra-budgetary fund resources, shall contain:

a feasibility study;

a forecast of expected socio-economic (ecological) results of the realization of the said programme;

the name of the customer of the said programme;

information about the distribution of the volumes and sources of financing by years;

other documents and materials needed for its approval;

4. An organ of state power or a local self-government body may be a customer of the long-term target-oriented programme or of the municipal target-oriented programme, accordingly.

Article 180. The Correlation Between a Budget Law and Other Laws and Decisions

1. A draft [budget](#) shall be prepared on the basis of the tax legislation that is effective at the time of compiling the draft budget.

[Federal Law No. 116-FZ of August 5, 2000 reworded Item 2 of Article 180 of this Code](#)
[See the previous text of the Item](#)

2. Should there be no provision or only a partial (not in full) provision in the law on the budget for expenditures towards implementing a specific regulatory legal act, the law on the budget shall be applied in accordance with the procedure provided by [Article 83](#) of the present Code.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 181 of this Code](#)
[See the previous text of the Article](#)

Article 181. The Composition of Indicators Presented for Consideration and Endorsement in the Bill (Draft Decision) on Budget

1. The bill (draft decision) on budget shall contain the following basic budget characteristics.

The basic budget characteristics include the total budget revenues amount, total budget

expenditures amount and budget deficit.

Also the bill (draft decision) on the budget shall contain the following indicators:

forecast budget revenues itemized by group, subgroup and item per the classification of revenues of the Russian Federation;

the rates of deduction from the budget's own revenues to be transferred to the budgets of other levels of the budget system of the Russian Federation.

2. The bill (draft decision) on the budget shall establish the following:

budget expenditures itemized by section, subsection, target item and kind of expenditure per functional classification of expenditures of the budgets of the Russian Federation;

the total amount of budget major and current expenditures;

the expenditures and revenues of target budget funds;

the amounts of financial aid to the budgets of other levels of the budget system of the Russian Federation provided in the form of grants, subventions and subsidies itemized by the budget being the beneficiary of the said financial aid;

budget allocation distribution for the major managers of budget resources in keeping with the departmental expenditures structure of a respective budget;

other indicators determined by the present Code, laws of the subjects of the Russian Federation and legal acts of local self-government bodies on the budget arrangement and budget process.

3. The bill (draft decision) on budget shall provide, as part of budget expenditures, maximum limits on the provision of tax credits for a term going beyond the limits of the next financial year.

4. The bill (draft decision) on the budget shall set forth the following characteristics of state or municipal debt:

budget deficit financing sources;

a maximum limit on the state or municipal debt as of January 1 of the year following the next financial year as well as other maximum limits stipulated by the present Code, as including the indication among other things of caps on liabilities under state or municipal guarantees.

5. Also the federal bill on federal budget shall set the following:

a maximum limit on the state foreign debt of the Russian Federation as of January 1 of the year following next financial year;

the maximum limit on the state and foreign borrowing of the Russian Federation;

the amounts and list of state foreign borrowing of the Russian Federation by the indicators of sources of foreign financing of federal budget deficit;

maximum limits on the provision of state credits by the Russian Federation to foreign states and their legal entities as well as international organizations (including without limitation of the member states of the Commonwealth of Independent States);

a maximum limit on the provision of state guarantees to third persons for the purpose of fund-raising through foreign borrowing.

6. Also the federal bill on federal budget shall comprise the following ratios between the living wage and the minimum old-age pension, the minimum stipends, benefits and other compulsory social disbursements.

Article 182. Documents and Materials Compiled Simultaneously with the Draft Budget

1. The following documents and materials shall be prepared for drafting the budget for the next financial year:

- the forecast of the socio-economic development of the corresponding territory for the next financial year;

- the main trends of the budget and tax policies of the corresponding territory for the next financial year;

- the forecast of the consolidated financial balance of the corresponding territory for the next financial year.

2. The following documents shall be compiled simultaneously with the draft budget for the next financial year.

- the forecast of the [consolidated budget](#) of the corresponding territory for the next financial year;
- the concrete investment programme for the next financial year;
- the plan of the development of the state or the municipal economic sector; the structure of the state or the municipal debt and the programme of internal and external drawings, provided for the next financial year to cover the budget deficit;

[Federal Law No. 116-FZ of August 5, 2000 excluded paragraph 6 from Article 182 of this Code](#)

- ~~- the programme of granting state or municipal guarantees for the next financial year;~~
- the appraisal of budget losses due to granted tax concessions;
- the appraisal of the expected performance of the budget for the current financial year;
- other documents and materials provided for by this Code.

3. The laws of the subjects of the Russian Federation and legal enactments of the local self-government bodies may provide for the compilation of other documents and materials.

Article 183. Initial Macro-economic Indicators for Compiling a Draft Budget

Initial macro-economic indicators for compiling a draft budget include:

the volume of the gross domestic product for the next financial year and rate of growth of the gross domestic product in the next financial year;

the level of inflation (rate of price rise) (December of the next financial year to December of the current year).

[Federal Law No. 116-FZ of August 5, 2000 amended Article 184 of this Code](#)

[See the previous text of the Article](#)

Article 184. Procedure for Drafting the Federal Budget

1. A draft federal budget shall be prepared by the Government of the Russian Federation in conformity with this Code and the preparation shall begin at least 10 months before the next financial year.

The draft federal [budget](#) for the next financial year shall be drawn up in line with the budget policy of the Russian Federation, defined in the Budget Message of the President of the Russian Federation.

Procedure and time-limits of preparing the draft federal budget, and also procedure of the work over documents and materials obligatory for the submission together with the draft federal budget shall be defined by the Government of the Russian Federation.

2. The authorized executive body shall work out a forecast of the socio-economic development of the Russian Federation for the next financial year and shall specify the parameters of the medium-term forecast of the socio-economic development of the Russian Federation, taken as a basis of the long-term financial plan.

3. The Ministry of Finance of the Russian Federation shall organize the preparation of:
the designs of the main federal budget indicators for medium-term prospects;
the draft federal law on the federal budget for the next financial year.

4. Designs of the main federal budget indicators for medium-term prospects shall be worked out simultaneously with the draft federal budget for the next financial year on the basis of the medium-term programme of the Government of the Russian Federation, the medium-term forecast of the socio-economic development of the Russian Federation and the forecast of the consolidated financial balance over the territory of the Russian Federation.

5. The working out by the federal executive bodies of a forecast plan of the functioning of the Russian economy for the next financial year and the choice by the Government of the Russian Federation of this plan-forecast, which contains the main macro-economic indicators characterizing the economy, form the first stage of preparing the federal budget.

On the basis of the forecast plan of the functioning of the Russian economy chosen by the Government of the Russian Federation for the next financial year, the Ministry of Finance of the Russian Federation shall work out the main characteristics of the federal budget for the next financial

year and distribute the federal budget expenditures for the next financial year in keeping with the functional classification of the expenditures of the budgets of the Russian Federation and of the designs of the main revenues and expenditures of the federal budget for medium-term prospects.

Simultaneously the Government of the Russian Federation shall consider proposals as to the ratios between the living wage and the [minimum wage](#), [minimum old-age pension](#), minimum stipends, benefits and other compulsory social disbursements as well as proposals concerning the procedure for indexing the wages of budget-funded sphere employees and state pensions, the money allowance payable to the federal civil servants, the money allowance payable to military servicemen in next financial year and in the medium-term.

The main characteristics of the federal budget for the next financial year approved by the Government of the Russian Federation, and the distributed expenditures of the [federal budget](#) for the next financial year in accordance with the functional classification of the expenditures of the budgets of the Russian Federation may be presented in the form of information to the houses of the Federal Assembly at their request.

6. Within two weeks from the day of the adoption by the Government of the Russian Federation of the main characteristics of the federal the Central Bank of Russia for the next financial year and of the distribution of the federal budget expenditures for the next financial year in keeping with the functional classification of the expenditures of the budgets of the Russian Federation, the Ministry of Finance of the Russian Federation shall:

send budget designs to the federal executive bodies for distribution among the individual receivers of federal budget resources;

notify the executive bodies of the subjects of the Russian Federation on methods of forming inter-budget relations between the Russian Federation and its subjects for the next financial year and for the medium-term prospects determined by the legislation of the Russian Federation.

7. The second stage of preparing the federal budget implies the distribution by the federal executive bodies of the maximum volumes of budget financing for the next financial year in accordance with the functional and economic classification of [budget expenditures](#) of the Russian Federation per budget resource receivers, and also the formulation by the said bodies of proposals on structural and organisational transformations in the economic sectors and the social sphere, on the revocation of normative legal acts whose execution involves the spending of budget resources that is not secured by real sources of financing in the next financial year, on the suspension of the said normative legal acts or on their phased enforcement.

At the same time the authorized executive body shall form a list of federal target-oriented programmes subject to funding from the federal budget resources in the next financial year and coordinate the volumes of their financing in the forthcoming year and for medium-term prospects.

8. Planned budget issues for the forthcoming year and for the medium-term which have not been agreed upon shall be considered by an inter-departmental governmental commission chaired by the Minister of Finance.

The elaboration and approval by the federal bodies of executive power of the indicators of the draft federal budget for next financial year, the documents presented simultaneously with it, bills on the [minimum wage](#), [minimum state pension](#), the procedure for indexing the wages of budget-funded sphere and state pensions in the next financial year as well as a list of the legislative acts (articles, specific article items, subitems, paragraphs) made in the form of an annex to the federal bill on the federal budget for the next financial year which are repealed or suspended for the next financial year in connection with the fact that no appropriations are provided in the budget for the purpose of implementing them shall be completed not later than July 15 of the year preceding the next financial year.

9. From July 15 to August 15 of the year that precedes the regular financial year, the Government of the Russian Federation shall consider the forecast of the socio-economic development of the Russian Federation for the next financial year and the clarified parameters of the forecast of the socio-economic development of the Russian Federation for medium-term prospects, the draft federal budget and the draft budgets of the [state extra-budgetary funds](#) for the next financial year, the draft perspective financial plan, other documents and materials describing the fiscal policy

in the next financial year and for medium-term prospects submitted by the Ministry of Finance of the Russian Federation, the Ministry of Economics of the Russian Federation and by other federal executive bodies, and confirm the draft federal law on the federal [budget](#) for its submission to the State Duma.

Section VII. The Consideration and Approval of Budgets

Chapter 21. The Principles of the Consideration and the Approval of Budgets

Article 185. The Submission of the Draft Law or Decision on the Budget for the Consideration by the Legislative (Representative) Body

1. The executive body and the local self-government body shall submit the draft law or decision on the budget for the next financial year for the consideration of the respective legislative (representative) body and the representative body of local self-government within the time fixed for:

the federal budget - by this Code;

the budget of a subject of the Russian Federation - by the law of this subject of the Russian Federation;

the local budget - by the legal enactments of the local self-government body.

2. Together with the draft budget, the documents and materials defined by [Article 181](#) of this Code shall be submitted to the respective legislative (representative) body.

Article 186. Expenditures on the Financing of Legislative (Representative) Bodies, Judicial System Bodies and Controlling Agencies

In the event of disagreements between the legislative (representative) bodies, the federal judicial system bodies, the Constitutional Court of the Russian Federation, the Counting Chamber of the Russian Federation, the controlling bodies of the subjects of the Russian Federation, the municipal entities and the executive bodies whose draft the budget and in connection with the preparation of expenditure estimates for the corresponding bodies (departmental budgets) the executive body shall submit together with the draft budget the draft budget estimates proposed by the said legislative (representative) bodies, the courts and the controlling bodies.

Article 187. Procedure for the Examination of the Draft Law or Decision on the Budget and for Its Approval

1. Procedure for the examination of the draft law or decision on the budget and for its approval shall be defined:

for the federal budget, by the present Code;

for the budget of a subject of the Russian Federation, by the law of its subject;

for the local budget - by the legal enactments of the local self-government body in accordance with the requirements of this Code.

2. Procedure for the examinations of the draft law or decision on the budget and for its approval, defined by the law of a subject of the Russian Federation or by the legal enactments of the local self-government body, shall provide for the consideration and confirmation of the said draft law or decision before the start of the regular financial year, and also for the approval of the indicators, defined by [Article 181](#) of this Code in the process of the examination of this draft law or decision.

Article 188. The Examination of Draft Laws on the Budgets of State Extra-budgetary Funds and Their Confirmation

Draft laws on the [budgets](#) of the state extra-budgetary funds shall be examined and confirmed together with the draft law on the budget for the next financial year.

Article 189. The Introduction of Amendments to the Tax Legislation of the Russian Federation in the Process of the Examination of Draft Laws or Decisions on the Budget

Laws on the introduction of amendments to the tax legislation of the Russian Federation shall be introduced by the subject of the power to legislate for the consideration and approval by the legislative (representative) body before the adoption of the law or decision on the budget for the next financial year.

Article 190. Temporary Budget Management

1. If a law or decision on the budget has not entered into force since the beginning of the respective financial year:

the body implementing this budget shall have the right to spend the budget resources for the purposes defined by the legislation, to continue the financing of investment facilities, state contracts, and to render financed aid to budgets of other levels of the budget system of the Russian Federation provided that resources have already been allocated for these purposes from the budget for the previous financial year, but not more than one-quarter of the appropriations of the previous year per quarter (not more than one-twelfth per month) according to the respective sections of the functional and departmental classification of the expenditures of the budgets of the Russian Federation;

the body implementing this budget shall have the right to refrain from the financing expenditures not provided for by the draft law (decision) on the budget for the next financial year;

the rates of remittance (norms) of regulating taxes to the budgets of other levels of the [budget system of the Russian Federation](#), the norms of the centralization of revenues remitted to the budgets of other levels of the budget system of the Russian Federation for the financing of centralized undertakings, other tariffs and rates defined by the law or decision on the budget shall apply in amounts and in the order specified by the law or decision on the budget for the previous financial year;

the order of the distribution of resources for rendering financial aid to the budgets of other levels of the budget system of the Russian Federation shall be preserved in the form determined by the law or decision on the budget for the previous financial year.

2. If a law or decision on the budget has not entered into force three months after the beginning of the financial year, the body implementing the budget shall have the right to make expenditures, allocate revenues and effect withdrawals with the observance of the conditions defined by Item 1 of this Article.

In this case the said body shall have no right:

to provide budget resources for investment purposes;

to provide budget resources on a repayable basis;

to provide [subventions](#) to non-governmental legal entities;

to effect withdrawals in the amount of over one-eighths of the volume of withdrawals of the previous financial year per quarter;

to form reserve funds for the executive bodies and make expenditures from these funds.

Article 191. The Introduction of Amendments and Addenda to the Law or Decision on the Budget At the End of the Period of Budget Temporary Management

If a law or decision on the [budget](#) enters into force after the beginning of the financial year and the budget is implemented before the entry into force of the said law or decision in conformity with [Article 190](#) of this Code for two weeks since the time of the enforcement of the said law or decision, the executive body shall submit for the consideration and approval of the legislative (representative) body a draft law or decision on the introduction of amendments and addenda to the law or decision on the budget, which specified budget indicators with due account of the results of the execution of the budget over the period of budget temporary management.

Chapter 22. The Consideration and Approval of a Federal Law on the Federal Budget

[Federal Law No. 116-FZ of August 5, 2000](#) *reworded Article 192 of this Code*
[See the previous text of the Article](#)

Article 192. The Documents and Materials to Be Laid Before the State Duma Simultaneously with the Federal Bill on the Federal Budget for the Next Financial Year

1. The Government of the Russian Federation shall present the federal bill on federal budget for next financial year to the State Duma not later than August 26 of the current year simultaneously with the following documents and materials:

preliminary results of the socio-economic development of the Russian Federation for the past period of the current year;

a forecast of socio-economic development of the Russian Federation for the next financial year; the major guidelines of the budget and taxation policies for the next financial year;

a plan of development of the state and municipal sectors of economy; a forecast of the Consolidated Financial Balance-Sheet for the Territory of the Russian Federation for the next financial year;

a forecast of the consolidated budget of the Russian Federation for the next financial year;

the basic principles and calculations concerning relations between the federal budget and consolidated budgets of the subjects of the Russian Federation in the next financial year;

a draft federal target programs and federal programs of region development envisaged for funding out of the federal budget in the next financial year;

a draft federal program of investment in specific projects for the next financial year;

a draft state armaments program for the next financial year (within the framework of the state armaments program endorsed by the President of the Russian Federation for a ten-year term);

a draft program of privatization of state and municipal enterprises for the next financial year;

calculations for the items of the classification of federal budget revenues, the sections and subsections of the functional classification of expenditures of the budgets of the Russian Federation and federal budget deficit for the next financial year;

the international agreements of the Russian Federation which have taken effect for of the Russian Federation and which contain its financial obligations for the next financial year including without limitation unratified international agreements of the Russian Federation on state foreign borrowing and state credits;

a draft program of state foreign borrowing of the Russian Federation for the next financial year;

a draft program of the provision of state credits to foreign states by the Russian Federation for the next financial year;

a draft structure of the foreign debt of the Russian Federation in the next financial year itemized by the kind of debt and by the state;

a draft structure of the state domestic debt of the Russian Federation and a draft program of domestic borrowing for the next financial year;

proposals as to indexing the minimum stipends, benefits and other compulsory social disbursements, the money allowance payable to the federal civil servants, the money allowance payable to the military servicemen as well as proposals as to the procedure for indexing (increasing) the wages of employees of the budget-funded sphere;

a list of the legislative acts (articles, specific article items, subitems, paragraphs) which are repealed or suspended for the next financial year due to the fact that the federal budget provides no appropriations for the purpose of funding them.

2. Simultaneously with the federal bill on federal budget for next financial year the Government of the Russian Federation shall present the following federal bills to the State Duma:

on amending the legislative acts of the Russian Federation on taxes and fees;

on the budgets of the state non-budget funds of the Russian Federation;

on amending the [Federal Law](#) on the Budget Classification of the Russian Federation.

The Government of the Russian Federation shall present to the Duma of the Russian Federation not later than August 1 of the current financial year a federal bill on the tariff of insurance premiums payable to the state non-budget funds for the next financial year.

3. In the event when the federal bill on federal budget for next financial year and federal bill on

the budget of the Pension Fund of the Russian Federation for next financial year provide for indexing the [minimum wage](#) and [minimum state pensions](#) the Government of the Russian Federation shall at the same time present federal bills on increasing the minimum pension, on the procedure for indexing and reviewing state pensions, on increasing the minimum wage.

4. Should disagreements occur between the State Duma, the Federation Council, federal judicial bodies, the Constitutional Court of the Russian Federation, the Chamber of Accounts of the Russian Federation and the Government of the Russian Federation in connection with the compilation of expenditures estimates of respective bodies at the same time with the federal bill on federal budget the Government of the Russian Federation shall submit a protocol of disagreement in respect of the expenditures of the said bodies for which no approval was secured from the Government of the Russian Federation.

Article 193. Documents and Materials to Be Presented to the State Duma in the Process of the Consideration by It of the Draft Federal Law on the Federal Budget

1. In addition to the documents and materials indicated in [Article 192](#) of this Code, the Government of the Russian Federation shall submit to the State Duma before October 1 of the current year the following documents and materials:

the draft programmes of granting government guarantees for the next financial year and the report on granting government guarantees for the expired period of the current financial year;

the draft programme of providing federal budget resources for the next financial year on a repayable basis for each type of expenditure and the report on providing federal budget resources on a repayable basis for the reporting financial year and the expired period of the current financial year;

proposals on the expenditures on the maintenance of the Armed Forces of the Russian Federation, other troops, military units and bodies, including proposals on expenditures for the maintenance of servicemen and the civilian personnel of the Armed Forces of the Russian Federation, other troops, military units and bodies with an indication of their payroll number at the beginning and the end of the regular financial year;

[Federal Law No. 116-FZ of August 5, 2000 excluded the following paragraph from Article 193 of this Code](#)

~~the quarterly distribution of the federal budget revenues and expenditures for the next financial year.~~

*[Federal Law No. 86-FZ of July 10, 2002 amended Item 2 of Article 193 of this Code](#)
[See the previous text of the Item](#)*

2. Before August 26 of the current year the Bank of Russia shall submit to the State Duma a draft of the main areas of the single state monetary policy for the next financial year.

The said draft shall be sent in advance to the President of the Russian Federation and the Government of the Russian Federation.

Article 194. The Submission of a Draft Federal Law on the Federal Budget to the State Duma

*[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 194 of this Code](#)
[See the previous text of the Item](#)*

1. A draft federal law on the federal budget on the next financial year shall be deemed to be submitted on time, if it is delivered to the State Duma before midnight on August 26 of the current year.

At the same time the said draft law shall be presented to the President of the Russian Federation.

2. Within 24 hours from the day of submitting a draft federal law on the federal budget for the next financial year to the State Duma, the State Duma Council or the Chairman of the State Duma during its recess shall forward this draft law to the State Duma Committee responsible for the consideration of the budget (hereinafter referred to as the Budget Committee) for the preparation of its opinion of the compliance of the submitted documents and materials with the requirements of [Article 192](#) of this Code.

3. On the basis of the opinion of the Budget Committee the State Duma Council or the Chairman of the State Duma during its recess shall take a decision to the effect that the State Duma accepts for its consideration the draft federal law on the federal budget for the next financial year or that it returns the draft federal law to the Government of the Russian Federation for putting the finishing touches to it. The said draft law shall be subject to the return to the Government of the Russian Federation for putting the finishing touches to it, if the submitted documents and materials fail to correspond to the requirements of [Article 192](#) of this Code.

The polished-up bill with all necessary documents and materials shall be presented to the State Duma by the Government of the Russian Federation within nine days and considered by the State Duma Council or by the Chairman of the State Duma during its recess in the order prescribed by this Code.

Article 195. The Allocation of the Functions for the Consideration of a Draft Federal Law on the Federal Budget for the Next Financial Year in the State Duma

The draft federal law on the federal [budget](#) for the next financial year, submitted with the observance of the requirements of this Code, shall be sent within three days by the State Duma Council or by the State Duma Chairman during the recess to the Federal Council, the State Duma Committees and other subjects of the power to legislate for tabling remarks and proposals, and also to the Counting Chamber of the Russian Federation in order to obtain the latter's opinion.

The State Duma Council shall endorse the State Duma Committees responsible for the examination of particular sections and subsections of the federal budget (hereinafter referred to as specialized committees). At least two specialized committees, one of which is the Budget Committee, shall be made responsible for the consideration of the main characteristics of each section (or of each subsection in certain cases) of the functional classification of the [expenditures of the budgets](#) of the Russian Federation.

The State Duma Council shall also appoint committees, which are responsible for the examination of other documents and materials, submitted together with the draft federal law on the federal budget.

To ensure the necessary degree of the confidential examination of particular sections and subsections of the federal budget expenditures and of the sources of financing the federal budget deficit, the State Duma shall approve the payroll of the working groups whose members bear responsibility for keeping state secrets in conformity with the legislation of the Russian Federation.

Federal Law No. 116-FZ of August 5, 2000 reworded Article 196 of this Code

[See the previous text of the Article](#)

Article 196. Procedure for Considering the Federal Bill on Federal Budget

The State Duma shall consider the federal bill on the federal budget for next financial year in four hearings. Here, the federal laws on amending the legislative acts of the Russian Federation on the tariff of insurance premiums payable to the state non-budget funds for the next financial year shall be passed by the State Duma before the approval of the basic characteristics of federal budget in the first hearing.

The federal laws on the budgets of state non-budget funds, the [minimum pension](#), [Grade 1 wage rate of the Uniform Scale of Remuneration for Labour](#) of the Employees of Budget-Funded Organizations, the procedure for indexing and reviewing state pensions, the [minimum wage](#) shall be passed by the State Duma before it considers the federal bill on federal budget in the second hearing.

Should the State Duma decline (fail to pass) to pass the federal laws on amending the tax

legislation of the Russian Federation as well as the legislative acts of the Russian Federation on the tariff of insurance premiums payable to the state non-budget funds before the first hearing of the federal bill on federal budget, calculations shall be performed in respect of all federal budget indicators in keeping with the legislation of the Russian Federation.

Article 197. The Submission of Federal Target-oriented Programmes for the Consideration by the State Duma

1. Draft federal target-oriented programmes intended for financing from federal budget resources shall be presented to the State Duma together with the draft federal law on the federal budget for the next financial year.

2. The draft federal target-oriented programmes approved within the framework of the [budgets](#) in previous financial years, the financing of which was launched in the years preceding the regular financial year, shall indicate:

the volume of financing for the next financial year as per the distribution of the resources of the federal budget, adopted when each said programme was confirmed;

the volume of financing for the next financial year, offered by the Government of the Russian Federation within the framework of the draft federal law on the federal budget for the next financial year;

the volume of financing over previous years, and also over the current financial year as per the time-table adopted when each said programme was approved;

the volume of actual financing over the previous years, and also the expected financing in the current financial year;

the volume of financing for financial years succeeding the regular financial year as per the time-table adopted when each said programme was approved;

the volume of financing for financial years succeeding the regular financial year.

3. The draft federal target-oriented programmes, offered for the first time for the approval and financing from federal budget resources, shall indicate:

the feasibility study of the need to approve the drafts of the said programmes and of the advisability of their funding from federal budget resources;

the expected socio-economic and ecological results of the realization of said programmes;

the volume of financing for the next financial year offered by the Government of the Russian Federation within the framework of the draft federal law on the federal budget for the next financial year; the schedule of volumes of financing for subsequent financial years;

other documents and materials necessary for the approval of federal target-oriented programmes.

4. The draft federal target-oriented programmes, the financing of which is proposed to stop from federal budget resources since the beginning of the regular financial year, shall indicate the reasons for the cessation of financing, and also the volumes of financing:

the volume of financing for the next financial year as per the time-table adopted when each said programme was approved;

the volume of financing over previous years, and also over the current financial year as per the time-table when each said programme was approved;

the volume of actual financing over previous years, and also the expected financing over the current financial year of each said programme;

the volume of financing over the financial years succeeding the regular financial year as per the time-table adopted when each said programme was approved.

Article 198. The Time for Preparations for the First Reading

The State Duma shall consider a draft federal law on the federal budget for the next financial year in the first reading within 30 days from when it was submitted to the State Duma by the Government of the Russian Federation.

Article 199. The Subject-Matter of the First Reading

When the State Duma considers a draft federal law on the federal budget for the next financial year in the first reading, it shall discuss its concept and the forecast of the socio-economic development of the Russian Federation for the next financial year, the main trends of the fiscal policy for the next financial year, the main principles and settlements in mutual relations between the federal budget and the budgets of the subjects of the Russian Federation, the draft programme of state external withdrawals of the Russian Federation in respect of the sources of the external financing the federal budget deficit, and also the main characteristics of the federal budget which include:

federal budget revenues according to the groups, subgroups and items of the classification of revenues of the budgets of the Russian Federation;

the revenues from the federal taxes and duties distributed between the federal budget and the budgets of the subjects of the Russian Federation;

the deficit of the federal budget in absolute figures and as a percentage of the federal [budget](#) expenditures for the next financial year and the sources of covering the federal budget deficit;

the total volume of federal budget expenditures for the next financial year.

Article 200. Procedure for the Preparation for Consideration in the First Reading of a Draft Federal Law on the Federal Budget by the State Duma

Within 15 days from the day of submitting to the State Duma of a draft federal law on the federal budget for the next financial year, the State Duma Committees shall prepare and then send to the Budget Committee their opinions of the said bill and their proposals on the adoption or rejection of the submitted bill, and also their proposals and recommendations concerning the subject-matter of the first reading.

On the basis of the opinions of the State Duma committees and the subjects of the power to legislate, the Budget Committee shall prepare its conclusion on the said bill, and also the draft resolution of the State Duma on the adoption in the first reading of the draft federal law on the federal budget for the next financial year and on the main characteristics of the federal budget for the next financial year and shall submit them for the consideration by the State Duma.

Article 201. The Examination by the State Duma in the First Reading of a Draft Federal Law on the Federal Budget for the Next Financial Year

In the process of the examination of the draft federal law on the federal budget for the next financial year in the first reading, the State Duma shall hear the Government Report, the supplementary reports of the Budget Committee and the second specialized committee that is responsible for the consideration of the subject-matter of the first reading, and also the report by the Chairman of the Counting Chamber of the Russian Federation and shall adopt a decision on the acceptance or the rejection of the said bill. If the State Duma accepts the said bill in the first reading, it shall approve the main characteristics of the federal budget defined by [Article 199](#) of this Code.

With the approval of the main characteristics of the federal budget in the first reading, the State Duma shall have no right to increase the federal budget revenues and its deficit, if there is no positive opinion of the Government of the Russian Federation of these changes.

Article 202. The Rejection of a Draft Federal Law on the Federal Law on the Federal Budget for the Next Financial Year in the First Reading

If a draft federal law on the federal budget for the next financial year is rejected in the first reading, the State Duma may:

pass the said bill to the conciliation commission for the amplification of the main characteristics of the federal budget (hereinafter referred to as the conciliation commission), consisting of the representatives of the State Duma, the Federation Council and the Government of the Russian Federation, for the elaboration of the agreed variant of the main characteristics of the federal budget for the next financial year in accordance with the proposals and recommendations set forth in the opinions of the committees responsible for consideration of the subject-matter of the first reading and in the opinion of the Federation Council's committee responsible for the consideration of the budget;

return the said bill to the Government of the Russian Federation for putting the finishing touches

to it;

raise a vote of confidence in the Government of the Russian Federation.

Article 203. Procedure for the Work of the Conciliation Commission in the Event of the Rejection by the State Duma in the First Reading of the Draft Federal Law on the Federal Budget for the Next Financial Year

1. In the event of the rejection in the first reading of the draft federal law on the federal budget for the next financial year and of its transfer to the conciliation commission within 10 days the said commission shall work out a variant of the main characteristics of the federal budget by coordinating the said characteristics with the bills of the state Duma on the introduction of amendments and addenda to the legislative acts on taxes and duties and with the draft programme of state external drawings of the Russian Federation in respect of the sources of the external financing of the federal budget deficit.

2. A conciliation commission decision shall be taken by a division vote of the conciliation commission members from the State Duma, the Federation Council and the Government of the Russian Federation (hereinafter referred to as the parties). A decision shall be deemed to be passed by a side, if it was voted by a majority of the representatives of the given side who attended the conciliation commission's sitting. The results of the voting of each side shall be accepted as one vote. A decision shall be deemed to be agreed upon, if it has been supported by three parties. A decision, to which at least one side objects shall be deemed to be not concerted.

3. As soon as the work of the conciliation commission is over, the Government of the Russian Federation shall submit for consideration by the State Duma the agreed basic characteristics of the federal budget for the next financial year in accordance with Item 2 of this Article, and also the bills connected with the main characteristic of the federal budget.

Positions on which the sides have not worked out an agreed decision shall be submitted for the consideration of the State Duma.

4. According to the results of the examination on the first reading of the draft federal law on the federal **budget** for the next financial year the State Duma shall adopt a resolution on the acceptance in the first reading of the draft federal law on the federal budget for the next financial year and on the main characteristics of the federal budget for the next financial year.

If the State Duma fails to take a decision on the main characteristics of the federal budget on the results of the work of the conciliation commission, the draft federal law on the federal budget for the next financial year shall be deemed to be rejected recurrently in the first reading.

If the draft federal law on the federal budget for the next financial year is rejected repeatedly in the first reading, the State Duma shall have no right to send the said bill for the second time to the conciliation commission or to return it to the Government of the Russian Federation. A repeated rejection of the draft federal law on the federal budget is only possible when the State Duma raises a vote of confidence in the Government of the Russian Federation.

When the main characteristics of the federal budget are approved in the first reading, the State Duma shall have no right to increase, federal budget revenues and its deficit according to the results of the work of the conciliation commission, if there is no positive opinion of the conciliation commission on these changes.

Article 204. The Return of the Draft Federal Law on the Federal Budget to the Government of the Russian Federation in the Event of Its Rejection by the State Duma in the First Instance

Should the State Duma reject in the first instance the draft federal law on the federal budget for the next financial year and return it for finishing to the Government of the Russian Federation, the Government of the Russian Federation shall put the finishing touches to the said bill within 20 days taking due account of proposals and recommendations set forth in the opinions of the Budget Committee and the State Duma Committee for Economic Policy, and shall submit the polished-up bill for the repeated consideration of the State Duma in the first reading. In case of the repeated submission of the said bill, the State Duma shall consider it in the first reading within 10 days of the

day when it was submitted for the second time.

If the Government of the Russian Federation resigns in connection with the rejection of the federal law on the federal budget for the next financial year, the newly formed Government of the Russian Federation shall submit a new variant of the draft federal law on the federal budget for the next financial year within 30 days after it is formed.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 205 of this Code](#)
[See the previous text of the Article](#)

Article 205. The Examination in the Second Reading of the Draft Federal Law on the Federal Budget for the Next Financial Year

1. When the State Duma examines the draft federal law on the federal budget for the next financial year in the second reading, it shall approve the [federal budget expenditures](#) according to the sections of the functional classification of the expenditures of the budget of the Russian Federation within the total volume of the federal budget expenditures approved in the first reading, and the size of the Federal Fund for the Financial Support of the Subjects of the Russian Federation.

In the second reading the State Duma shall consider the said bill during 15 days of the day of its adoption in the first reading.

2. The subjects of the power to initiate bills shall send to the Budget Committee their amendments to the federal budget expenditures according to the sections of the functional classification of [expenditures of the budgets](#) of the Russian Federation.

It during the examination in the second reading of the said bill the State Duma does not support the proposals of the Budget Committee, it may consider alternative variants of the balanced distribution of the federal budget expenditures according to the sections of the functional classification of the expenditures of the budgets of the Russian Federation.

3. If the State Duma declines in the second reading the draft federal law on the federal budget for the next financial year, it shall pass the said bill to the conciliation commission.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 206 of this Code](#)
[See the previous text of the Article](#)

Article 206. The Consideration in the Third Reading of the Draft Federal Law on the Federal Budget for the Next Financial Year

1. When the State Duma considers the federal bill on the federal budget for the next financial year in the third hearing there shall be approved federal budget expenditures according to the subsections of the functional classification of expenditures of the Russian Federation and the chief managers of federal budget resources of all four levels of the functional classification of expenditures of the budgets of the Russian Federation, distribution of resources of the Federal Fund for Financial Support to the Subjects of the Russian Federation to subjects of the Russian Federation, the basic indicators of state defence order, federal budget expenditures towards financing federal target programs, the Federal Program of Investments in Specific Projects for Next Financial Year, state armaments program for the next financial year within the maximum limits approved in the second hearing for the sections of federal budget, program of the provision of guarantees of the Government of the Russian Federation for the next financial year, program of the provision of federal budget resources on repayment terms as itemized by the kind of expenditure, Program of the State Foreign Borrowing of the Russian Federation for the next financial year, Program of the State Domestic Borrowing of the Russian Federation, Program of the Provision of State Credits to Foreign States by the Russian Federation for the next financial year, list of the legislative acts (articles, specific article items, subitems, paragraphs) repealed or suspended for the next financial year in connection with the fact that the budget does not contain appropriations for the purpose of implementing them. The subjects of law of legislative initiative shall pass their amendments to the subject matter of the third hearing to the Committee for Budget.

2. The State Duma shall consider in the third reading the draft federal law on the federal budget for the next financial year within 25 days of the day of the adoption of the said bill in the second

reading.

Within 10 days the Budget Committee shall carry out an expert examination of the submitted amendments, prepare summary tables of amendments to the sections of the functional classification of the budget expenditures of the Russian Federation and for the chief managers of federal budget resources at all four levels of the functional classification of the budget expenditures of the Russian Federation which are considered in the third reading, and shall send the said tables to the specialized committees. Only amendments that have passed the expert examination in the Budget Committee and the Government of the Russian Federation shall be subject to further consideration.

3. Amendments to the subject-matter of the third reading shall be examined in parallel in the Budget Committee and the respective specialized committee. Amendments shall be voted by the Budget Committee and the respective specialized committee separately. A decision shall be deemed to be adopted if the results of voting in the said committees coincide.

The Budget Committee and the respective specialized committee shall examine amendments concerning the distribution of the resources of the Federal Fund for the Financial Support of the Subjects of the Russian Federation which were considered in advance by the Federation Council's Budget Committee.

Decisions in which the results of voting in the Budget Committee and the specialized committee coincide shall be deemed to be coordinated.

Amendments over which there are disagreements between the Budget Committee and the specialized committee shall be brought for the consideration of the State Duma without fail.

The total amount of appropriate in each section of the functional classification of the budget expenditures of the Russian Federation taking account of the adopted amendments shall not exceed the amount of the expenditures under the corresponding section approved in the second reading of the draft federal law on the federal budget for the next financial year.

When the draft federal law on the federal budget for the next financial year is considered in the third reading, the amendments proposed by the subjects of the power to initiate bills and providing for the increase of expenditures on particular facilities of the particular federal investment programme and the federal target-oriented programmes, on particular state-financed institutions, and also amendments stipulating the inclusion of expenditures on particular facilities not provided for by the said bill submitted by the Government of the Russian Federation shall not be considered. In this case amendments which provide for the decrease or exclusion of expenditures shall be considered for particular facilities and for programmes, sections and subsections of the functional and departmental classification of the budget expenditures of the Russian Federation.

4. The expenditure distribution options itemized by the section of the functional classification presented by the committees responsible for dealing with respective matters shall match the list of legislative acts (articles, specific article items, subitems, paragraphs) repealed or suspended for the next financial year in connection with the fact that the budget does not provide appropriations for the purpose of implementing them.

5. Amendments made by subject of the power to initiate bills which provide for the granting of federal budget resources to non-governmental organisations of any organisational and legal forms shall not be considered.

Article 207. The Consideration in the Fourth Reading of a Draft Federal Law on the Federal Budget for the Next Financial Year

1. The State Duma shall consider in the fourth reading a draft federal law on the federal budget for the next financial year within 15 days of the day of the adoption of the said bill in the third reading.

In the fourth reading the said bill shall be voted on as a whole. It shall not be permissible to introduce any amendments to it.

2. The federal law on the federal budget adopted by the State Duma for the next financial year shall be passed to the Federation Council for its examination within 5 days of the day of its adoption.

The federal law on the federal budget for the next financial year shall be subject without fail to consideration by the Federation Council in the order prescribed by the Constitution of the Russian Federation.

3. Within one month of the day of signing the federal law on the federal budget for the next financial year, the Government of the Russian Federation shall forward to the State Duma and the Federation Council for their notice a quarterly distribution of the federal budget revenues and expenditures and of receipts from the sources of financing its deficit.

Article 208. The Consideration of the Federal Law on the Federal Budget for the Next Financial Year by the Federation Council

1. The Federation Council shall consider the federal law on the federal [budget](#) for the next financial year within 14 days of the day it was presented by the State Duma.

During the consideration of the federal law on the federal budget for the next financial year it shall be voted on with the aim of approving it as a whole.

2. The federal law on the federal budget for the next financial year, approved by the Federation Council shall be sent to the President of the Russian Federation for signing and promulgating within five days of the day of its approval.

3. If the Federation Council rejects the federal law on the federal budget for the next financial year, the said federal law shall be passed to a conciliatory commission in order to resolve the available disagreements.

Within 10 days the conciliatory commission shall bring up for repeated consideration by the State Duma the agreed upon federal law on the federal budget for the next financial year.

The State Duma shall consider for the second time the federal law on the federal budget for the next financial year in one reading.

4. The federal law on the federal budget for the next financial year adopted by the State Duma as a result of its repeated consideration shall be passed to the Federation Council in the order prescribed by [Article 207](#) of this Code.

5. If the State Duma disagrees with the Federation Council's decision, the federal law on the federal budget for the next financial year shall be deemed to be passed if in repeated voting it has been voted on by at least two-thirds of the total number of the State Duma deputies.

Article 209. Secret Items of the Federal Budget

1. Secret items of the federal budget shall be examined at a secret sitting of the houses of the Federal Assembly of the Russian Federation. Materials to secret federal budget items shall be considered solely by the Chairmen of the houses of the Federal Assembly of the Russian Federation and by the special commissions of the houses.

2. Special secret programmes shall be accepted and included in the federal budget expenditures on the proposal of the President of the Russian Federation.

3. Procedure for spending the funds of special secret programmes shall be instituted by the President of the Russian Federation. Control over the spending of funds in the process of realizing secret programmes shall only be exercised by the bodies which are charged for this purpose by the President of the Russian Federation. The results of the verification of the spending of funds for special secret programmes shall be submitted solely to the President of the Russian Federation, to the Chairmen of the houses of the Federal Assembly of the Russian Federation and to the houses' special commissions.

Article 210. The Consideration by the Federal Assembly Houses of the Federal Law on the Federal Budget for the Next Financial Year in the Event of Its Refusal by the President of the Russian Federation

In the event of the refusal by the President of the Russian Federation of the federal law on the federal budget for the next financial the said law shall be passed by the representative of the President of the Russian Federation to a consolidation commission.

Subsequently the said law shall be considered in the order established by [Article 208](#) of this Code.

Article 211. The Consequences of the Late Non-adoption of a Federal Law on the Federal Budget for the Next Year

[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 211 of this Code](#)
[See the previous text of the Item](#)

1. A federal law on the federal budget for the next financial year shall not take effect before the beginning of the next financial year in the event of the non-adoption by the State Duma of the draft federal law on the federal budget for the next financial year before December 15 of the current year, and also in the event of the non-enforcement of the federal law on the federal budget for the next financial year for other reasons before January 1 of the next year.

2. In the cases specified by Item 1 of this Article the State Duma may adopt a federal law on the financing of expenditure from the federal budget in the first quarter of the next financial year. In this case the federal executive bodies shall spend federal [budget](#) resources in conformity with the said federal law.

Chapter 23. The Introduction of Amendments and Addenda to the Federal Law on the Federal Budget

Article 212. The Introduction of Amendments and Addenda to the Federal Law on the Federal Budget

1. The Government of the Russian Federation shall prepare and submit to the State Duma draft federal laws on the introduction of amendments and addenda to the federal law on the federal budget on all matters which form the object of the legal regulation of the federal law on the federal budget in the part changing the main characteristics of the federal budget and the allocation of the regulating revenues between the levels of the [budget system of the Russian Federation](#), and also the distribution of the federal budget expenditures according to the sections of the functional and department classifications of the budget expenditures of the Russian Federation.

2. In conformity with the [Constitution](#) of the Russian Federation the subjects of the power to initiate bills may submit draft federal laws on the introduction of amendments and addenda to the federal law on the federal budget in the part that changes the main characteristics of the federal budget and the distribution of the regulating revenues among the levels of the budget system of the Russian Federation, and also the distribution of the federal budget expenditures according to the sections of the functional and departmental classifications of the budget expenditures of the Russian Federation in the following cases:

when revenues exceed those reckoned by the federal law on the federal budget by more than 10 per cent, which fact is confirmed by the results of the execution of the federal budget for the first half-year of the current financial year, provided that the Government of the Russian Federation has not brought to the State Duma the relevant bill within 10 days from the day of the examination by the State Duma of the report on the execution of the federal law on the federal budget for the first half-year;

[Federal Law No. 116-FZ of August 5, 2000 amended Item 2 of Article 212 of this Code](#)
[See the previous text of the Item](#)

when unallocated and ineffective use of federal budget resources is revealed and confirmed by audits of the Counting Chamber of the Russian Federation, of the controlling agencies of the Government of the Russian Federation and the Ministry of Finance of the Russian Federation and when proposals are tabled to reduce or block expenditures in the revealed directions of the ineffective or unallocated use of federal budget resources.

Article 213. The Introduction of Amendments and Addenda to the Federal Law on the Federal Budget in the Event of the Reduction or the Growth of the Federal Budget Expenditures by More Than 10 Per Cent

[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 213 of this Code](#)

[See the previous text of the Item](#)

1. In the event of the reduction or growth of expected receipts to the federal budget, which may bring about a change in financing as compared with the approved federal budget by more than 10 per cent of annual assignments, the Government of the Russian Federation shall lay a draft/bill before the State Duma on the introduction of amendments and addenda to the federal law on the federal budget together with the following documents and materials:

the report on the execution of the federal budget over the period of the current financial year, including the latest month that precedes the month during which the said bill is tabled;

the reports of the federal executive bodies collecting federal budget revenues over the period of the current financial year, including the latest month that precedes the month during which the said bill is tabled;

the report on the use of the reserve fund of the Government of the Russian Federation and of the reserve fund of the Government of the Russian Federation and of the reserve fund of the President of the Russian Federation;

the reports of the Ministry of Finance of the Russian Federation and other authorized bodies on the granting and redemption of budget loans and [budget credits](#);

the analysis of the reasons and factors which have necessitated the introduction of amendments and addenda to the federal law on the federal [budget](#).

2. The State Duma shall consider the said bill in extra-ordinary order within 15 days in three readings.

3. The first reading of the draft federal law on the introduction of amendments and addenda to the federal law on the federal budget on the grounds set forth in [Item 1](#) of this Article shall after the submission of the said bill. When the said bill is considered in the first reading, the State Duma shall hear the report of the Government of the Russian Federation and the report of the Counting Chamber of the Russian Federation on the receipts and drawings to the federal budget. During the consideration of the said bill in the first reading the State Duma shall accept it as a basis and confirm new basic characteristics of the federal budget.

4. The second reading of the draft federal law on the introduction of amendments and addenda to the federal law on the federal budget shall take place not later than five days after the adoption of the said bill in the first reading. When the said bill is considered in the second reading the State Duma shall approve the volumes of appropriations according to the sections and subsections of the functional and departmental classification of [budget expenditures](#) of the Russian Federation.

5. The third reading of draft federal law on the introduction of amendments and addenda to the federal law on the federal budget shall take place not later than three days after the adoption of the said bill in the second reading. In the third reading the said bill shall be put to a vote as a whole.

6. If the draft federal law on the introduction of amendments and addenda to the federal law on the federal budget is not accepted within the fixed period of time, the Government of the Russian Federation shall have the right to the proportional reduction of the federal budget expenditures pending the adoption of a legislative decision on this matter unless otherwise stipulated by the federal law on the federal budget.

Article 214. Additional Conditions for the Consideration of Draft Federal Laws on the Introduction of Amendments and Addenda to the Federal Law on the Federal Budget

Draft federal laws on the introduction of amendments and addenda to the federal law on the federal budget, except for the cases defined by [Article 213](#) of this Code, shall be considered in the order prescribed by the Rules of Procedure of the State Duma subject to the following additional conditions:

a bill providing for a change of the main characteristics of the federal budget for the current financial year may not be submitted for consideration by the State Duma before the entry into force of the federal law or before the rejection by the Federation Council or the President of the Russian Federation of this law that provides for a change of the main characteristics of the federal budget for

the current financial year, the draft of which was submitted earlier and accepted by the State Duma in the first reading;

in the event of the submission to the State Duma of two or more bills on the introduction of amendments and addenda to the federal law on the federal budget for the current financial year the said bills shall be considered in the first reading simultaneously as the alternative ones. In this case only one bill may be adopted in the first reading, whereas other bills may be considered as amendments to it.

Section VIII. The Execution of Budgets

Chapter 24. The Principles of the Execution of Budgets

Article 215. The Administration of Budgets by the Treasury

In the Russian Federation budgets shall be administered by the treasury. The executive bodies shall be charged with the organisation of the execution of budgets and with their administration, the management of budget accounts and budget resources. The said bodies shall be the tellers of all the managers and receivers of budget resources and shall effect payments from budget resources on behalf and on the instruction of state-financed institutions.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 216 of this Code](#)
[See the previous text of the Article](#)

Article 216. The Single Cash Principle

The single cash principle provides for the entry of all incoming budget revenues, drawing and repaying of budget deficit sources and disbursing all expenditures from a single budget account, except for the transactions of performance under the federal budget accomplished outside of the Russian Federation in keeping with the legislation of the Russian Federation.

Performance under the budgets of all level of the budget system of the Russian Federation shall be effected on the basis of the single cash principle.

Article 217. The Summary Budget Schedule

1. The budgets of all levels of the budget system of the Russian Federation shall be administered by the authorized executive bodies on the basis of the [schedule of revenue and expenditure](#).

2. A budget schedule shall be compiled by the chief manager of budget resources for the managers and receivers of budget resources on the basis of the approved budget in accordance with the functional and economic classifications of budget expenditures of the Russian Federation with a quarterly breakdown and shall be submitted to the executive body responsible for drafting the [budget](#) within 10 days of the day of the approval of the budget.

3. The body responsible for drafting the relevant budget shall compile a summary budget schedule within 15 days after the approval of the budget on the basis of the budget schedules of the chief managers of budget resources. The summary budget schedule shall be approved by the chief of the said body in the statutory order and shall be sent to the body administering the budget within 17 days of the approval of the budget.

4. At the same time the summary budget schedule shall be forwarded for information purposes to the respective representative body and controlling agencies.

Article 218. The Performance of Budgets for Revenues

The performance of budgets for revenues provides for:
the transfer and placement of revenues to the budget single account;
the distribution of the control revenues in accordance with the approved budget;
the return of the revenues excessively paid to the budget;
the accounting of [budget revenues](#) and the reporting about the revenues of the corresponding budget.

Article 219. The Basic Stages of the Execution of Budget Expenditures

Budget expenditures shall be made within the framework of the actual budget resources on a single budget account with the observance of obligatory consecutive procedures of sanctioning and financing.

The basic stages of sanctioning during the execution of [budget expenditures](#) are as follows:

the compilation and approval of a budget schedule;

the approval and the bringing of information about [budget appropriations](#) to the notice of managers and receivers of budget resources, and also the approval of revenue and expenditure estimates for the managers of budget resources and state-financed institutions;

the approval and the bringing of information about limits of budget liabilities to the notice of the managers and receivers of budget resources;

the acceptance of pecuniary liabilities by the receivers of budget resources;

the confirmation and checking of the execution of pecuniary liabilities.

The procedure of financing consists of the spending of budget resources.

Article 220. Notification About Budget Appropriations

Within 10 days of the day of the approval of a summary [budget schedule](#), the body implementing the budget shall bring the indicators of the said schedule to the notice of the lower-ranking managers and receivers of budget resources.

The indicators of the summary budget schedule shall be brought to the notice of the managers and receivers of budget resources in the form of notifications about budget appropriations for a period of the operation of the approved budget.

A notification about budget appropriations shall not provide the right of assuming obligations to make [budget expenditures](#) and payments.

Changes in the volume of budget appropriations brought to the notice of the managers and receivers of budget resources in notifications about the budget appropriations are only possible in the cases and within the limits set by this Code. The authorized executive body and the managers of budget resources shall be obliged to bring to the notice of all lower-ranking managers and receivers of budget resources information about the changed [budget appropriations](#) within 15 days of the day of the approval of the decision on their change.

Article 221. The Revenue and Expenditures Estimate of a State-Financed Institution

Within 10 days of the day of receipt of a notification about budget appropriations the state-financed institution shall be obliged to compile a revenue and expenditure estimate in standard form and to submit it for approval by a higher-ranking manager of budget resources. Within five days of the day of the submission of the said estimate the manager of budget resources shall approve this estimate.

The revenue and expenditure estimate of the state-financed institution which is the chief manager of budget resources shall be approved by the head of the chief disposer of budget resources.

The revenue and expenditure estimate of the state-financed institution shall be passed by this institution to the body implementing the budget within one working day of the day of its approval.

Article 222. The Budget Obligation

The budget obligation is the duty recognized by the body implementing the budget to spend the funds of the corresponding budget within a particular period of time, a duty that arises in accordance with the law on the budget and with the summary [budget schedule](#).

Article 223. The Approval and Informing About the Limits of Budget Obligations

1. The limits of budget obligations represent the volume of budget obligations defined and approved for the disposer and receiver of budget resources by the body implementing the budget for

a period that does not exceed three months.

2. The limits of budget obligations for the disposers and receivers of budget resources shall be approved by the body implementing the budget on the basis of the drafts of distribution approved by the chief disposers of budget resources.

3. The limits of budget obligations shall be brought to the notice of all disposers and receivers of budget resources by the body implementing the budget at least five days before the period of their operation.

4. The summary register of the limits of budget obligations for all disposers and receivers of budget resources shall be submitted by the authorized executive body to the controlling body set up by the respective legislative (representative) body.

Article 224. A Change of Limits of Budget Obligations

1. The limit of budget obligations may not differ from the volume of [budget appropriations](#) per quarter, except for the cases stipulated by this Article.

2. A change of limits of budget obligations is possible in the event of a change in budget appropriations defined by [Article 228](#) of this Code, and also in the event of the blocking expenditures defined by [Article 231](#) of this Code.

3. A change of limits of budget obligations is possible without a change in budget appropriations, if the body implementing the budget has put off the execution of the submitted limits of budget obligations. The body implementing the [budget](#) shall have the right to put off the granting of the limits of budget obligations to the disposers and receivers of budget resources for a period of up to three months. The delayed budget obligations may not exceed 10 per cent of the budget appropriations set for the quarter in which budget obligations are delayed.

The authorized executive body and the disposers of budget resources shall be obliged to bring the changes in the limits of budget obligations to all lower-ranking disposers and receivers of budget resources at least five days before the beginning of the period of the operation of the changed limits of budget obligations.

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of paragraph 3 of Item 3 of Article 224 of this Code from January 1 to December 31, 2004

~~Limits of budget obligations may not be changed after the expiry of half period of their operation.~~

Article 225. The Acceptance of Pecuniary Liabilities

1. The receivers of budget resources shall have the right to accept pecuniary liabilities for making expenditures and payments by means of compiling payment and other documents needed for making expenditures and payments within the limits of budget obligations and the revenue and expenditure estimate which have been brought to their notice.

2. The forms of payment documents shall be approved by the Ministry of Finance of the Russian Federation by agreement with the Central Bank of Russia.

Article 226. The Acknowledgement of Pecuniary Liabilities

1. The body implementing the budget shall spend budget resources after the verification of the compliance of payment and other documents needed for making expenditures, with the requirements of this Code, the approved revenue and expenditure estimates of state-financed institutions and of the limits of budget obligations.

2. The list and forms of documents to be submitted to the budget-implementing body for the acknowledgement of pecuniary liabilities shall be approved by a legal act of the respective executive body.

3. The budget-implementing body shall acknowledge the execution of pecuniary liabilities and put down a permissive inscription within three days of the time of presenting payment documents.

4. The volumes of accepted pecuniary liabilities may not exceed the volume of the accepted pecuniary liabilities. Acknowledged pecuniary liabilities may differ from accepted pecuniary liabilities only in the event of the refusal of the budget-implementing body to confirm the accepted pecuniary liabilities. The budget-implementing body may refuse to confirm the accepted budget obligations

solely in the following cases:

in case of the inconsistency of the accepted pecuniary liabilities with the requirements of this Code;

in case of the inconsistency of accepted pecuniary liabilities with the law or decision on the budget, the [budget appropriations](#) and the limits of budget obligations;

in case of the inconsistency of accepted budget obligations with the approved revenue and expenditure estimate of the respective state-financed institution;

in case of blocking expenditures.

5. The officials of the budget-implementing body shall bear responsibility for:

the excess of the time-limits indicated in Item 3 of this Article;

the non-acknowledgement of accepted pecuniary liabilities in the absence of circumstances referred to in Item 4 of this Article;

the acknowledgement of accepted pecuniary liabilities and the completion of a permissive inscription, if the circumstances referred to in Item 4 of this Article have taken place.

Article 227. The Spending of Budget Resources

1. Budget resources shall be spent by means of writing-off pecuniary funds from the budget single account in the amount of the acknowledged budget obligation in favour of natural persons and legal entities.

2. The volume of budget resources being expended shall correspond to the volume of acknowledged pecuniary liabilities.

Article 228. The Change of Budget Appropriations

As compared with the [budget appropriations](#) which were brought to the notice of each receiver of budget resources, budget appropriations may be changed owing to the introduction of the system of reducing [budget](#) expenditures defined by [Article 229](#) of this Code, to the execution of budget revenues over and above those approved by a law or decision on the budget defined by [Article 232](#) of this Code, or owing to the transfer of budget appropriations by the powers specified by [Article 233](#) of this Code.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 229 of this Code](#)

[See the previous text of the Article](#)

Article 229. Cutting Budget Expenditures

1. Should in the course of the performance under the budget occur a decrease in the amount of budget revenues or in proceeds from budget deficit financing sources as leading to insufficient funding of expenditures in comparison with the funding approved by the budget by up to 10 per cent of annual figures, the Government of the Russian Federation, the body of executive power of the subject of the Russian Federation or local self-government body shall be entitled to make a decision on implementing budget expenditure reduction regimen and to implement the said regimen.

2. The decision to implement the budget expenditure reduction regimen shall comprise the effective date of the regimen, the amount of budget expenditure cuts. Here, the decrease in the budget appropriations shall not exceed 10 per cent of the annual figures for each chief manager of budget resources as well as for each object included in a program of investments in specific projects, a target program.

3. A notice of the implementation of the budget expenditure reduction regimen shall be served to the managers and beneficiaries of budget resources at least 15 days prior to the effective date thereof.

4. Unused budget liability limits shall be cut under the decision for implementation of the budget expenditure reduction regimen.

5. The revocation of the budget expenditure regimen, or change in a budget expenditure cut amount shall be effected by the body which has made the decision to implement the said regimen.

[Federal Law No. 116-FZ of August 5, 2000 amended Article 230 of this Code](#)

[See the previous text of the Article](#)

Article 230. The Reduction of Budget Expenditures by More Than 10 Per Cent

1. If in the process of the budget execution the volume of [budget revenues](#) or receipts from the sources of financing the budget deficit is reduced, which leads to the incomplete financing of expenditures as compared with the approved budget by more than 10 per cent of annual assignments, the executive body shall submit to the representative body a draft law on the introduction of amendments and addenda to the budget law.

2. The representative body shall examine the bill indicated in Item 1 of this Article in the order provided for by this Code for the federal budget, by the laws of the subjects of the Russian Federation, the legal acts of the local self-government bodies for the budget of a subject of the Russian Federation or the local budget, accordingly.

3. If a draft law on the introduction of amendments and addenda to the budget law is not adopted within 15 days of its being presented to the legislative (representative) body, the executive body shall have the right to effect a proportional reduction of [budget expenditures](#) pending the adoption of a legislative decision on this matter, unless otherwise stipulated by the law or the decision on the budget of a subject of the Russian Federation.

Article 231. The Blocking of Budget Expenditures

1. The blocking of budget expenditures means the reduction of limits of budget obligations as compared with budget appropriations or the refusal to confirm the accepted budgetary obligations, if budget appropriations were made under the law or the decision on the [budget](#) to the chief disposer of budget resources (a subject of the Russian Federation, a municipal entity or any other receiver of budget resources) for the fulfilment of definite conditions, but by the time of compiling budget obligations or of confirming the accepted budget obligations these conditions proved to be unfulfilled.

2. Budget expenditures shall also be blocked, when the budget-implementing body or the bodies of state financial control reveal cases of the unfounded use of budget resources.

3. Budget expenditures shall be blocked by decision of the manager of a finance body at any stage of budget execution.

4. The following expenditures may be subjected to blocking:
[budget expenditures](#) solely in the amounts in which their financing was not bound by the terms of this Code or by the law or the decision on the budget. The blocking of budget expenditures whose financing was not bound by the terms of this Code or by the law or the decision on the budget shall be a breach of the budget legislation if there were no cases of the unfounded use of budget resources; budget expenditures on which facts of unfounded use have been revealed.

5. The manager of a finance body shall rescind the decision on blocking expenditure upon the petition of the respective chief disposer of budget resources or any other receiver of budget resources only after the fulfilment by the latter of the conditions whose non-performance has involved the blocking of expenditures.

Article 232. The Use of Revenues Actually Received within the Execution of the Budget Over and Above Those Approved by the Law or the Decision on the Budget

[Federal Law No. 150-FZ of December 27, 2000](#) suspended the effect of Items 1 and 2 of Article 232 of this Federal Law until December 31, 2001

1. Revenues actually received during the execution of the budget over and above those approved by the law or the decision on the budget shall be used by the budget-implementing body to reduce the amount of the budget deficit and to make payments reducing budget debt liabilities without introducing amendments and addenda to the law or the decision on the budget. In this case the authorized executive body shall prepare and approve the additional budget schedule.

Federal Law No. 116-FZ of August 5, 2000 supplemented Article 232 of this Code with the following paragraph

The incomes actually received by budget institutions from services provided for a charge as well as from other entrepreneurial activities as performance is effected under the budget in excess of those approved by the law (decision) on the budget and in excess of the revenues and expenditures estimate shall be used to finance the expenditures of these budget-funded institutions.

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of Item 2 of Article 232 of this Code from January 1 to December 31, 2004 as concerns the federal budget

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of Item 2 of Article 232 of this Code from January 1 through December 31, 2003 with regard to the federal budget

According to Federal Law No. 194-FZ of December 30, 2001, the effect of item 2 of Article 232 of this Code is suspended from January 1, through December 31, 2002 in the part concerning the federal budget

2. In case of necessity to use additional revenues for the purposes different from those indicated in Item 1 of this Article or in case of the excess of expected actual revenues over the approved annual assignments by over 10 per cent the financing of budget expenditures over and above the appropriations approved by the law or the decision on the budget, shall be carried out after the introduction of amendments and addenda to the law or the decision on the budget. Amendments and addenda shall be introduced to the law or the decision on the budget according to the results of the budget execution for the quarter or half-year in which the said excess was obtained.

3. Draft law on the introduction of amendments and addenda to the law or the decision on the budget in connection with the receipt of additional revenues shall be examined by the respective legislative (representative) body in the extraordinary order within 15 days of the day of its submission to the said body. If the bill is not taken on time, the executive body shall have the right to carry out a regular indexation of budget expenditures in all directions after the reduction of the budget deficit and the repayment of debt liabilities.

Article 233. The Transfer of Budget Appropriations by the Chief and Ordinary Disposer of Budget Resources

The chief or ordinary disposer of budget resources within their terms of reference shall have the right to transfer budget appropriations between the receivers of budget resources in the amount of five per cent of the budget appropriations brought to the notice of the receiver of budget resources.

Article 234. Maximum Changes in Budget Appropriations for the Chief and Ordinary Disposers of Budget Resources and the Receivers of Budget Resources

1. The volumes of budget appropriations for the chief and ordinary disposer of budget resources per financial year may differ from the volumes of budget appropriations approved by the budget schedule and the law or the decision in the budget in all the circumstances set forth in Article 228 of this Code by not more than 10 per cent of the approved budget appropriations.

2. The volumes of budget appropriations for the receiver of budget resources per financial year may differ from the volumes of budget appropriations approved by the budget schedule in all the circumstances set forth in this Article, in Article 228 and 233 of this Code by not more than 15 per cent of the approved volumes of budget appropriations.

3. The budget-implementing body shall have the right to transfer the budget appropriations allocated to the chief disposer of budget resources between the sections, subsections, special-purpose items and types of expenditures of the functional classification of budget expenditures of the Russian Federation within 10 per cent of the budget appropriations assigned to the chief disposer of budget resources.

4. A notification about the transfer of budget appropriations shall be made by the

budget-implementing body when it informs the chief disposer of the limits of budget obligations.

Article 235. The Financing of Expenditures by Offsetting Monetary Funds

1. In the event of the establishment of reciprocal liabilities between the budget and the respective receiver of budget resources it is possible to effect an offset of monetary funds (provided only the receiver of budget resources is indebted for payments to the budget).

2. Procedure for effecting an offset of monetary funds shall be determined by the Government of the Russian Federation, the executive body of a subject of the Russian Federation or the local self-government body.

Federal Law No. 116-FZ of August 5, 2000 supplemented Article 235 of this Code with Item 3

3. The provisions of the present article shall not extend to the offset of taxes and fees payable to the budget under the Tax Code of the Russian Federation and other legislative acts of the Russian Federation governing taxes and fees.

Federal Law No. 186-FZ of December 23, 2003 established that in 2004 the operation of Article 236 of the Budgetary Code of the Russian Federation as concerns the inadmissibility of the distribution of the budgetary means and of the receipt of additional incomes in the course of the execution of the budget at the expense of the placement of the budgetary means on bank deposits, shall not be extended to the subjects of the Russian Federation, which do not receive any subsidies for levelling out the budgetary provision of the budgets of the subjects of the Russian Federation from the Federal Fund for Rendering Financial Support to the Subjects of the Russian Federation

Article 236. Inadmissible Placement of Budget Resources on Bank Deposits and Transfer of Budget Resources on Trust Management

It shall be inadmissible to place budget resources on bank deposits, to receive additional revenues in the process of the budget implementation at the expense of the placement of budget sources on bank deposits and to transfer the received revenues in trust management, except for the cases provided for by this Code.

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of Article 237 of this Code from January 1 to December 31, 2004

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of Article 237 of this Code from January 1 until December 31, 2003

Federal Law No. 194-FZ of December 30, 2001 suspended the effect of Article 237 of this Code until December 31, 2002

Federal Law No. 150-FZ of December 27, 2000 suspended the effect of Article 237 of this Federal Law until December 31, 2001

Federal Law No. 116-FZ of August 5, 2000 amended Article 237 of this Code
See the previous text of the Article

~~Article 237. Budget-Funded Institution's Rights in Cases of Incomplete Financing and Late Financing~~

~~In the event of a delay in financing out of the budget exceeding two months or in the event when financing covers up to 75 per cent of the budget allocations established by the quarterly budget allocation notice the budget institution funded under a revenues and expenditures estimate shall be entitled to determine the direction of cash expenditure from its accounts in the federal treasury bodies within the maximum limits of budget liabilities and financing amounts set by a higher manager of budget resources.~~

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of Article 238 of this Code from January 1 to December 31, 2004

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of Article 238 of this Code from January 1 through December 31, 2003

Federal Law No. 194-FZ of December 30, 2001 suspended the effect of Article 238 of this Code until December 31, 2002

Federal Law No. 150-FZ of December 27, 2000 suspended the effect of Article 238 of this Federal Law until December 31, 2001

~~Article 238. The Rights of Budget Resources When the Budget is Being Implemented~~

~~1. If within the normative period the limit of budget obligations is not financed in full measure, except for the cases defined by Article 230 and 231 of this Code, the receiver of budget resources shall have the right to compensation in the amount of underfunding.~~

~~2. Underfunding means the difference between the limit of the budget obligations, which are brought to the notice of the receiver if budget resources in the notification about the limit of budget obligations, and the volume of funds placed on the personal account of the receiver of budget resources, or the volume of funds written off from the budget single account in favour of the receiver of budget resources within the period of operation of the limit of budget obligations with due account of Article 224, 230 and 231 of this Code.~~

~~3. Compensation in the amount of underfunding shall be made in accordance with a court decision.~~

Article 239. The Immunity of Budgets

The immunity of budgets is a legal regime under which the levy of execution on budget resources shall be carried out only on the basis of a court decision that stipulates:

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of paragraph 2 of Article 239 from January 1 to December 31, 2004

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of the second paragraph of Article 239 of this Code from January 1 until December 31, 2003

Federal Law No. 194-FZ of December 30, 2001 suspended the effect of Article 239 of this Code until December 31, 2002

Federal Law No. 150-FZ of December 27, 2000 suspended the effect of paragraph 2 of Article 239 of this Federal Law until December 31, 2001

~~compensation in the amount of underfunding, if recovered resources have been endorsed in the legislative order as part of budget expenditure;~~

~~compensation of losses caused to a natural person or legal entity as a result of the illegal action (inaction) of state bodies, local self-government bodies or the officials of these bodies, including as a result of the promulgation of acts of organs of state power or local self-government bodies which do not correspond to the law or any other legal act, except for the cases defined by the second paragraph of this Article.~~

Article 240. Budget Accounting

All the budget revenues, sources of financing the budget deficit and budget expenditures, and also operations carried out in the process of budget implementation shall be subject to budget

accounting based on the single chart of accounts.

Budget accounting shall be organized by the budget-implementing body. A single chart of accounts of budget accounting shall be established by the Government of the Russian Federation.

Article 241. Reporting on the Budget Implementation

Reporting on the budget implementation may be prompt, quarterly, semi-annual and annual. Reports on the budget execution shall be collected, summarized, compiled and submitted by the authorized executive body.

A single methodology of budget implementation shall be established by the Government of the Russian Federation.

The authorized executive body shall submit its quarterly, semi-annual and annual reports on the budget implementation body, and also to the Federal Treasury in the statutory order.

An annual report on the budget implementation shall be approved by the representative body.

The procedure for the submission of information to the representative bodies on prompt, quarterly and semi-annual reports on the budget implementation shall be determined by the legal acts of the relevant representative bodies.

Municipal entities shall present in the statutory order information about the execution of local budgets to the State Statistics Committee.

Article 242. The Completion of a Budget Year

1. A financial year shall be completed on December 31.

2. Limits of budget obligations shall be terminated on December 31.

3. It shall be impermissible to accept pecuniary liabilities after December 25. Pecuniary liabilities shall be acknowledged by the budget-implementing body shall be obliged to pay the accepted and acknowledged pecuniary liabilities.

Accounts used to execute the budget of the year to be completed shall be closed on December 31 at midnight.

4. Monetary funds which have been received by state-financed institutions from business activity but have not been used as on January 31 shall be placed in the same amounts to the personal accounts to be opened to the respective state-financed institutions.

Federal Law No. 116-FZ of August 5, 2000 reworded Item 5 of Article 242 of this Code
See the previous text of the Item

5. Upon the accomplishment of transactions relating to assumed cash liabilities of the past year single budget account balance shall be recorded as resources balance as of the beginning of the next financial year.

Chapter 25. The Execution of the Federal Budget

Article 243. The Executions of the Execution of the Federal Budget by the Treasury

When the federal budget is executed by the treasury, the registration of receipts, the regulation of the volumes and the terms of the acceptance of budget obligations, the completion of a permissive inscription on the right to make expenditures within the framework of the allocated limits of budget obligations and the making of payments on behalf of the receivers federal budget resources shall be vested in the Federal Treasury.

The federal budget shall be executed on the basis of the reflection of all operations and federal budget resources in the system of balance accounts of the Federal Treasury.

It shall be forbidden to conduct transactions by-passing the system of balance accounts of the Federal Treasury in the process of the execution of the federal budget.

Article 244. Federal Treasury Accounts

The right to open or close federal budget accounts and to define their condition shall belong to

the Federal Treasury.

The single account of the federal budget or the single account of the Federal Treasury shall be kept at the Bank of Russia.

The Federal Treasury shall have the right to open or close other accounts of the federal budget with the aim of managing federal [budget](#) resources, the national debt and the making of payments to the Federal Treasury.

The accounts of the Federal Treasury in the Bank of Russia and in the credit organisations shall be kept on the basis of the contracts to be concluded and performed in keeping with the civil legislation of the Russian Federation with due account of the specific features established by this Code.

Article 245. The Execution of the Federal Budget Revenues

The execution of the federal budget revenues shall provide for:

the transfer and placement of federal budget revenues to the single account of the federal budget;

the distribution of federal regulating taxes in keeping with the approved federal budget;

the return of excessively paid amounts of revenues;

the accounting of federal budget revenues and the reporting on the federal budget revenues in accordance with the [budget classification](#) of the Russian Federation.

Article 246. The Summary Budget Schedule of the Federal Budget

A summary [revenue and expenditure schedule](#) of the federal budget shall be compiled by the Ministry of Finance of the Russian Federation and approved by the Ministry of Finance of the Russian Federation within 15 days of the adoption of the federal law on the federal budget. The approved summary budget schedule of the federal budget shall be transferred for execution to the Federal Treasury and sent for information purposes to the Federal Assembly and the Counting Chamber of the Russian Federation.

Article 247. The Sanctioning of Federal Budget Expenditures

Procedures for sanctioning federal budget expenditures shall be used to exclude the financing of expenditures and the making of payments which are not stipulated by the approved federal law on the federal budget and are not secured by the receipts of revenues and the borrowed funds of the federal budget.

The sanctioning of federal budget expenditures includes:

the approval of federal budget resources, the bringing of budget appropriations to the notice of the disposers and receivers of the federal [budget](#), and the adjustment of revenue and expenditure estimates for the disposers of federal budget resources and state-financed institutions;

the approval of the limits of budget obligations and the bringing of them to the notice of the disposers and receivers of federal budget resources;

the acceptance of pecuniary liabilities by the receivers of federal budget resources;

the acknowledgement of the federal budget pecuniary liabilities.

Procedure and rules of sanctioning federal budget expenditures shall be introduced by the Federal Treasury in keeping with this Code.

Article 248. The Notification About Budget Appropriations from the Federal Budget

Within 20 days of the approval of the [summary budget schedule](#) of the federal budget, the budget-implementing body shall bring in standard form the volumes of budget appropriations from the federal budget to the notice of the lower-ranking disposers and receivers of federal budget resources through the Federal Treasury agencies on the basis of the summary federal budget schedule of the federal budget and federal budget appropriations reported by the Federal Treasury.

A change in the [budget appropriations](#) from the federal budget shall be made by the Ministry of Finance of the Russian Federation and by the chief disposers of federal budget resources within their terms of reference, defined by [Article 229](#), [231](#) and [233](#) of this Code.

Article 249. Notes About Limits of Budget Obligations of the Federal Budget

1. The scope of the regulatory rights of the receivers of federal budget resources to accept federal budget pecuniary liabilities shall be established by way of approving the limits of federal budget obligations and of informing about them.

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of paragraph 2 of Item 1 of Article 249 of this Code from January 1 to December 31, 2004 as concerns the establishment of the limits of the budgetary liabilities in the federal budget for a period, not exceeding three months

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of the second paragraph of Item 1 of Article 249 of this Code from January 1 through December 31, 2003 with regard to the formation of the limits of the federal budget's budgetary obligations for a period not exceeding three months

Limits of federal budget obligations of the federal budget shall be formed ~~for a period that does not exceed three months~~ on the basis of the summary budget schedule of the federal budget, the budget appropriations and the forecast of revenues and receipts from the sources of financing the federal budget deficit.

Limits of federal budget obligations for the chief disposers of federal budget resources shall be approved by the Federal Treasury.

The distribution of budget obligations between the disposers and receivers of federal budget resources shall be endorsed by the chief disposers of federal budget resources.

The approved limits of budget obligations shall be brought to the notice of the low-ranking disposers and receivers of federal budget resources through the Federal Treasury in the form of a notification about the limit of the budget obligations of the federal budget. The limits of budget obligations shall be brought to the notice of the receivers of federal budget resources five days before the time of the enforcement of the said limits.

The Federal Treasury shall have the right to put off the granting of rights to the assumption of budget obligations to the disposers and receivers of federal budget resources for a period of three months in the order prescribed by Article 224 of this Code.

2. The set of limits of budget obligations for all the receivers of federal budget resources in the single register of limits of budget obligations for a definite period of time shall be forwarded by the Federal Treasury to the Counting Chamber of the Russian Federation for information.

Federal Law No. 116-FZ of August 5, 2000 reworded Article 250 of this Code
See the previous text of the Article

Article 250. Assuming the Cash Liabilities Payable out of Federal Budget Resources

1. The beneficiaries of budget funds are entitled within the set budget liabilities limits to assume a cash liability to be discharged from federal budget resources.

The assumption of cash liabilities shall be effected by means of the beneficiary of budget resources and the supplier of products (works, services) entering into agreements (contracts) under the law of the Russian Federation.

2. The amount of cash liabilities assumed and subject to repayment out of the federal budget in the current financial year shall not exceed the maximum limits of budget liabilities within the structure of the budget classification of the Russian Federation.

Article 251. The Acknowledgement of Pecuniary liabilities of the Federal Budget

1. The Federal Treasury shall spend federal budget resources after the verification of the compliance of payment and other documents needed for expenditure with the requirements of this

Code, the approved revenue and expenditure estimates of state-financed institutions and the carried through limits of budget obligations.

2. The list and forms of documents to be submitted to the Federal Treasury for the acknowledgement of the accepted pecuniary liabilities of the federal budget shall be confirmed by the Government of the Russian Federation.

3. The Federal Treasury shall check pecuniary liabilities and acknowledge their execution and shall put down a permissible inscription within three days of the time of the submission of documents.

4. The volume of acknowledged pecuniary liabilities may not exceed the volume of accepted pecuniary liabilities. The volume of acknowledged pecuniary liabilities may differ from the volume of accepted pecuniary liabilities only in the event of the refusal of the Federal Treasury to confirm the accepted pecuniary liabilities on the grounds established by this Code.

The acknowledged pecuniary liability of the federal budget shall be a ground for the spending of federal budget resources.

Article 252. The Financing of Federal Budget Expenditures

The financing of federal budget expenditures represents some consecutive actions and includes:

the permit (order) for effecting payment;

the effecting of payment;

The federal budget expenditures shall be financed by the Federal Treasury.

The completion of permissible inscription (permit for making payment) and the order on making payment may not be given by one and the same official of the budget-implementing body.

Article 253. The Effecting of Payments from the Federal Budget

1. On the basis of the duly valid payment documents submitted by the receiver of federal budget resources, the Federal Treasury shall make payment on the day of putting down a permissible inscription by writing off resources from the federal budget single account and reflecting this operation in a personal account.

2. In the process of making payment the corresponding amount of money shall be written off on the basis of the order of the Federal Treasury from the federal budget single account in favour of natural persons and legal entities.

3. The amount of payment from the federal budget may not exceed the amount indicated in the acknowledged pecuniary liabilities.

4. The transfer of money from the federal budget to the budgets of the subject of the Russian Federation within the framework of interbudget relations shall be completed on December 20.

Article 254. Personal Accounts of Budget Resources

1. Federal budget expenditures shall be executed with the use of personal accounts of budget resources (hereinafter referred to as personal accounts) to be opened in the single accounting register of the Federal Treasury for each chief and ordinary disposer and each receiver of federal budget resources.

2. The personal account shall reflect the volume of federal budget resources disposed of by the disposer or the receiver of these resources in the process of realizing the procedures of sanctioning and financing federal budget expenditures.

3. The personal account of the disposer or the receiver of federal budget resources shall be opened with the respective territorial agency of the Federal Treasury.

4. Monetary funds from business activity and the use of the state property of a state-financed institution shall be placed on the federal budget single account in the corresponding territorial agency of the Federal Treasury. The territorial agency of the Federal Treasury shall be obliged to reflect the said resources in the personal account of a state-financed institution before the day after that of their placement on the federal budget single account. As of this time the state-financed institution shall have the right to dispose of these resources.

5. The state-financed institution shall have the right to dispose of the funds placed on its

personal account only in the amount that is reflected in the personal account of the state-financed institution.

6. In the absence of sufficient [budget](#) resources for the performance of the assignments of the executive body the state-financed institution that is subordinate to the given executive body may use these resources received from business activity and the use of state property. The amount of the excess of resources actually received by the state-financed institution from the business activity and the use of state property over the resources reckoned in the revenue and expenditure estimate shall be left at the disposal of the state-financed institution.

Article 255. The Sequence of Writing off Monetary Funds from the Budget Account and Personal Accounts of Receivers of Budget Resources

For the sequence of writing off monetary funds, see [Article 855](#) of the Civil Code of the Russian Federation

1. If there is a sufficient quantity of monetary funds on the budget account (the personal account of the receiver of budget resources) to meet all claims on the account, these funds shall be written off in the order of the receipt of acknowledged payment obligations and other documents for write-off, including judicial decisions (calendar order of sequence).

2. If there is an insufficient quantity of monetary funds on the budget account (the personal account of the receiver of budget resources) to meet all claims on the account, monetary funds shall be written off in the following order of sequence:

in the first place, it is necessary to write off monetary funds under the judicial decisions which provide for the transfer or the issue of monetary funds from the account to meet claims for the redress of the injury caused to the lives and health of individuals as a result of illegal actions (inaction) of state bodies, local self-government bodies or their officials;

secondly, it is necessary to write off monetary funds under the judicial decisions which provide for the transfer or issue of monetary funds from the account to compensate for real damage in the amount of underfunding, and also to compensate the losses caused to a natural person or legal entity as a result of illegal actions (inaction) of state bodies, local self-government bodies or their officials, including as a result of the promulgation of the enactments by state bodies or local self-government bodies which do not correspond to a law or any other legal act:

thirdly, it is necessary to write off monetary funds with the aim of returning the excessively paid and mistakenly remitted revenues to the budget;

fourth, it is necessary to write off monetary funds under the payment documents which provide for the financing of expenditures on the service and redemption of the state or [municipal debt](#);

fifth, it is necessary to write off monetary funds under the payment documents which provide for the financing of other [budget expenditures](#).

Monetary funds shall be written off from the account under claims which refer to one turn according to the calendar order of sequence of the receipt of documents.

Article 256. Treasury Ledger

The Federal Treasury shall register all operations connected with the receipt by the federal budget of revenues and returns from sources of financing the federal budget deficit, and also with the sanctioning and financing the federal budget deficit in the Federal Treasury Ledger (hereinafter referred to as the Treasury Ledger).

The Federal Treasury shall keep an overall register of receivers of federal budget resources. The procedure for the registration and record of receivers of federal budget resources shall be established by the Ministry of Finance of the Russian Federation.

The Treasury Ledger shall be kept on the basis of the chart of accounts approved by the Federal Treasury.

Records in the Treasury Ledger shall be made upon completion of appropriate operations in the process of the federal budget execution.

The Treasury Ledger data shall be a basis for the formation of reports on the federal budget

execution.

Article 257. Changes in Budget Appropriations from the Federal Budget

As compared with the budget appropriations brought to the notice of each receiver of resources in the respective notification, budget appropriations from the federal [budget](#) may be changed owing to the introduction of the systems of reducing or increasing federal budget expenditures defined by [Articles 258](#) and [260](#) of this Code, or may be changed by the chief disposer of federal budget resources within the terms of reference determined by [Article 233](#) of this Code.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 258 of this Code](#)
[See the previous text of the Article](#)

Article 258. Cutting Federal Budget Expenditures

1. If in the course of performance under the federal budget there is a decrease in the amount of federal budget revenues or proceeds from federal budget deficit financing sources as leading to insufficient expenditure financing in comparison with the level approved by the budget by up to 10 per cent of annual figures, the Government of the Russian Federation shall be able to make a decision to implement a federal budget expenditure reduction regimen and to implement such a regimen.

2. The decision to implement the federal budget expenditure reduction regimen shall comprise the effective date of the regimen, the amount of federal budget expenditure cuts. Here, the decrease in the budget appropriations shall not exceed 10 per cent of the annual figures for each chief manager of budget resources as well as for each object included in a federal program of investments in specific projects, federal target program.

3. A notice of the implementation of the federal budget expenditure reduction regimen shall be served to the managers and beneficiaries of budget resources at least 15 days prior to the effective date thereof.

4. Budget liability limits shall be cut under the decision for the introduction of the federal budget expenditure reduction regimen.

5. The revocation of the federal budget expenditure regimen shall be effected by the Government of the Russian Federation.

Article 259. The Reduction of Federal Budget Expenditures by More Than 10 Per Cent

1. If in the process of the federal budget execution federal budget receipts are reduced, which may lead to the incomplete financing by more than 10 per cent as compared with the approved federal budget, the Government of the Russian Federation shall submit to the State Duma a draft federal law on the introduction of amendments and addenda to the federal law on the federal budget.

2. The State Duma shall consider the bill referred to in Item 1 of this Article, in the extraordinary order defined by [Article 213](#) of this Code.

3. If the draft federal law on the introduction of amendments and addenda to the federal law on the federal budget is not taken in a fixed period of time, the Government of the Russian Federation shall have the right to a proportional reduction of federal budget expenditures pending the adoption of a federal law on this matter.

Article 260. The Use of Revenues Actually Received within the Federal Budget Execution Over and Above Those Revenues Approved by the Federal Law on the Federal Budget

[Federal Law No. 150-FZ of December 27, 2000 suspended the effect of Items 1 and 2 of Article 260 of this Federal Law until December 31, 2001](#)

~~1. Revenues actually received during the federal budget execution over and above those revenues approved by the federal law on the federal budget, shall be used by the Ministry of Finance of the Russian Federation to reduce the amount of the federal budget deficit and to make payments~~

~~cutting down the debt liabilities of the federal budget without introducing amendments and addenda to the federal law on the federal budget. In this case the Ministry of Finance of the Russian Federation shall prepare and endorse an additional budget schedule.~~

Federal Law No. 186-FZ of December 23, 2003 suspended the validity of Item 2 of Article 260 of this Code from January 1 to December 31, 2004

Federal Law No. 176-FZ of December 24, 2002 suspended the validity of Item 2 of Article 260 of this Code from January 1 through December 31, 2003

Federal Law No. 194-FZ of December 30, 2001 suspended the effect of item 2 of Article 260 of this Code until December 31, 2002 in the part concerning the federal budget

~~2. If there is a need to channel additional revenues for purposes that are different from those indicated in Item 1 of this Article or if the expected actual revenues exceed the approved annual assignments by more than 10 per cent, federal budget expenditures over and above the appropriations endorsed by the federal law on the federal budget shall be financed after the introduction of amendments and addenda to the federal law on the federal budget. Amendments and addenda to the federal law on the federal budget shall be introduced according to the results of the federal budget execution over the quarter (half-year) in which the said excess was actually received.~~

3. The bill on the introduction of amendments and addenda to the federal law on the federal budget in connection with the receipt of additional revenues shall be submitted by the Government of the Russian Federation to the State Duma within 10 days after the report on the federal budget execution for the quarter (half-year) in which the excess of revenues was actually received was considered at a meeting of the State Duma. The said bill shall be examined by the State Duma in the order prescribed by [Article 213](#) of this Code.

If the said bill is not taken within the fixed period of time, the Government of the Russian Federation shall have the right to effect an even indexation of federal budget expenditures in all directions after the reduction of the federal budget deficit and the redemption of debt liabilities.

Article 261. The Rights of the Minister of Finance to Shift Appropriations and to Block Expenditures

1. By his order the Minister of Finance may authorize the redistribution of federal budget resources according to sections, subsections, types of expenditures and subject items within the limits of funds allocated to the chief or ordinary disposer or receiver of federal budget resources, no more than 10 per cent of appropriations earmarked to the chief disposer of federal budget resources.

2. By his order the Minister of Finance of the Russian Federation shall have the right to reduce the limits of budget obligations as compared with [budget appropriations](#), if in conformity with the federal law on the federal budget appropriations were made when the chief disposer of budget resources (the subject of the Russian Federation or any other receiver of budget resources) had met certain requirements, but at the time of compiling limits of budget obligations these requirements were unfulfilled.

The Minister of Finance shall have the right to revoke a decision on blocking expenditures at the request of the corresponding chief disposer of budget resources (any other receiver of budget resources) only after the fulfilment by the latter of the conditions, the non-fulfilment of which has involved the blocking of expenditure.

3. The Minister of Finance shall have the right to block expenditures in the event of the disclosure of facts of the unallocated use of budget resources.

4. By his order the Minister of Finance may not reduce or increase the volumes of appropriations for the chief disposers of budget resources by more than five per cent of the appropriations approved by the federal law on the federal [budget](#), except for decisions on blocking expenditures.

5. All orders of the Minister of Finance on the redistribution of federal budget resources among the chief disposers of budget resources and on the blocking of expenditures shall be brought to the notice of the chief disposers of budget resources and submitted as supplements to the report on the

federal budget execution.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 262 of this Code](#)
[See the previous text of the Article](#)

Article 262. Recording Performance under the Federal Budget

All transactions relating to federal budget revenues and expenditures as well as drawing and repaying federal budget deficit financing sources and other transactions in federal budget resources shall be reflected by the Federal Treasury in respective registers .

The Federal Treasury shall establish, organize and implement a uniform methodology of recording performance under the federal budget as based on the chart of accounts.

Article 263. Reporting on the Federal Budget Execution

A single methodology of reporting on the federal budget execution shall be established by the Government of the Russian Federation.

The Government of the Russian Federation shall submit quarterly and annual reports on the federal budget execution to the Federal Assembly. One copy of quarterly and annual reports on the federal budget execution shall be presented to the Counting Chamber of the Russian Federation.

Quarterly reports on the federal budget execution shall be approved by the Government of the Russian Federation.

Article 264. The Completion of the Federal Budget Execution

1. The execution of the federal budget shall be completed on December 31.

2. Limits of budget obligations shall cease to operate on December 31.

3. It shall not be permissible to assume budget obligations after December 25. The acknowledgement of budget obligations shall be completed by the Federal Treasury on December 28.

Before December 31 inclusive, the Federal Treasury shall be obliged to pay the accepted and acknowledged budget obligations.

Accounts to be used for the execution of the federal [budget](#) of the year that is being brought to an end shall be closed on December 31 at 24:00.

4. Monetary funds received by state-financed institutions from business activity and not used as on December 31, shall be placed in the same amounts to the personal accounts to be opened to the respective state-financed institutions.

[Federal Law No. 116-FZ of August 5, 2000 reworded Item 5 of Article 264 of this Code](#)
[See the previous text of the Item](#)

5. Upon the completion of transactions relating to assumed budget liabilities of the past year the single federal budget account balance shall be recorded as the balance of funds as of the beginning of the next financial year.

Section IX. State and Municipal Financial Control

Chapter 26. Principles of State and Municipal Financial Control

Article 265. Forms of Financial Control Exercised by the Legislative (Representative) Bodies and the Representative Bodies of Local Self-government

1. The legislative (representative) bodies and the representative bodies of local self-government shall exercise financial control in the following form:

preliminary control - in the course of the discussion and approval of draft laws or decisions on the budget and other draft laws or decisions on fiscal matters;

current control - in the course of the consideration of particular questions of the budget execution at the sittings of the committees, commissions and working groups of the legislative

(representative) bodies, the representative bodies of local self-government during parliamentary hearings and in connection with deputies' inquiries;

subsequent control - in the course of the examination and approval of reports on the budget execution.

2. Control by the legislative (representative) bodies and the representative bodies of local self-government shall provide for the right of these bodies to:

the receipt from the executive bodies or the local self-government bodies of necessary accompanying materials for the approval of the budget;

the receipt from the budget-implementing bodies of day-to-day information about the budget execution;

the approval or non-approval of a report on the budget execution;

the creation of their own control bodies (the Counting Chamber of the Russian Federation, control chambers, other agencies of the legislative, representative bodies of the subjects of the Russian Federation and the local self-government bodies for carrying out external audits of budgets);

the estimation of the activity of budget-implementing bodies.

3. The executive and local self-government bodies shall be obliged to submit all information needed for parliamentary control to the legislative (representative) bodies and to the representative bodies of local self-government within their terms of reference on budget matters established by the [Constitution](#) of the Russian Federation, the present Code and other normative legal acts of the Russian Federation.

Article 266. Financial Control Exercised by the Executive and Local Self-Government Bodies

1. Financial control to be supervised by the executive and local self-government bodies shall be exercised by the Ministry of Finance of the Russian Federation, the Federal Treasury, the finance bodies of the subjects of the Russian Federation and municipal entities, the chief and ordinary disposers of budget resources.

2. The forms and procedure of financial control exercised by the executive and local self-government bodies shall be established by this Code, other pieces of budget legislation and the normative legal acts of the Russian Federation, its subjects and the local self-government bodies.

Article 267. Financial Control Exercised by the Federal Treasury

The Federal Treasury shall exercise preliminary and current control over the operations in budget resources conducted by the chief and ordinary disposers and receivers of budget resources, credit organisations, other participants in the budgetary process involving the implementation of state [budgets](#) and the budgets of [state extra-budgetary funds](#), shall interact with other federal executive bodies in the process of exercising the said control and coordinate their work.

Article 268. Financial Control Exercised by the Ministry of Finance of the Russian Federation

1. The Ministry of Finance of the Russian Federation shall exercise internal control over the use of budget resources by the chief and ordinary disposers and receivers of budget resources.

2. In the cases specified by this Code the Ministry of Finance of the Russian Federation shall exercise financial control over the execution of the budgets of the Russian Federation and the local budgets.

[Federal Law No. 116-FZ of August 5, 2000 amended Item 3 of Article 268 of this Code](#)
[See the previous text of the Item](#)

3. The Ministry of Finance of the Russian Federation shall organize financial control and checks of legal entities, the receivers of government guarantees, [budget credits](#) and loans and budget investments.

Article 269. Financial Control Exercised by the Chief and Ordinary Disposers

of Budget Resources

1. The chief and ordinary disposers of budget resources shall exercise financial control over the use of budget resources by the receivers of these resources in respect of the target-oriented use and the timely return of budget resources, and also of submitting reports and paying the charge for the use of budget resources.

2. The chief disposers of budget resources shall carry out checks of subordinate state and municipal enterprises and state-financed institutions.

Article 270. Financial Control Exercised by the Finance Bodies of the Subjects of the Russian Federation and Municipal Entities

1. In the process of the independent budget execution the finance bodies of the subjects of the Russian Federation and of the municipal entities shall exercise financial control over the operations in budget resources, conducted by the chief and ordinary disposers and receivers of budget resources, credit organisations and other participants in the [budgetary process](#).

2. In the event of the transfer of the budget execution to the Federal Treasury agencies the finance bodies shall exercise financial control over the observance by the chief and ordinary disposers and receivers of budget resources of the conditions of the appropriation, distribution, reception and allocated use and repayment of budget credits and loans, budget investments, and state and municipal guarantees.

Article 271. The Preparation of a Report on the Budget Execution

1. A report on the [budget](#) execution shall be prepared by the budget-implementing body on the basis of the reports of the chief and ordinary disposers and receivers of budget resources.

2. An internal check of the report on the budget execution may be organized during the examination of this report by the executive body of a subject of the Russian Federation or the local self-government body.

3. The internal check of the report on the budget execution shall be conducted by the agencies of the Ministry of Finance of the Russian Federation in accordance with the agreements concluded between the executive body of a subject of the Russian Federation or the local self-government body and the Ministry of Finance of the Russian Federation.

Article 272. The Examination of the Report on the Budget Execution by the Representative Body

[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 272 of this Code](#)
[See the previous text of the Item](#)

1. A report on the budget execution shall be presented to the respective representative body in the form of a bill or decision together with documents and materials provided for by this Code.

2. A report on the budget execution shall be compiled in accordance with the same structure and budget classification which were applied when the budget was approved.

3. An external check of the said report shall be carried out before the examination of the report on the budget execution by the respective representative body.

4. The external check of the report on the budget execution shall be carried out by the respective controlling agencies of representative bodies.

5. The representative body shall take a decision on the report on the budget execution after it receives the results of the check of the said report carried out by the respective controlling agencies.

The representative body shall have the right to apply to procurator's offices of the Russian Federation in order to verify the circumstances of inconsistency of the budget execution with the adopted law or decision on the budget in case of the excess of the rights, accorded to the budget-implementing body by this Code and the law or the decision on the budget, to reduce expenditures, transfer appropriations and block expenditure, and also to call to account the guilty officials.

Article 273. The Rejection of a Report on the Budget Execution

[Federal Law No. 116-FZ of August 5, 2000 amended Item 1 of Article 273 of this Code](#)
[See the previous text of the Item](#)

1. If in the course of checking the budget the controlling agencies have revealed the inconsistency of the budget execution with the adopted law or the decision on the [budget](#), unless the system of reducing and blocking expenditure has been introduced, the respective representative body shall have the right to adopt a decision rejecting the report on the budget execution.

2. If the report on the budget execution is rejected by the representative body due to the circumstances set forth in Item 1 of this Article, the said body shall have the right to apply to the Procurator's Office of the Russian Federation to verify the circumstances of breaking the budget legislation and of calling to account the guilty officials.

3. In accordance with the legislation of a subject of the Russian Federation or the charter of a municipal entity, the legislative (representative) body of this subject of the Russian Federation or the local self-government body shall have the right to initiate the procedures for expressing distrust of the corresponding executive body and its officials, for recalling the elective office-bearers of the subjects of the Russian Federation and the local self-government bodies and for calling to other forms of account the executive body or its office-bearers.

Chapter 27. The Preparation, Expenditures and Approval of the Report on the Federal Budget Execution

Article 274. The Preparation of a Report on the Federal Budget Execution

1. At the end of each financial year the Minister of Finance shall issue an order on closing the year and preparing a report on the execution of the federal budget as a whole and of the budget of each state extra-budgetary fund separately.

2. All receivers of budget resources shall prepare annual reports on revenues and expenditures on the basis of the order of the Minister of Finance.

3. The reports of state-financed institutions shall reflect without fail the degree of the fulfilment of assignments on the provision of state and municipal services, the data on incomes received as a result of rendering paid services and on the use of state or municipal property assigned to them by right of day-to-day management.

The chief disposers of budget resources shall summarize and generalize the reports of the state-financed institutions subordinate to them.

4. Receivers of budget resources granted in the form of [subventions](#), budget credits and budget loans shall prepare reports on the expenditure of said budget resources. The Ministry of Finance of the Russian Federation, being the chief disposer of budget resources in the said expenditure, shall prepare a general report on the federal [budget](#) expenditures realized by way of granting subventions, budget credits and budget loans.

5. The Ministry of Finance of the Russian Federation or any other authorized executive body and the Ministry of State Property of the Russian Federation shall prepare a general report on the spending of the federal budget resources invested in the authorized (pooled) capitals of legal entities and on the returns on such investments.

6. State customers shall prepare a general report on the use of federal budget resources allocated to them under state orders.

7. Federal state-owned enterprises which are not subject to privatization shall prepare annual and accounting reports and shall send them to the chief disposers of budget resources.

Article 275. The Submission of a Report on the Federal Budget Execution to the State Duma

1. Every year, no later than June 1 of the current year, the Government of the Russian Federation shall submit to the State Duma and the Counting Chamber of the Russian Federation its

report on the federal budget execution for the reporting financial year in the form of a federal law.

2. Simultaneously with the report on the federal budget execution for the reporting financial year the Government of the Russian Federation shall submit to the State Duma its reports on the execution of the budgets of the federal allocated budgetary funds.

3. A report on the federal budget execution shall be made out in accordance with the structure and budget classification, which were applied at the time of the approval of the federal law on the federal budget for the reporting year.

Article 276. Documents and Materials Presented to the State Duma Together with the Report on the Federal Budget Execution

The report on the federal budget execution shall be presented to the State Duma together with the following documents and materials:

the report on spending the resources of the Reserve Fund of the Government of the Russian Federation and the Reserve Fund of the President of the Russian Federation;

the report of the Ministry of Finance of the Russian Federation and of other authorized bodies on the execution and repayment of budget loans and [budget credits](#);

the report of the Ministry of Finance of the Russian Federation and of other authorized bodies on granting state guarantees;

the report on the internal and external withdrawals of the Russian Federation on the types of borrowing;

the report on incomes received from the use of state property;

general reports on the fulfilment of planned assignments for the provision of state and municipal services;

general reporting estimates of the revenues and expenditures of state-financed institutions per the chief disposers of budget resources;

the register of federal state property on the first and the last day of the reporting financial year;

the report on the external and internal debts of the Russian Federation on the first and the last day of the reporting financial year;

the report of the Federal Treasury on the examined cases and imposed penalties for breaking the budget legislation.

[Federal Law No. 116-FZ of August 5, 2000 reworded Article 277 of this Code](#)
[See the previous text of the Article](#)

Article 277. The External Verification of Report on Performance under the Federal Budget

The Chamber of Accounts of the Russian Federation shall verify the report on performance under the federal budget for the accounting financial year and shall prepare a statement concerning the report of the Government of the Russian Federation on performance under the federal budget, within four and a half months after the submission of the said report by the Government of the Russian Federation to the State Duma, with verification materials and results being used to do so.

Article 278. The Findings of the Counting Chamber of the Russian Federation

The findings of the Counting Chamber of the Russian Federation on the report of the Government of the Russian Federation on the federal budget execution includes:

[Federal Law No. 116-FZ of August 5, 2000 reworded paragraphs 2-4 of Article 278 of this Code](#)
[See the previous text of the paragraphs](#)

a statement on each section and subsection of the functional classification of expenditures of the budgets of the Russian Federation and on each chief manager of federal budget resources including the indication of discovered amounts of budget funds which have been used other than earmarked, the heads of bodies of state power or beneficiaries of budget resources who have made

the decision to use budget funds otherwise than earmarked as well as Federal Treasury officials who let such payments be effected;

a statement on each section and subsection of the functional classification of expenditures of the budgets of the Russian Federation and each chief manager of budget resources in respect of whom it was uncovered that federal budget funds were spent in excess of the approved budget appropriation amounts or in excess of budget distribution sheet, including the indication of the heads of bodies of state power or beneficiaries of budget resources who have made the said decisions as well as Federal Treasury officials who have let such payments to be effected;

a statement on each discovered case of financing expenditures for which there were no provisions in the federal law on the federal budget or budget distribution sheet including the indication of the heads of bodies of state power or beneficiaries of budget resources who have made the said decisions as well as Federal Treasury officials who have let such payments be effected;

the analysis of the granting and repayment of [budget credits](#) and budget loans, the findings on the revealed facts of the execution of budget credits and budget loans with a violation of the requirements of this Code;

the analysis of the granted obligations under state guarantees and of their execution, of the findings on the revealed facts of the granting of state guarantees with a violation of the requirements of this Code, and of the investigation of each case of the execution of obligations secured by a state guarantee from budget resources;

the analysis of the granted budget investments, the analysis of the concluded agreements from the angle of state interests, of the findings on the revealed facts of granting budget investments with a violation of the requirements of this Code;

the analysis of the fulfilment of planned assignments on the provision of state services and the observance of the norms of financial expenditures on the rendering of state services;

other materials determined by decisions of the State Duma or the Federation Council.

Article 279. The Examination by the State Duma of a Report on the Federal Budget Execution

1. The State Duma shall examine a report on the federal budget execution within 45 days of the receipt of the findings of the Counting Chamber of the Russian Federation.

2. While examining the report on the federal budget execution, the State Duma shall hear:

the report of the Federal Treasury manager on the federal [budget](#) execution;

the report of the Minister of Finance on the federal [budget](#) execution;

the report of the Procurator-General of the Russian Federation on the observance of legality in the sphere of budget legislation;

the opinion of the Chairman of the Counting Chamber of the Russian Federation.

On the proposal of the Chairman of the State Duma or at his own initiative the Chairman of the Constitutional Court of the Russian Federation, the Chairman of the Higher Arbitration Court of the Russian Federation and the Chairman of the Supreme Court of the Russian Federation may speak or present their reports with analysis of the cases of budget disputes or breaches of the budget legislation which were examined during the reporting financial year.

3. The State Duma shall adopt one of the following decisions on the results of the consideration of the report on the federal budget execution and of the findings of the Counting Chamber of the Russian Federation:

the decision on the approval of the report on the federal budget execution;

the decision on the rejection of the report on the federal budget execution.

Article 280. Consequences of Disclosing Unreliable and Incomplete Information Contained in the Findings and Other Documents to Be Submitted to the State Duma for the Consideration of the Report on the Federal Budget Execution

1. The managers and auditors of the Counting Chamber of the Russian Federation shall be released from their duties in the event of disclosing unreliable and incomplete information contained

in findings in accordance with the decision of the State Duma or the Federation Council, which have appointed particular officials and subject to the requirements of [Article 29](#) of the Federal Law on the Counting Chamber of the Russian Federation.

2. Other office-bearing persons indicated in this Code shall bear responsibility for unreliable and incomplete information contained in the findings and documents to be submitted to the State Duma for taking a decision on the report on the federal budget execution in conformity with the legislation of the Russian Federation.

Part IV. The Responsibility for Breaking the Budget Legislation of the Russian Federation

Chapter 28. General Provisions

See the [Instructions on the Procedure for application by the federal treasury bodies of measures of compulsion against violators of the budgetary legislation of the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation No. 35n of April 26, 2001](#)

Article 281. Breaches of the Budget Legislation of the Russian Federation

Failure to observe or improper observance of the order of this Code to prepare and consider draft budgets, to approve budgets, to execute or control the execution of budgets of all levels of the [budget system of the Russian Federation](#) shall be deemed a breach of the budget legislation that involves the application of coercive measures to lawbreakers.

Article 282. Measures to Be Applicable to the Violators of the Budget Legislation

The following measures may be applied to the violators of the budget legislation:

- a warning about the improper performance of the [budgetary process](#);
- the blocking of expenditure;
- the withdrawal of budget resources;
- the suspension of transactions with accounts in credit organisations;
- the imposition of a fine;
- the exaction of a penalty fee;
- other measures in compliance with this Code and federal laws.

Article 283. The Grounds for the Application of Coercive Measures for Breaking the Budget Legislation of the Russian Federation

The grounds for the application of coercive measures for breaking the budget legislation of the Russian Federation are as follows:

- failure to observe the law or the decision on the [budget](#);
- the unintended use of budget resources;
- the non-transfer of budget resources to their receivers;
- the incomplete transfer of budget resources to their receivers;
- the untimely transfer of budget resources to their receivers;
- the untimely placement of budget resources to the accounts of their receivers;
- the untimely submission of reports and other information on the budget execution;
- the untimely bringing of information about budget appropriations to the notice of the receivers of budget resources;
- the untimely bringing of information about limits of budget obligations to the receivers of budget resources;
- the inconsistency of the [budget schedule](#) with the law or the decision on the budget;
- the inconsistency of notification about budget appropriations and notifications about limits of budget obligations with the approved expenditures and the budget schedule;
- the non-observance of the obligatory remittance of the budget revenues and the revenues of the budgets of the [state extra-budgetary funds](#) and other receipts to the budget system of the Russian

Federation;

the untimely execution of payment documents for the transfer of resources subject to placement to the budget accounts and those of the state extra-budgetary funds;

the untimely submission of draft budgets and reports on the budget execution;

the refusal to acknowledge accepted budget obligations, except for the grounds established by this Code;

the untimely acknowledgement of budget obligations and the untimely effecting of payments under confirmed budget obligations;

the financing of expenditures not included in the budget schedule;

the financing of expenditures in amounts exceeding those included in the budget schedule and the approved limits of budget obligations;

the non-observance of the norms of financial expenditures on the provision of state or municipal services;

the non-observance of maximum amounts of [budget deficits](#), the national or municipal debt and of expenditures on the service of the national or municipal debt, established by this Code;

the opening of [budget](#) accounts in credit organisations in the presence of Bank breaches on the respective territory;

other grounds in conformity with this Code and federal laws.

Article 284. The Powers of the Federal Treasury Bodies in the Sphere of the Application of Coercive Measures

1. The right of applying coercive measures shall belong to the managers of the Federal Treasury bodies and their deputies (in accordance with their powers).

2. The managers of the Federal Treasury bodies and their deputies (in keeping with their powers) shall have the following rights in the order instituted by this Code and other federal laws:

the right to write off in the extra-judicial procedure the amounts of budget resources used not for the designated purpose and in other cases provided for by this part of the Code;

the right to write off in the extra-judicial procedure the amounts of budget resources subject to return to the budget, if the term of return has expired;

the right to write off in the extra-judicial procedure the amounts of interest (charge) for the use of budget resources granted on a repayable basis, if the term of their payment has commenced;

the right to write off in the extra-judicial procedure penalty fees for the untimely return of budget resources given on a repayable basis, the arrears of interest for the use of budget resources, given on a repayable basis, in the amount of one-three-hundredth of the effective [rate of refinancing](#) of the Bank of Russia for each day of delay;

the right to administer warnings to the heads of executive bodies, local self-government bodies and receivers of budget resources about the improper performance of the [budgetary process](#);

the right to make out minutes that serve as grounds for the imposition of fines;

the right to recover in the extra-judicial procedure penalty fees from credit organisations for the untimely execution of payment documents for the placement to accounts or transfer of budget resources to them in the amount of one-three-hundredth of the effective [rate of refinancing](#) of the Bank of Russia for each day of delayed payment;

Federal Law No. 116-FZ of August 5, 2000 excluded the following paragraph from Article 284 of this Code

~~the right to suspend operations in accounts in credit organisations with a term of one month.~~

3. Any actions of the Federal Treasury bodies and their officials may be appealed against in the established order.

4. The officials of the Federal Treasury bodies shall bear the statutory criminal, administrative and disciplinary responsibility, and also the responsibility stipulated by the legislation on the government and municipal service.

Federal Law No. 116-FZ of August 5, 2000 supplemented this Code with Article 284.1 of the

following wording

Article 284.1. The Enforcement Powers of the Bodies Performing under the Budgets of the Subjects of the Russian Federation and Local Budgets

1. In the event when the budgets of subjects of the Russian Federation or local budgets are executed by bodies other than the Federal Treasury, the heads of the bodies performing under respective budgets shall be entitled to take enforcement actions under the present Code.

2. The heads of bodies performing under the budgets of subjects of the Russian Federation and local budgets and deputies thereof (within their competence) shall be entitled to do the following in accordance with the procedure established by the present [Code](#):

write off under enforceable procedure the amounts of budget resources used other than earmarked as well as in other cases provided for in the present part of the Code;

write off under the enforceable procedure the overdue amounts of budget resources refundable for the benefit of the budget;

write off under the enforceable procedure the due amounts of interest (pay) for the use of budget resources which have been granted on repayment terms;

collect under the enforceable procedure a penalty for late repayment of budget resources granted on repayment terms, arrears on interest for the use of budget resources granted on repayment terms, at a rate of one three hundredth of the effective [refinancing rate](#) of the Bank of Russia per deferment day;

issue warnings to the heads of bodies of executive power, local self-government bodies and beneficiaries of budget funds as to an improper performance of the budget process;

compile reports to serve as the basis for the imposition of fines;

collect under enforceable procedure a penalty from credit organizations for late performance under payment documents relating to entry or remittance of budget funds, at the rate of one three hundredth of the effective refinancing rate of the Bank of Russia per deferment day.

3. Appeal can be taken from actions of the bodies performing under the budgets of the subjects of the Russian Federation and local budgets and officials of the said bodies.

Article 285. Procedure for Writing Off Budget Resources from the Personal Accounts of Budget Resources Receivers in the Extra-judicial Procedure

1. Budget resources shall be written off in the extra-judicial procedure from the personal accounts of the receivers of budget resources on the basis of the decision signed by the manager (or his deputy) of the respective Federal Treasury body.

2. A decision on the writing off of budget resources from the personal accounts of budget resources receivers in the extra-judicial procedure shall be taken on the basis of the certificate of audit of a receiver of budget resources, which is signed by the official of the Federal Treasury body, who is authorized to carry out such audits, or on the basis of the findings of the official of the Federal Treasury body on the expiry of the time of the return of budget resources or interest (charge) for the use of these budget resources.

3. Budget resources shall be written off from the personal account of the budget resources obtainer in the priority order by a credit organisation or by the Federal Treasury from the personal account of the state-financed institution opened in the Federal Treasury, which is indicated in the decision on the writing off budget resources in the extra-judicial procedure.

4. If there is an insufficient quantity of funds on the personal account of a receiver of budget resources or on the personal account of a state-financed institution, the decision on the writing off of budget resources in the extra-judicial procedure shall be implemented in accordance with the [second part of Article 855](#) of the Civil Code of the Russian Federation. In this case the said decision relates to the term that deals with settlements with the [budget](#).

5. A decision on the writing off budget resources in the extra-judicial procedure shall be taken within 10 days of the drawing up of the certificate of audit (or the presentation of findings) that certifies the presence of a breach of the budget legislation.

See [Rules](#) for collection of funds on the basis of writs of execution of judicial bodies on monetary obligations of recipients of the federal budget resources endorsed by [Decision](#) of the Government of the Russian Federation No. 143 of February 22, 2001

Article 286. The writing off of Budget Resources from the Accounts of the Federal Treasury and Its Territorial Agencies Without Their Order

1. Resources shall be written off the budget single account without the order of the Federal Treasury and its territorial agencies by decision of a court of arbitration in the cases provided for by this Code. The sequence of writing off resources from the federal budget accounts shall be determined by [Article 255](#) of this Code.

2. The amount of resources to be written off the account of the Federal Treasury's territorial agency may not exceed the difference between the amount of the resources on the account of the said territorial agency and the amount of the resources which at the time of the write-off are reflected in the personal accounts of state-financed institutions or are regarded as those placed to their account.

3. If there is an insufficient quantity of resources on the account of the Federal Treasury's territorial agency for the full write-off, monetary funds in the amount of the unwritten off balance shall be charged off the Federal Treasury's account in the amount that does not exceed the difference between the sum of funds on the account of the Federal Treasury and the total amount of the funds referred to in the set of limits of budget obligations of all receivers of budget resources.

4. If there is an insufficient quantity of resources on the Federal Treasury's account for the said write-off, the charge-off of monetary funds shall be effected to the extent of their receipt to the budget account. If the said write-off is not realized within the period of validity of the limits of budget obligations carried through over the period in which a court of arbitration took its decision, the balance of the funds that were not written off the budget account shall be included in the limits of budget obligations of the next period.

5. If due to certain circumstances monetary funds may not be written off the [budget](#) account in keeping with Item 4 of this Article, a warrant of distress shall be returned to the person who has presented it for submitting it to the Federal Treasury in the next financial year or for levying execution on other property.

Article 287. The Write-off of Funds from the Budget Accounts of the Subjects of the Russian Federation and from the Local Budget Accounts Without the Orders of Their Finance Bodies

1. The write-off of funds from the budget accounts of the subjects of the Russian Federation and from the local budget accounts without the orders of the budget-implementing bodies shall be effected by decision of a court of arbitration in the cases provided for by this Code. The procedure for operations in writing off the said monetary funds shall be determined in accordance with [Article 286](#) of this Code.

2. The write-off of funds from the account of the corresponding budget shall be effected in an amount that does not exceed the difference between the amount of funds on the account of the corresponding account and the total amount of funds indicated in the set of limits of financing within a month for all receivers of budget resources.

3. If there is an insufficient quantity of funds on the budget account for realizing the said full write-off, the charge off of monetary funds shall be effected in the order prescribed for the write-off of funds from the single account of the federal budget.

Article 288. The Write-off of Funds from the Personal Accounts of State-financed Institutions Without Their Orders

1. The write-off of funds from the personal accounts of state-financed institutions without their orders shall be effected in the cases established by this Code and by Other federal laws. The procedure for the said write-off shall be instituted by the Bank of Russia by agreement with the Federal Treasury.

2. The amount of funds to be written off from the personal account of a state-financed institution by way of the enforced execution of the state-financing institution's obligations which have arisen as a result of the performance by it of the assignments of the executive body to which this institution is subordinate may not exceed the amount of funds on this account. If there is an insufficient quantity of funds on the personal account of the state-financing institution for effecting the said full write-off, the deficient funds shall be written off the territorial agency of the Federal Treasury that keeps the said personal account in the order prescribed by [Article 286](#) of this Code.

Article 289. The Unintended Use of Budget Resources

The intended use of budget resources, which finds expression in their use for the purposes that do not correspond to the conditions of the receipt of the said resources determined by the approved [budget](#), the budget schedule, the notification about [budget appropriations](#), the Federal Treasury and expenditure estimate or on any other legal grounds for their receipt shall involve the imposition of fines on the managers of the receivers of budget resources in accordance with the [RSFSR Code of Administrative Offences](#), the withdrawal of budget resources used not according to the designated purpose in the extra-judicial procedure, and also penalties under the [Criminal Code](#) of the Russian Federation, if there is a corpus delict.

On the responsibility for the misuse of budgetary credits granted to Russian legal entities, see [Federal Law No. 176-FZ of December 24, 2002 on the Federal Budget for the Year 2003](#)

See [Letter of the Ministry of Finance of the Russian Federation No. 03-01-01/15-245 of August 20, 2003](#)

Article 290. The Non-return or the Untimely Return of Budget Resources Received on a Repayable Basis

Upon the expiry of the time fixed for the return of budget resources, the non-return or the untimely return of these budget resources received on a repayable basis shall entail the imposition of fines on the managers of the receivers of budget resources in keeping with the [RSFSR Code of Administrative Offences](#), and also the withdrawal in the extra-judicial procedure of budget resources received on a repayable basis, and of interest (charge) for the use of budget resources, the recovery of penalty fees for the untimely return of budget resources, given on a repayable basis, in the amount of one-three hundredth of the effective [rate of refinancing](#) of the Central Bank of Russia for each day of delay. The non-return of budget resources given on a repayable basis shall involve the reduction or cessation of all other forms of financial aid from the corresponding budget, including the granting of the right to pay to the respective budget on a deferred or instalment plan.

Article 291. The Non-transfer or Untimely Transfer of Interest (Charge) for the Use of Budget Resources Granted on a Repayable Basis

The non-transfer or untimely transfer of interest (charge) for the use of budget resources granted on a repayable basis shall involve the imposition of fines on the managers of the receivers of budget resources in accordance with the [RSFSR Code of Administrative Offences](#), and also the withdrawal in the extra-judicial procedure of interest (charge) for the use of budget resources received on a repayable basis, the recovery of penalty fees for the delayed payment of interest (charge) for the use of the said budget resources in the amount of one-three hundredth of the effective [rate of refinancing](#) of the Bank of Russia for each day of delayed payment.

Article 292. The Non-submission or Late Submission of Reports and Other Information Needed for Making out Drafts of Budgets, Executing Them and Controlling Their Execution

The non-submission or the untimely submission of reports and other information needed for making out drafts of budgets, executing them and controlling their execution shall involve the imposition of fines on the managers of the receivers of budget resources in conformity with the [RSFSR Code of Administrative Offences](#), and also the issue of warnings against the improper

execution of the [budgetary process](#).

Article 293. The Non-transfer or Late Transfer of Budget Resources to the Receivers of Budget Resources

The non-transfer of budget resources to their receivers, the transfer of budget resources in lesser amounts than provided for by the notice of [budget appropriations](#), or the untimely transfer of budget resources to the receivers of budget resources shall involve the imposition of fines on heads of state bodies and local self-government bodies in keeping with the [RSFSR Code of Administrative Offences](#), the payment of compensation to the receivers of budget resources in the amount of underfunding, and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 294. The Untimely Bringing of Information About Budget Appropriations and Limits of Budget Obligations to the Notice of Receivers of Budget Resources

The untimely bringing of information about [budget appropriations](#) and limits of budget obligations to the notice of receivers of budget resources shall involve the imposition of fines on the heads of state bodies and local self-government bodies in compliance with the [RSFSR Code of Administrative Offences](#), and also the issue of warnings against the improper execution of the [budgetary process](#).

Article 295. The Inconsistency of the Budget Schedule to Expenditure Approved by the Budget

The inconsistency of the [budget schedule](#) to expenditures approved by the Budget shall involve the imposition of fines on the heads of state bodies and local self-government bodies in compliance with the [RSFSR Code of Administrative Offences](#), and the issue of a warning against the improper execution of the budgetary process.

Article 296. The Inconsistency of Notification About Budget Appropriations and Limits of Budget Obligations with the Budget Schedule

The financing of expenditures not included in the budget schedule shall involve the imposition of fines on the heads of state bodies and local self-government bodies in compliance with the [RSFSR Code of Administrative Offences](#), the withdrawal in the extra-judicial procedure of the amounts of the granted budget resources, the issue of a warning against the improper execution of the [budgetary process](#), and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 297. The Financing of Expenditure Over and Above the Approved Limits

The financing of expenditure over and above the approved limits shall involve the imposition of fines on the heads of state bodies and local self-government bodies in keeping with the [RSFSR Code of Administrative Offences](#), the withdrawal in the extra-judicial procedure of the amounts of allocated budget resources, the issue of a warning against the improper execution of the budgetary process, and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 298. The Extension of Budget Credit and Budget Loans with a Violation of the Established Order

The extension of budget credits and budget loans with a violation of the order established by this Code shall involve the imposition of fines on the heads of state bodies and local self-government bodies in accordance with the [RSFSR Code of Administrative Offences](#), the withdrawal in the extra-judicial procedure of the amounts of the granted budget resources, the issue of a warning against the improper execution of the [budgetary process](#), and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 299. The Granting of Budget Investments with a Violation of the Established Code

The granting of budget investments with a violation of the order prescribed by this Code shall involve the imposition of fines on heads of state bodies and local self-government bodies in compliance with the [RSFSR Code of Administrative Offences](#), with withdrawal in the extra-judicial procedure of the amounts of the given budget resources, the issue of a warning against the improper execution of the [budgetary process](#), and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 300. The Granting of State or Municipal Guarantees with a Breach of the Established Order

The granting of state or municipal guarantees with a breach of the order established by this Code shall involve the imposition of fines on heads of state bodies and local self-government bodies in compliance with the [RSFSR Code of Administrative Offences](#), the annulment of the said guarantees, the issue of a warning against the improper execution of the [budgetary process](#), and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 301. State or Municipal Purchases with a Breach of the Established Order

State or municipal purchases with a breach of the order established by this Code shall involve the blocking of appropriate expenditures, the imposition of fines on heads of state bodies and local self-government bodies and state-financing institutions in conformity with the [RSFSR Code of Administrative Offences](#), and also the issue of a warning against the improper execution of the budgetary process. Upon the disclosure of facts of the intentional overstatement or undercharge of prices in the process of state or municipal purchasing, the heads of state and local self-government bodies and state-financing institution shall be made accountable under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 302. Infringements of the Ban on the Placement of Budget Resources in Bank Deposits or on Their Transfer to Trust Management

The placement of budget resources in bank deposits or their transfer to trust management with a breach of the order established by this Code shall involve the imposition of fines on the heads of state bodies and local self-government bodies in keeping with the [RSFSR Code of Administrative Offences](#), the withdrawal in the extra-judicial procedure of the placed or transferred budget resources, the issue of a warning against the improper execution of the [budgetary process](#), and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 303. Non-observance of the Obligatory Charge of Budget Revenues

The non-charge or the untimely charge of funds subject to obligatory placement to the revenues of appropriate [budgets](#) shall involve the imposition of fines on the heads of state bodies and local self-government bodies in accordance with the [RSFSR Code of Administrative Offences](#), the withdrawal in the extra-judicial procedure of budget resources subject to remittance to appropriate budgets, and also the imposition of penalties under the [Criminal Code](#) of the Russian Federation in the presence of a corpus delict.

Article 304. The Untimely Execution of Payment Documents on the Transfer of Funds Subject to Placement Budget Accounts

The untimely execution of payment documents on the transfer of funds subject to the placement on the accounts of appropriate budgets shall involve the imposition of fines on managers of credit organisations in conformity with the [RSFSR Code of Administrative Offences](#), and also the recovery of penalty fees from a credit organisation for each day of delayed payment in the amount of

one-three-hundredth of the effective [refinancing rate](#) of the Bank of Russia.

Article 305. The Untimely Execution of Payment Documents on the Transfer of Budget Resources to the Personal Accounts of Receivers of Budget Resources

The untimely execution of payment documents on the transfer of budget resources subject to placement on the personal accounts receivers of budget resources shall involve the imposition of fines on the managers of credit organisations in conformity with the [RSFSR Code of Administrative Offences](#), and also the recovery of penalty fees from a credit organisation in the amount of one-three-hundredth of the effective [refinancing rate](#) of the Bank of Russia for each day of delayed payment.

Article 306. The Untimely Effecting of Payments Under the Acknowledged Obligations

The untimely effecting of payments under the acknowledged obligations, the refusal to confirm the accepted budget obligations, except for the grounds provided for by this Code or the untimely acknowledgement of budget obligations shall involve the imposition of fines on heads of state bodies and local self-government bodies in accordance with the [RSFSR Code of Administrative Offences](#), and also the issue of a warning against the improper execution of the budgetary process.

Part 5. Concluding Provisions

Article 307. The Enforcement of the Present Code

The present Code shall be carried into effect by a [federal law](#) on the enforcement of the Budget Code of the Russian Federation.

Currently such a federal law has not been adopted.

President of the Russian Federation

Boris Yeltsin

Moscow, the Kremlin