

**BUDGETARY 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, August 20, December 23, 28, 29, 2004, May 9, July 1, October 12, December 19, 22, 26, 27, 2005, January 3, February 2, October 16, November 3, December 4, 19, 30, 2006, April 20, 26, July 24, November 2, 8, December 1, 2007)**

**Adopted by the State Duma on July 17, 1998  
Approved by the Federation Council on July 17, 1998**

The Budgetary Code of the Russian Federation specifies the general principles of the budgetary legislation of the Russian Federation, organisation and functioning of the budget system of the Russian Federation, legal status of the subjects of budgetary legal relations, defines the fundamentals of the budgetary process and inter-budgetary relations in the Russian Federation, the procedure for executing court decisions on levy of execution on funds of the budgets of the budgetary system of the Russian Federation, and grounds and types of liability for the violation of the budgetary legislation of the Russian Federation.

## **The First Part. General Provisions**

### **Chapter 1. The Budgetary Legislation of the Russian Federation**

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

**1. Budgetary legal relations include:**

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

relations arising between the subjects of budgetary legal relations in the process of drafting and considering budgets 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, of budget accounting, of drawing up, consideration and endorsement of budgetary reports.

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

## **Article 2.** The Structure of the Budgetary Legislation of the Russian Federation

The budgetary legislation of the Russian Federation consists of the present Code and federal laws on the federal budget, federal laws on budgets of state extra-budgetary funds of the Russian Federation, which were adopted in accordance with it, laws of constituent entities of the Russian Federation on budgets of territorial state extra-budgetary funds, municipal legal acts of representative bodies of municipal entities on local budgets (hereinafter referred to as the budget law (decision)), of other federal laws, laws of constituent entities of the Russian Federation and municipal legal acts of representative bodies of municipal entities regulating the legal relations indicated in Article 1 of the present Code.

The federal laws, laws of constituent entities of the Russian Federation, municipal legal acts of representative bodies of municipal entities provided for by Part One of this Article may not contravene this Code.

## **Article 3.** Normative Legal Acts Regulating Budgetary Legal Relations

1. The President of the Russian Federation shall issue decrees regulating the budgetary legal relations indicated in Item 1 of Article 1 of this Code. Decrees of the President of the Russian Federation may not contradict the present Code or other acts referred to in Article 2 of this Code.

2. On the basis and in pursuance of this Code, the federal laws cited in Article 2 of this Code and the decrees of the President of the Russian Federation provided for by Item 1 of this Article the Government of the Russian Federation shall adopt normative legal acts regulating the budgetary legal relations provided for by Article 1 of this Code.

3. Federal executive bodies shall adopt acts regulating budgetary legal relations provided for by Article 1 of this Code in the cases and within the limits stipulated by this Code, the federal laws cited in Article 2 of this Code and the acts indicated in Items 1 and 2 of the present article.

4. State power bodies in constituent entities of the Russian Federation shall adopt normative legal acts regulating budgetary legal relations within the scope of their jurisdiction in compliance with this Code.

5. Local self-government bodies shall adopt municipal legal acts regulating budgetary legal relations within the scope of their jurisdiction in compliance with this Code.

## **Article 4.** The Budgetary Legislation of the Russian Federation and Standards of International Law

1. If an international treaty or agreement of the Russian Federation establishes rules other than those stipulated by the budgetary 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 budgetary 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 Law (Decision) in Time**

1. The budget law (decision) shall enter into force as of January 1 and shall be in effect up to December 31 of a financial year, if not otherwise provided for by this Code and (or) the budget law (decision).

2. The budget law is subject to official publication at the latest five days after its signing in the established procedure.

A budget decision is subject to official publication at the latest 10 days after its signing in the established procedure.

#### **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:

**budget** means a form of generation and spending of monetary funds intended for financial implementation of the tasks and exercise of functions of the State and local self-government;

**consolidated budget** means a collection of budgets in the budgetary system of the Russian Federation on the respective territory (except for budgets of state extra-budgetary funds) without account taken of inter-budget transfers between these budgets;

the **budgetary system** of the Russian Federation means the totality of the federal budget, budgets of constituent entities of the Russian Federation, local budgets and budgets of state extra-budgetary funds, based on economic relations and the state structure of the Russian Federation and regulated by rules of law;

**budget revenues** mean monetary funds received by a budget except for the funds which are sources of financing the budget deficit in compliance with this Code;

**budget expenditures** mean monetary funds paid from a budget except for funds which are sources of financing the budget deficit in compliance with this Code;

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

**budget surplus** means the excess of budget revenues over budget expenditures;

**budgetary process** means the activities of state power bodies, local authorities and other participants of the budgetary process regulated by the legislation of the Russian Federation, which are aimed at drawing up and

considering draft budgets, budgets' endorsement and administration, the exercise of control over their administration, budget accounting, drawing up, external inspection, consideration and endorsement of budgetary reports;

**consolidated budget inventory** means a document drawn up and kept by a financial body (the managerial body of a state extra-budgetary fund) in compliance with this Code for the purpose of arranging the administration of a budget, as regards the budget expenditures and sources of financing the budget deficit;

**budget inventory** means a document drawn up and kept by the chief administrator of budgetary funds (by the chief administrator of sources of financing the budget deficit) in compliance with this Code for the purpose of the budget administration as regards the expenditures thereof (the sources of financing the budget deficit);

**budgetary appropriations** mean the limit amounts of monetary funds provided for in the appropriate fiscal year for the discharge of budgetary obligations;

**budget credit** means monetary funds provided by a budget to another budget of the budgetary system of the Russian Federation, to a legal entity (except for state (municipal) institutions), to a foreign state or to a foreign legal entity on repayment terms for a charge;

**purpose foreign credit (borrowing)** means a form of financing projects included into the program of state foreign borrowings 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. Purpose foreign credits (borrowings) shall include tied credits of foreign states and foreign legal entities, as well as non-financial credits of international financial organisations;

**tied credits of foreign states and foreign legal entities** mean 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 and foreign legal entities predominantly in the creditor's country;

**non-financial credits of international financial organisations** mean 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 organisations;

**state or municipal debt** implies the obligations arising from state or municipal loans (borrowings), or from guarantees for obligations of third persons, or other obligations according to the kinds of debt commitments established by this Code which are assumed by the Russian Federation, or its constituent entity, or a municipal formation;

**external debt** implies the liabilities arising in foreign currency, except for obligations of constituent entities of the Russian Federation and municipal entities towards the Russian Federation in foreign currency which arise within the framework of using purpose foreign credits (borrowings);

**internal debt** implies the liabilities arising in the currency of the Russian Federation, as well as liabilities of constituent entities of the Russian Federation and municipal entities of the Russian Federation towards the Russian Federation in foreign currency which arise within the framework of using purpose foreign credits (borrowings);

**expenditure obligations** mean obligations stipulated by a law, another normative legal act, contract or agreement of a public legal entity (of the Russian Federation, a constituent entity of the Russian Federation or a municipal formation) or of a state-financed institution acting on behalf of it to grant funds from the appropriate budget to natural persons or legal entities, to other public legal entities or subjects of international law;

**budget obligations** mean expenditure obligations to be discharged in the appropriate fiscal year;

**public obligations** mean expenditure obligations of a public law entity stipulated by a law or other normative legal act towards a natural person, legal entity or other public legal entity, which are to be discharged to the extent established by the appropriate law or other normative legal act and for which there is a procedure for determining it (for estimation or indexation thereof) established by the said law or act;

**public normative obligations** mean public obligations towards natural persons to be discharged in cash in the amount established by the appropriate law or other normative legal act and which have an established procedure for indexation thereof, except for payments made to a natural person which are provided for by the status of public (municipal) officers, as well as of the persons holding public offices of the Russian Federation, public offices of constituent entities of the Russian Federation and municipal offices, of employees of state-financed institutions, military servicemen drafted for military service (who have the status of military servicemen drafted for military service), of persons being trained (pupils) at state (municipal) educational establishments;

**pecuniary obligations** mean the duty of recipients of budgetary funds to enter to the budget or to pay to a natural person or legal entity on account of budgetary funds certain monetary funds in compliance with the satisfied terms of a civil law transaction made within the framework of their budgetary powers or in compliance with the provisions of a law or other legal act, the terms and conditions of a contract or agreement;

**inter-budget relations** mean relations between public law entities concerning regulation of budgetary legal relations, organisation and implementation of the budgetary process;

**inter-budget transfers** mean resources of one budget of the budgetary system of the Russian Federation transferred to another budget of the budgetary system of the Russian Federation;

**grants** mean inter-budget transfers provided free-of-charge without repayment thereof for which the directions and (or) terms of their use are not fixed;

**budgetary powers** mean the rights and duties of state power bodies (local authorities) and other participants in the budgetary process established by this Code and other legal acts regulating budgetary legal relations adopted in compliance with it as to regulation of budgetary legal relations, organisation and implementation of the budgetary process;

**estimate of receipts and expenditures of a residential settlement or other territory not being a municipal formation** means a plan of incomes and expenses, endorsed by the body of local government of the residential settlement, of the administrator (chief administrator) of resources of the local budget authorised by the local administration of the residential settlement to implement in a given inhabited locality (other territory) forming part of the territory of the residential settlement individual functions of the local administration;

**cash servicing of budget administration** means carrying out and registration of operations of cash receipts to a budget and cash payments from a budget;

**single budget account** means the account (the totality of accounts for the federal budget and for budgets of state extra-budgetary funds of the Russian Federation) opened for the Federal Treasury with an institution of the Central Bank of the Russian Federation separately in respect of each budget of the budgetary system of the Russian Federation for registration of budgetary funds and making operations concerning cash receipts to the budget and cash payments from the budget;

**state (municipal) services to natural persons and legal entities** mean the services rendered to natural persons and legal entities in compliance with the state (municipal) task by state power bodies (local authorities) to state-financed institutions or other persons on a free-of-charge basis or at prices (tariffs) fixed in the procedure determined by state power bodies (local authorities);

**state (municipal) task** means the document establishing requirements for the composition, quality and (or) volume, terms, procedure and results of rendering state (municipal) services;

**budget investments** mean budgetary funds allocated for the creation or increase on account of budgetary funds of the cost of state (municipal) property;

**financial bodies** mean the Ministry of Finance of the Russian Federation and executive power bodies of constituent entities of the Russian Federation engaged in forming and arranging administration of budgets of constituent entities of the Russian Federation (financial bodies

of constituent entities of the Russian Federation), bodies (officials) of local administrations of municipal entities engaged in forming and arranging the administration of local budgets (financial bodies of municipal entities);

**chief administrator of budgetary funds (chief administrator of funds of an appropriate budget)** mean the state power body (the state body), the managerial body of a state extra-budgetary fund, local self-government body, the body of local administration, as well as the most significant scientific, educational, cultural and health care institution cited in the departmental structure of budget expenditure, which is empowered to distribute budgetary appropriations and limit amounts of budget obligations to subordinate administrators and (or) recipients of budgetary funds, if not otherwise established by this Code;

**administrator of budgetary funds (administrator of funds of an appropriate budget)** means the state power body (state body), the managerial body of a state extra-budgetary fund, the local self-government body, the body of local administration, the state-financed institution subordinate to the chief administrator (administrator) of budgetary funds which are empowered to assume and (or) discharge budget obligations on account of funds of the appropriate budget;

**the recipient of budgetary funds (the recipient of funds of an appropriate budget)** - the state power body (the state body), the managerial body of a state extra-budgetary funds, the local self-government body, the body of local administration, the budget institution subordinate to the chief administrator (administrator) of budgetary funds which have the right to assume and/or discharge budgetary obligations on account of the appropriate budgetary funds, if not otherwise established by this Code;

**state-financed institution** means a state (municipal) institution which exercises its functions, in particular those of rendering state (municipal) services to natural persons and legal entities in compliance with a state (municipal) task, with the financial support received from the appropriate budget on the basis of an estimated budget;

**estimated budget** means the document establishing limit amounts of budgetary obligations of a state-financed institution in compliance with the classification of expenditures of budgets;

**departmental structure of budget expenditures** means the distribution of budgetary appropriations provided for by the budget law (decision) for the appropriate year which is effected by the chief administrator of budgetary funds in compliance with sections, subsections, purpose items and kinds of expenditures of the budgetary classification of the Russian Federation;

**administrator of budget revenues** means the state power body (state body), local self-government body, body of local administration, managerial body of a state extra-budgetary fund, the Central Bank of the Russian Federation, the budget institution exercising control in compliance

with the legislation of the Russian Federation over the correctness of calculations, the completeness and timeliness of making payments, recovery and adoption of decisions on repayment (set-off) of payments made (recovered) in excess, penalties and fines related to them which constitute revenues of budgets of the budgetary system of the Russian Federation, if not otherwise established by this Code;

**chief administrator of budget revenues** means the state power body (state body), local self-government body, body of local administration, managerial body of a state extra-budgetary fund, the Central Bank of the Russian Federation or other organisation which are defined by laws, have administrators of budget revenues subordinate to them and (or) are administrators of budget revenues, if not otherwise established by this Code;

**administrator of sources of financing the budget deficit (administrator of sources of financing the appropriate budget deficit)** means the state power body (state body), local self-government body, body of local administration, managerial body of a state extra-budgetary fund or other organisation empowered under this Code to carry out operations related to sources of financing the budget deficit;

**chief administrator of sources of financing the budget deficit (chief administrator of sources of financing the deficit of the appropriate budget)** means the state power body (state body), local self-government body, body of local administration, managerial body of a state extra-budgetary fund or other organisation defined by the budget law (decision) which have administrators of sources of financing the budget deficit subordinate to it and (or) which are administrators of sources of financing the budget deficit;

**state or municipal guarantee (state guarantee of the Russian Federation, state guarantee of a constituent entity of the Russian Federation, municipal guarantee)** means the kind of debt commitment by whose virtue accordingly the Russian Federation, a constituent entity of the Russian Federation or municipal entity (guarantor) are obliged in the event of the onset of the event provided for by a guarantee (guaranteed event) to pay to the person in whose favour the guarantee is granted (the beneficiary) on the basis of his demand in writing the sum of money defined in the commitment on account of the appropriate budget in compliance with the terms of the commitment given by the guarantor to be held responsible for discharge by a third person (principal) of its obligation towards the beneficiary;

**substantiation of budgetary appropriations** means the document describing budgetary appropriations in the next financial year (next financial year and planning period);

**limit amount of budgetary obligations** means the extent of rights in monetary terms of a state-financed institution to assume budgetary



obligations and (or) their discharge in the current financial year (current financial year and planning period);

**current financial year** means the year when the budget is administered and a draft budget for the next financial year (next financial year and planning period) is drawn up and considered;

**next financial year** means the year following the current financial year;

**planning period** means the two financial years following the next financial year;

**reporting financial year** means the year preceding the current financial year;

**temporary cash gap** means insufficiency of monetary funds on a single account for making a cash payment from a budget, which are forecast for a certain period of the current financial year.

## **Chapter 2. Budgetary Authority of the Russian Federation, Constituent Entities of the Russian Federation and Municipal Entities**

### **Article 7. The Budgetary Powers of the Russian Federation**

The budgetary powers of the Russian Federation include the following:

establishing general principles of the organisation and operation of the budgetary system of the Russian Federation, the fundamentals of the budgetary process and inter-budgetary relationships;

defining the fundamentals of drawing up and considering draft budgets for the budgetary system of the Russian Federation, of approving and administering budgets of the budgetary system of the Russian Federation, of drawing up, external monitoring, consideration and endorsement of reports on the administration thereof and of monitoring the administration thereof;

establishing a procedure for drawing up and considering draft federal budgets and draft budgets of state extra-budgetary funds, for endorsement and administration of the federal budget and budgets of state extra-budgetary funds of the Russian Federation, for monitoring the administration thereof, for drawing up, external monitoring, consideration and approval of reports on the administration of the federal budget and budgets of state extra-budgetary funds of the Russian Federation, of drawing up a report on administration of a consolidated budget of the Russian Federation;

drawing up and considering draft federal budgets and draft budgets of state extra-budgetary funds, approving and administering the federal budget and budgets of state extra-budgetary funds of the Russian Federation, monitoring the administration thereof, drawing up, external monitoring, considering and approving reports on the administration of the

federal budget and budgets of state extra-budgetary funds, drawing up a report on administration of a consolidated budget of the Russian Federation;

establishing a procedure for drawing up and submitting to federal executive governmental bodies a summary of approved budgets of constituent entities of the Russian Federation and of local budgets, reports on execution of consolidated budgets of constituent entities of the Russian Federation, as well as other budgetary statements/reports;

establishing a procedure for the setting expenditure obligations of public law entities;

establishing a procedure for the setting up and discharge of expenditure obligations of the Russian Federation, establishing and discharging expenditure obligations of the Russian Federation;

defining the procedure for establishing and executing expenditure obligations of constituent entities of the Russian Federation and municipal formations subject to discharge on account of grants from the federal budget;

defining the fundamentals of generation of revenues and of effectuating the expenditures of budgets of the budgetary system of the Russian Federation;

defining a procedure for establishing the rates of deduction from federal taxes and fees, in particular from the taxes envisaged by special tax regimes, from regional and local taxes to budgets of the budgetary system of the Russian Federation;

establishing the rates of deduction from federal taxes and fees, in particular the taxes envisaged by special tax regimes, to budgets of the budgetary system of the Russian Federation;

defining the general principles of provision and the forms of inter-budget transfers;

establishing the fundamentals of cash servicing of the administration of budgets of the budgetary system of the Russian Federation;

cash servicing of the administration of budgets of the budgetary system of the Russian Federation;

establishing a procedure for, and terms of, the provision of inter-budget transfers from the federal budget;

granting inter-budgetary transfers from the federal budget;

defining a general procedure and principles for borrowing and granting guarantees of the Russian Federation, constituent entities of the Russian Federation and municipal formations, for repayment and servicing of state (municipal) debt;

making state borrowings of the Russian Federation, granting state guarantees of the Russian Federation, granting budgetary credits, managing the state debt of the Russian Federation and managing the state assets of the Russian Federation;

establishing the fundamentals of the budgetary classification of the Russian Federation and a general procedure for application thereof;

establishing, specifying and defining a procedure for application of the budgetary classification of the Russian Federation, as regards the federal budget and state extra-budgetary funds of the Russian Federation;

establishing a uniform procedure for the budgets of the budgetary system of the Russian Federation and budget institutions to keep budget records and submit statements/reports, including statements/reports concerning cash execution of budgets;

establishing uniform budgetary documentation and report forms for budgets of the budgetary system of the Russian Federation and budget institutions, establishing grounds and a procedure for state power bodies of the Russian Federation (for state power bodies of constituent entities of the Russian Federation) to exercise - on a temporary basis - certain budgetary powers of state power bodies of constituent entities of the Russian Federation (local self-government bodies);

exercising - on a temporary basis - certain budgetary powers of governmental bodies of constituent entities of the Russian Federation;

establishing grounds, types of liability and the procedure for making persons accountable for a breach of the budgetary legislation of the Russian Federation;

establishing a procedure for the execution of court decisions on levying execution against funds of budgets of the budgetary system of the Russian Federation;

other budgetary powers referred by the present Code and other federal laws to the budgetary powers of the Russian Federation.";

#### **Article 8. Budgetary Authority of the Subjects of the Russian Federation**

The budgetary powers of constituent entities of the Russian Federation include the following:

specifying the procedure for drawing up and processing the draft budgets of the subject of the Russian Federation and the budgets of the territorial state extra-budgetary funds, endorsement and execution of the budget of the subject of the Russian Federation and the budgets of the territorial state extra-budgetary funds, control over their execution and endorsement of the report of execution of the budget of the subject of the Russian Federation and the budgets of the territorial state extra-budgetary funds;

drawing up and processing the draft budgets of the subject of the Russian Federation, budgets of the territorial state extra-budgetary funds, endorsement and execution of the budget of the subject of the Russian Federation and the budgets of the territorial state extra-budgetary funds, control over their execution, drawing up and endorsement of the reports of execution of the budget of the subject of the Russian Federation and the

budgets of the territorial state extra-budgetary funds, drawing up of the reports of execution of the consolidated budget of the subject of the Russian Federation;

specifying the procedure for submission to the executive bodies of state power of the subjects of the Russian Federation of endorsed local budgets, reports of execution of local budgets and other budget reports specified by the federal bodies of state power;

adoption and execution of the expenditure obligations of the subject of the Russian Federation;

defining the procedure for adoption and execution of expenditure obligations of municipal formations due for execution at the expense of subventions from the budget of the subject of the Russian Federation;

fixing the normatives of deductions of revenues to local budgets from federal taxes and fees, in particular from taxes provided for by special tax regimes and/or other regional taxes due for transfer to the budgets of the subjects of the Russian Federation in compliance with the present Code and legislation on taxes and fees;

specifying the procedure and terms for granting inter-budget transfers from the budget of the subject of the Russian Federation;

granting inter-budget transfers from the budget of the subject of the Russian Federation;

specifying the general procedure and terms for granting inter-budget transfers from the local budgets;

implementation of state borrowings and granting state guarantees of a constituent entity of the Russian Federation, granting budgetary credits, management of the state debt and state assets of a constituent entity of the Russian Federation;

establishing, specifying and defining a procedure for application of the budgetary classification of the Russian Federation, as regards the budget of a constituent entity of the Russian Federation and budgets of territorial state extra-budgetary funds;

temporary implementation of individual issues of budgetary authority of the bodies of local government;

in cases of and according to the procedure envisaged in the present Code, federal laws and laws of the subjects of the Russian Federation adopted in pursuance of them, specifying the liability for the violation of the normative legal acts of the subjects of the Russian Federation pertaining to regulation of budgetary legal relations;

other budgetary authority qualified in the present Code as the budgetary authority of the bodies of state power of the subjects of the Russian Federation.

The budgetary powers of the constituent entities of the Russian Federation - the cities of federal importance, Moscow and St. Petersburg, shall include the following, apart from the aforesaid budgetary powers:

defining by the laws of the said constituent entities of the Russian Federation the sources of revenues for budgets of intra-urban municipal entities of the cities of federal importance, Moscow and St. Petersburg. The sources of revenues of local budgets established by this Code which are not referred by laws of the constituent entities of the Russian Federation - the cities of federal importance, Moscow and St. Petersburg to the sources of revenues of budgets of intraurban municipal entities shall be entered to the budgets of the constituent entities of the Russian Federation - the cities of federal importance, Moscow and St. Petersburg;

establishing rates of revenues' deduction to budgets of intraurban municipal entities of the cities of federal importance, Moscow and St. Petersburg, from federal taxes and fees, in particular from taxes provided for by special tax regimes, from regional and (or) local taxes which are subject to entering to budgets of the constituent entities of the Russian Federation - the cities of federal importance Moscow and St. Petersburg in compliance with this Code and the legislation on taxes and fees;

defining the extent of, and procedure for, the provision of inter-budget transfers to budgets of intraurban municipal entities, in particular defining a procedure for the establishment within the budgets of the constituent entities of the Russian Federation - cities of federal importance, Moscow and St. Petersburg of regional funds for rendering financial support to municipal entities and a procedure for distribution of assets of the said funds;

defining a list of, and the procedure for discharging, expenditure obligations of interurban municipal entities of the cities of federal importance Moscow and St. Petersburg resulting from their authority in respect of matters of local importance determined by a law of the constituent entities of the Russian Federation - the cities of federal importance, Moscow and St. Petersburg;

defining a procedure for keeping a register of expenditure obligations of intraurban municipal entities of the cities of federal importance, Moscow and St. Petersburg.

## **Article 9. Budgetary Authority of the Municipal Entities**

**1.** The budgetary powers of municipal entities shall include the following:

specifying the procedure for drawing up and processing the draft local budget, endorsement and execution of the local budget, control over its execution and endorsement of the report of execution of the local budget;

drawing up and processing the draft local budget, endorsement and execution of the local budget, control over its execution, drawing up and endorsement of the report of execution of the local budget;

adoption and execution of expenditure obligations of the municipal formation;

defining the procedure for granting inter-budget transfers from the local budgets, the granting of inter-budget transfers from the local budgets; implementation of municipal borrowings, granting municipal guarantees, granting budgetary credits, management of the municipal debt and municipal assets' management;

establishing, specifying and defining a procedure for application of the budgetary classification of the Russian Federation, as regards a local budget;

in the cases and according to the procedure envisaged in the present Code and other federal laws, specifying the liability for violation of the municipal legal acts in issues of regulation of budgetary legal relations;

other budgetary authority qualified in the present Code as the budgetary authority of the bodies of local government.

**2.** The budgetary powers of municipal regions shall include the following, apart from those enumerated in Item 1 of this Article:

specifying in compliance with federal laws and laws of the subjects of the Russian Federation the normatives of deductions of revenues to the budgets of residential settlements from the federal taxes and fees, in particular from taxes provided for by special tax regimes, from regional and local taxes due for transfer in compliance with the present Code, and legislation on taxes and fees and/or laws of the subjects of the Russian Federation to the budgets of municipal regions;

specifying the procedure and terms for granting inter-budgetary transfers from the budget of the municipal region to the budgets of urban and rural residential settlements, the granting of inter-budgetary transfers from the budget of a municipal region to the budgets of urban and rural residential settlements;

defining the goals and procedure for granting subventions from the budgets of residential settlements to the budgets of municipal regions where a representative body exists in compliance with Item 1 of Part 4 of Article 35 of Federal Law No. 131-FZ of October 6, 2003 on the General Principles of Organisation of Local Government in the Russian Federation (hereinafter, the Federal Law on the General Principles of Organisation of Local Government in the Russian Federation) to resolve issues of local significance of an inter-municipal nature;

drawing up the report of execution of the consolidated budget of the municipal region.

**3.** The bodies of local government of residential settlements, together with the authority listed in Item 1 of the present Article, shall implement, in compliance with the present Code, also the budgetary authority in the defining of the procedure for drawing up, endorsement and execution of the estimates of incomes and expenses of individual residential settlements, other territories not being municipal formations forming part of the territory of the residential settlement.

4. Some budget powers of the financial body of a residential settlement may be exercised by the financial body of a municipal region on the basis of an agreement between the local administration of the residential settlement and the local administration of the municipal region.

## **The Second Part. The Budget System of the Russian Federation**

### **Section I. The Budget Organisation of the Russian Federation**

#### **Chapter 3. The Budget System of the Russian Federation**

##### **Article 10. The Structure of the Budgetary System of the Russian Federation**

The following shall pertain to the budgetary system of the Russian Federation:

federal budget and budgets of state extra-budgetary funds of the Russian Federation;

budgets of constituent entities of the Russian Federation and budgets of territorial state extra-budgetary funds;

local budgets, in particular the following ones:

budgets of municipal regions, budgets of urban circuits, budgets of intraurban entities of the cities of federal importance Moscow and Saint-Petersburg;

Budgets of urban and rural residential settlements.

##### **Article 11. The Legal Form of Budgets**

The federal budget and budgets of state extra-budgetary funds of the Russian Federation shall be drawn up and approved in the form of federal laws, budgets of constituent entities of the Russian Federation and budgets of territorial state extra-budgetary funds shall be developed and approved in the form of laws of constituent entities of the Russian Federation, local budgets shall be developed and approved in the form of municipal legal acts of representative bodies of municipal entities.

*Federal Law No. 63-FZ of April 26, 2007 reworded Article 12 of this Code.  
The new wording of the Article shall enter into force from January 1, 2008  
See the Article in the previous wording*

##### **Article 12. Financial year**

A financial year shall correspond to a calendar year and shall last from January 1 to December 31.

##### **Article 13. The Federal Budget and Budgets of State Extra-Budgetary Funds of the Russian Federation**

The federal budget and budgets of state extra-budgetary funds are intended for discharging expenditure obligations of the Russian Federation.

It is not allowable for federal state power bodies to use other forms of generation and spending of monetary funds intended for discharging expenditure obligations of the Russian Federation.

The federal budget and the summary of consolidated budgets of constituent entities of the Russian Federation (less inter-budget transfers between these budgets) shall form the consolidated budget of the Russian Federation.

**Article 14.** The Budget of a Constituent Entity of the Russian Federation and the Budget of a Territorial State extra-budgetary Fund

Each constituent entity of the Russian Federation shall have its own budget and the budget of a territorial state extra-budgetary fund.

The budget of a constituent entity of the Russian Federation (regional budget) and the budget of a territorial state extra-budgetary fund shall be intended for discharging expenditure obligations of the constituent entity of the Russian Federation.

It is not be allowable for state power bodies of constituent entities of the Russian Federation to use other forms of generation and spending of monetary funds for discharging expenditure obligations of constituent entities of the Russian Federation.

Budgets of constituent entities of the Russian Federation in compliance with the budgetary classification of the Russian Federation shall separately provide for funds allocated for discharging the expenditure obligations of constituent entities of the Russian Federation arising in connection with the exercise by state power bodies of constituent entities of the Russian Federation of powers under the jurisdiction of constituent entities of the Russian Federation and powers under joint jurisdiction cited in Items 2 and 5 of Article 36.3 of Federal Law No. 184-FZ of October 6, 1999 on the General Principles of the Organisation of Legislative (Representative) and Executive State Power Bodies of Constituent Entities of the Russian Federation (hereinafter referred to as the Federal Law on the General Principles of the Organisation of Legislative (Representative) and Executive State Power Bodies of Constituent Entities of the Russian Federation), and for discharging the expenditure obligations of constituent entities of the Russian Federation on account of subventions from the federal budget.

The budget of a constituent entity of the Russian Federation and the summary of budgets of municipal entities forming part of the constituent entity of the Russian Federation (less inter-budget transfers between these budgets) shall form the consolidated budget of the constituent entity of the Russian Federation.

**Article 15.** Local Budget



Every municipal entity shall have its own budget.

The budget of a municipal entity (local budget) is intended for discharging expenditure obligations of the municipal entity.

It shall not be allowable for local self-government bodies to use other forms of generation and spending of monetary funds for discharging expenditure obligations of municipal entities.

Local budgets in compliance with the budgetary classification of the Russian Federation shall separately provide for the funds allocated for discharging the expenditure obligations of municipal entities arising in connection with the exercise by local self-government bodies of their authority in respect of matters of local importance and the expenditure obligations of municipal entities discharged on account of subventions from other budgets of the budgetary system of the Russian Federation for the exercise of some state powers.

The budget of a municipal region (municipal region's budget) and the summary of budgets of the urban and rural settlements included into the municipal region (less inter-budget transfers between these budgets) shall form the consolidated budget of the municipal region.

Budgets of urban and rural residential settlements may provide for estimates of receipts and expenditures of some inhabited localities and other territories which are not municipal entities as a component of budgets of such urban and rural residential settlements.

**Article 16.** Abrogated from January 1, 2008.

**Article 17.** Abrogated from January 1, 2008.

#### **Chapter 4. The Budgetary Classification of the Russian Federation**

**Article 18.** Budgetary Classification of the Russian Federation

1. The budgetary classification of the Russian Federation is the grouping of revenues, expenditures and sources of financing deficits of budgets of the budgetary system of the Russian Federation, which is used for preparation and administration of budgets, drawing up budget reports/statements making it possible to compare indices of budgets of the budgetary system of the Russian Federation.

2. The principles of awarding, and the structure of, codes of the budgetary classification of the Russian Federation shall be defined, and awarding of the codes to the parts of the budgetary classification, which under this Code are uniform for budgets of the budgetary system of the Russian Federation, shall be awarded by the Ministry of Finance of the Russian Federation.

**Article 19.** Composition of the Budgetary Classification of the Russian Federation

The budgetary classification of the Russian Federation includes the following:

- classification of budget revenues;
- classification of budget expenditures;
- classification of sources of financing budget deficit;
- classification of operations of public law entities (hereinafter referred to as classification of operations of the public administration sector).

**Article 20. Classification of Budget Revenues**

1. The classification code of revenues of budgets of the Russian Federation shall consist of the following:

- 1) code of the chief administrator of budget revenues;
- 2) code of a type of revenues;
- 3) code of a subtype of revenues;
- 4) classification code of operations of the public administration sector pertaining to budget revenues;

2. A list and codes of chief administrators of budget revenues and types (subtypes) of budget revenues awarded to them shall be endorsed by a law (decision) on the appropriate budget.

3. The code of a type of revenues shall include a group, subgroup, item, subitem and element of revenue.

4. As uniform groups and subgroups of budget revenues for budgets of the budgetary system of the Russian Federation shall be deemed the following ones:

- 1) tax and non-tax revenues:
  - taxes on profit, incomes;
  - taxes and fees for supplying social needs;
  - taxes on commodities (works, services) sold in the territory of the Russian Federation;
  - taxes on commodities imported to the territory of the Russian Federation;
  - taxes on aggregate income;
  - property taxes;
  - taxes, fees and regular payments for using natural resources;
  - state duty;
  - arrears and re-calculations concerning abolished taxes, fees and other obligatory payments;
  - incomes derived from foreign economic activity;
  - incomes derived from disposal of the property which is under state or municipal ownership;
  - payments for using natural resources;
  - incomes derived from paid services and compensation for outlays of the State;
  - incomes derived from selling tangible and intangible assets;
  - administrative payments and fees;

finances, sanctions and compensation for damage;  
revenues of budgets of the budgetary system of the Russian Federation from repayment of balances of subsidies and subventions of previous years;

repayment of balances of subsidies and subventions of previous years;

other non-tax incomes;

2) gratuitous receipts:

gratuitous receipts from non-residents;

gratuitous receipts from other budgets of the budgetary system of the Russian Federation;

gratuitous receipts from State (municipal) organisations;

gratuitous receipts from non-governmental organisations;

gratuitous receipts from super-national organisations;

other gratuitous receipts.

5. The revenues cited in Paragraphs Two and Three (as regards the uniform social tax, appropriate penalties and fines) and in Paragraphs Four-Ten of Subitem 1 of Item 4 of this article shall be deemed tax revenues of budgets. The revenues specified in Paragraphs Three (except for the uniform social tax, appropriate penalties and fines), Paragraphs Eleven-Twenty of Subitem 1 of Item 4 of this article shall be deemed non-tax revenues of budgets.

6. The list of items and subitems of revenues of budgets which is uniform for budgets of the budgetary system of the Russian Federation shall be endorsed by the Ministry of Finance of the Russian Federation.

7. The code of an element of revenues shall be established depending on the authority as to the establishment and normative legal regulation of taxes, fees and other obligatory payments, other revenues of budgets of the budgetary system of the Russian Federation, as well as depending on the availability of the rights of claim towards payers in respect of nontax incomes and gratuitous receipts, and shall correspond to a budget of the budgetary system of the Russian Federation.

8. The following shall be deemed uniform elements of revenues for budgets of the budgetary system of the Russian Federation:

1) federal budget;

2) budgets of constituent entities of the Russian Federation;

3) budgets of municipal regions;

4) budgets of urban districts;

5) budgets of intra-urban municipal entities of the cities of federal importance Moscow and St. Petersburg;

6) budgets of urban and rural residential settlements;

7) budget of the Pension Fund of the Russian Federation;

8) the Social Insurance Fund of the Russian Federation;

9) the budget of the Federal Fund of Obligatory Medical Insurance;

10) budgets of territorial funds of obligatory medical insurance.

9. The code of a subtype of revenues shall be applied for specifying receipts according to codes of incomes' classification.

The Ministry of Finance of the Russian Federation shall endorse a list of codes of subtypes for the types of revenues whose chief administrators are state power bodies of the Russian Federation, the Central Bank of the Russian Federation, managerial bodies of state extra-budgetary funds of the Russian Federation and (or) state-financed institutions subordinate to them.

The financial body of a constituent entity of the Russian Federation shall endorse a list of codes of subtypes for the types of revenues whose chief administrators are state power bodies of constituent entities of the Russian Federation, managerial bodies of territorial state extra-budgetary funds and (or) state-financed institutions subordinate to them.

The financial body of a municipal entity shall endorse a list of codes of subtypes for the types of revenues whose chief administrators are local self-government bodies and/or state-financed institutions subordinate to them.

## **Article 21. Classification of Budget Expenditures**

1. The classification code of budget expenditures shall consist of the following:

- 1) code of the chief administrator of budgetary funds;
- 2) code of section, subsection, purpose item and type of expenditure;
- 3) classification code of operations of the public administration sector pertaining to budget expenditures.

2. A list of the chief administrators of the federal budgetary funds, of the budget of a constituent entity of the Russian Federation, budgets of state extra-budgetary funds and local budget shall be established by a law (decision) on the appropriate budget within the composition of the departmental structure of expenditures.

3. The following shall be deemed uniform sections and subsections of classification of budget expenditures for budgets of the budgetary system of the Russian Federation:

- 1) nationwide matters:
  - functioning of the President of the Russian Federation;
  - functioning of the supreme official of a constituent entity of the Russian Federation and municipal entity;
  - functioning of legislative (representative) state power bodies and representative bodies of municipal entities;
  - functioning of the Government of the Russian Federation, supreme executive state power bodies of constituent entities of the Russian Federation and local administrations;
  - judicial system;
  - maintenance of financial, tax and customs bodies and bodies of financial (fiscal) supervision;

ensuring the conduct of elections and referendums;  
international relations and international cooperation;  
state material reserve;  
fundamental research;  
servicing of State and municipal debt;  
reserve funds;  
applied research in respect of nationwide matters;

2) national defence:  
Armed Forces of the Russian Federation;  
modernization of the Armed Forces of the Russian Federation and military units;  
preparedness activity and military training for civilians;  
preparedness activity for economics;  
preparation for, and participation in, ensuring collective security and peace-making activity;  
nuclear weapons complex;  
implementation of international commitments in the field of technical military cooperation;  
applied research in the field of national defence;  
Other matters related to national defence;

3) national security and law enforcement activity;  
bodies of the prosecutor's office;  
internal affairs bodies;  
internal troops;  
justice bodies;  
criminal execution system;  
security bodies;  
frontier bodies;  
agencies for control over traffic of drugs and psychotropic substances;  
protection of the population and territories against emergency situations of natural and man-caused character, civil defence;  
ensuring fire safety;  
migration policy;  
modernization of internal troops, civil defence troops, as well as of law enforcement and other bodies;  
applied research in the field of national security and law enforcement activity;  
other matters pertaining to national security and law enforcement activity;

4) national economy:  
general economic matters;  
fuel-and-power sector;  
exploration and use of outer space;  
reproduction of mineral resources;

agriculture and fishery;  
water sources;  
forestry;  
transport;  
road system;  
communication and informatics;  
applied research in the field of national economy;  
other matters related to the national economy;  
5) housing and public utilities;  
housing stock;  
public utilities;  
land improvement;  
applied research in respect of housing and public utilities;  
other matters related to housing and public utilities;  
6) environmental protection;  
ecological monitoring;  
waste collection and removal, as well as waste-water treatment;  
protection of flora and fauna, as well as their habitat;  
applied research in the field of environmental protection;  
other matters related to environmental protection;  
7) education;  
pre-school education;  
general education;  
primary vocational education;  
secondary vocational education;  
professional training, re-training and raising of qualifications;  
higher and post-graduate vocational education;  
youth policy and improvement of children's health;  
applied research in the field of education;  
other matters related to education;  
8) culture, cinematography and mass media:  
culture;  
cinematography;  
television and radio broadcasting;  
periodical prints and publishing houses;  
applied research in the field of culture, cinematography and mass  
media;  
other matters related to culture, cinematography and mass media;  
9) health care, physical training and sports:  
in-patient medical aid;  
out-patient medical aid;  
medical aid in day hospitals of all types;  
emergency call service;  
medical health improving aid;

banking, processing, storage and ensuring safety of donated blood and components thereof;

sanitary-epidemiological welfare;

physical training and sports;

applied research in the field of health care, physical training and sports;

other matters related to health care, physical training and sports;

10) social policy:

retirement insurance;

social service of the population;

social maintenance of the population;

protection of family and childhood;

applied research in the field of social policy;

other matters related to social policy;

11) inter-budget transfers:

grants to budgets of constituent entities of the Russian Federation and municipal entities;

subsidies to budgets of constituent entities of the Russian Federation and municipal entities (inter-budget subsidies);

subventions to budgets of constituent entities of the Russian Federation and municipal entities;

other inter-budget transfers;

inter-budget transfers to budgets of state extra-budgetary funds.

**4.** A list and codes of purpose items and types of expenditures of a budget shall be endorsed within the composition of the departmental structure of expenditures by a budget law (decision) or, in the cases specified by this Code, by a summary budget inventory of the appropriate budget.

Purpose items and types of expenditures shall be formed in compliance with expenditure obligations to be discharged on account of appropriate budgets.

Unique codes of purpose items and (or) types of expenditures of the appropriate budget shall be awarded to every public normative obligation, long-term purpose programme (subprogramme), separate function (area, direction) in the activities of state power bodies (local self-government bodies), budget investment project falling under the criteria established in compliance with this Code.

A procedure for drawing up the list and codes of purpose items and types of expenditures of budgets, as regards public normative obligations, as well as ensuring the activity (exercising the authority) of state power bodies (state bodies) and local self-government bodies shall be established by the Government of the Russian Federation.

A list and codes of purpose items and (or) types of expenditures of budgets covered on account of subventions and inter-budget subsidies shall be defined in the procedure established by the financial body

engaged in preparation and organisation of administration of the budget wherefrom the said subventions and inter-budget subsidies are allocated.

A list and codes of purpose items and (or) types of expenditures of the federal budget, as regards financing the activities of the federal executive bodies where military and law enforcement service is provided for by the legislation of the Russian Federation, shall ensure the comparability and adherence to uniform principles of showing the appropriate expenditures.

**Article 22.** Abrogated from January 1, 2008.

**Article 23.** Classification of Sources of Financing Budget Deficits

1. The classification codes of financing budgets deficits shall consist of the following:

1) code of the chief administrator of sources of financing budgets deficits;

2) code of the group, subgroup, item and type of the source of financing budgets deficits;

3) classification code of operations of the public administration sector pertaining to the sources of financing budgets deficits.

2. A list of chief administrators of sources of financing budgets deficits shall be endorsed by the law (decision) on the appropriate budget.

3. The following shall be deemed uniform groups and subgroups of sources of financing budgets deficits for budgets of the budgetary system of the Russian Federation:

1) sources of internal financing of budgets deficits:  
state (municipal) securities whose nominal value is shown in the currency of the Russian Federation;

credits granted by credit organisations in the currency of the Russian Federation;

budgetary credits from other budgets of the budgetary system of the Russian Federation;

credits granted by international financial organisations in the currency of the Russian Federation;

changes in the balances of funds on accounts for registration of budgetary funds;

other sources on internal financing of budgets deficits;

2) sources of external financing of budgets deficits:

state securities whose nominal value is shown in foreign currency;

credits of foreign states, including purpose foreign credits (borrowings), of international financial organisations, other international law subjects and foreign legal entities in foreign currency;

credits granted by credit organisations in foreign currency;

other sources of external financing of budgets deficits.



4. A list of items and types of sources of financing budgets deficits shall be endorsed by the law (decision) on the appropriate budget when approving the sources of financing budgets deficits.

#### **Article 23.1. Classification of Operations of the Public Administration Sector**

1. The classification code of operations of the public administration sector consists of the code of the group, subgroup, item and subitem of operations of the public administration sector.

2. The following shall be deemed uniform groups and subgroups of operations of the public administration sector for budgets of the budgetary system of the Russian Federation:

1) revenues:

tax revenues;

revenues derived from property;

revenues derived from rendering paid services;

amounts which are charged on a compulsory basis;

gratuitous receipts from budgets;

contributions for supplying social needs;

revenues derived from operations in assets;

other revenues;

2) expenditures:

payment for labour and accrued items related to payment for labour;

payment for works and services;

servicing of state (municipal) debt;

gratuitous transfers to organisations;

gratuitous transfers to budgets;

social maintenance;

expenditures related to operations in assets;

other expenditures;

3) entry of non-financial assets

increase in fixed assets' value;

increase in the value of intangible assets;

increase in the value of non-produced values;

increase in the value of material reserves;

4) retirement of non-financial assets:

decrease in the value of fixed assets;

decrease in the value of intangible assets;

decrease in the value of non-produced assets;

decrease in the value of material reserves;

5) entry of financial assets:

entry to accounts of budgets;

increase in the value of securities, except for shares and other forms of participation in capital;

increase in the value of shares and other forms of participation in capital;

increase in debts related to budgetary credits;

increase in the value of other financial assets;

increase in other debtor indebtedness;

6) retirement of financial assets:

retirement from accounts of budgets;

decrease in the value of securities, except for shares and other forms of participation in capital;

decrease in the value of shares and other forms of participation in capital;

decrease in indebtedness related to budgetary credits and loans;

decrease in the value of other financial assets;

decrease in other debtor indebtedness;

7) increase in liabilities:

increase in indebtedness related to internal state (municipal) debt;

increase in indebtedness related to the external state debt;

increase in other creditor indebtedness;

8) decrease in liabilities:

decrease in indebtedness related to the internal state (municipal) debt;

decrease in indebtedness related to the external state debt;

decrease in other creditor indebtedness.

**3.** A uniform list of subitems of operations of the public administration sector for budgets of the budgetary system of the Russian Federation shall be established by the Ministry of Finance of the Russian Federation.

**4.** The procedure for application of the classification of operations of the public administration sector shall be established by the Ministry of Finance of the Russian Federation.

**Article 24.** Abrogated from January 1, 2008.

**Article 25.** Abrogated from January 1, 2008.

**Article 26.** Abrogated from January 1, 2008.

**Article 27.** Abrogated from January 1, 2008.

## **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, expenditures and sources of financing budgets deficits between budgets of the budget system of the Russian Federation;  
the independence of the budgets;  
equality of budget rights of the subjects of the Russian Federation and municipal formations;  
the full reflection of revenues, expenditures and sources of financing deficits of budgets;  
the equilibrium of the balance;  
the effective and efficient use of budgetary resources;  
the general (aggregate) cover of budget expenditures;  
transparency (openness);  
the reliability of the budget;  
the particular use and target-oriented nature of budgetary resources;  
jurisdiction for budget expenditures;  
cash unity.

**Article 29.** Principle of Integrity of the Budget System of the Russian Federation

The principle of integrity of the budget system of the Russian Federation means the uniformity of the budgetary legislation of the Russian Federation, principles of organisation and functioning of the budget system of the Russian Federation, forms of budgetary documentation and budgetary reports, budget classification of the budget system of the Russian Federation, sanctions for the violation of the budgetary legislation of the Russian Federation, uniform procedure of adoption and execution of expenditure obligations, generation of incomes and implementation of expenses of the budgets of the budget system of the Russian Federation, keeping of budgetary records and drawing up budgetary reports on the budgets of the budget system of the Russian Federation and budget institutions, the uniformity of the procedure for execution of court decisions on levy of execution on funds of the budgets of the budgetary system of the Russian Federation.

**Article 30.** Principle of Delimitation of Revenues and Expenditures among Budgets of Various Levels

The principle of delimitation of revenues and expenditures among the budgets of various levels means assigning, in compliance with the legislation of the Russian Federation, of revenues, expenditures and sources of financing budgets deficits to budgets of the budgetary system of the Russian Federation, as well as defining of the authority of state power bodies (bodies of local government) and managerial bodies of state extra-budgetary funds as to forming of budget revenues, sources of financing

budgets deficits and as to establishing and discharging expenditure obligations of public law entities.

State power bodies (bodies of local government) and managerial bodies of state extra-budgetary funds are not entitled to impose upon legal entities and natural persons financial or other liabilities as to securing the discharge of their obligations which are not provided for by the legislation of the Russian Federation.

### **Article 31. Principle of Independence of Budgets**

The principle of independence of budgets means the following:

the right and duty of state power bodies and bodies of local government to provide independently for the balance of the appropriate budgets and efficient use of budgetary resources;

the right and duty of state power bodies and bodies of local government to implement independently the budgetary process except for the cases envisaged in the present Code;

the right of state power bodies and bodies of local government to specify, in compliance with the legislation of the Russian Federation on taxes and fees, the taxes and fees the revenues from which are due for transfer to the appropriate budgets of the budgetary system of the Russian Federation;

the right of state power bodies and bodies of local government to define independently in compliance with the present Code the forms and directions of spending the resources of budgets (except for the expenses financed out of subsidies and subventions from other budgets of the budgetary system of the Russian Federation);

the inadmissibility of the establishment of expenditure obligations for execution on account of revenues and sources of financing deficits of other budgets of the budgetary system of the Russian Federation, as well as of expenditure obligations to be discharged simultaneously on account of funds from two or more budgets of the budgetary system of the Russian Federation, on account of the resources of consolidated budgets, or without specifying the budget to execute appropriate expenditure obligations;

the right of state power bodies and bodies of local government to allocate budgetary resources for discharging expenditure obligations established by other state power bodies and bodies of local government solely in the form of inter-budget transfers;

the inadmissibility of putting into force during the current fiscal year, by bodies of state power and bodies of local government, of amendments to the budgetary legislation of the Russian Federation and/or the legislation on taxes and fees or to the legislation on other obligatory payments resulting in an increase of expenses and/or reduction of incomes of other budgets without amending the laws (decisions) on the appropriate budgets to envisage compensation of the increase of expenses or the reduction of incomes;

inadmissibility of withdrawal of additional income or savings in expenditures of budgets obtained as a result of efficient administration of the budgets.

**Article 31.1.** Principle of Equality of Budget Rights of Constituent Entities of the Russian Federation and Municipal Formations

The principle of equality of budgetary rights of constituent entities of the Russian Federation and municipal formations means defining the budgetary authority of bodies of state power of constituent entities of the Russian Federation and bodies of local government, establishment and execution of expenditure obligations, generation of tax and non-tax revenues of budgets of constituent entities of the Russian Federation and local budgets, defining the volume, forms of, and procedure for, granting inter-budgetary transfers in accordance with uniform principles and requirements specified in the present Code.

Contracts and agreements between state power bodies of the Russian Federation and state power bodies of constituent entities of the Russian Federation, bodies of state power and bodies of local government failing to comply with the present Code are invalid.

**Article 32.** The Principle of Full Reflection of Budget Revenues, Expenditures and Sources of Financing Deficits Thereof

The principle of full reflection of the budget revenues, expenditures and sources of financing deficits thereof means that all budget revenues, expenditures and sources of financing deficits thereof shall be shown on an obligatory basis and in full in the appropriate budgets.

**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 of the sources of financing its deficit reduced by the amount of payments from the budget connected with the sources of financing the budget deficit and changes in the balance of accounts for registration of budgetary funds.

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 Budgetary Resources

The principle of effectiveness and efficiency of budgetary resources means that upon the preparation and execution of budgets the participants in the budgetary process within the framework of the budgetary authority established for them 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.

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

The principle of total (aggregate) expenditure coverage means that expenditures of a budget may not be linked to certain revenues of the budget and sources of financing the budget deficit, if not otherwise provided for by the law (decision) on the budget, as regards the following:

subventions and subsidies received from other budgets of the budgetary system of the Russian Federation;

funds of purpose foreign credits (borrowings);

voluntary contributions, grants and funds received from citizens' self-taxation;

budget expenditures under international treaties (agreements) where the Russian Federation participates;

budget expenditures outside the territory of the Russian Federation;

some types of non-tax incomes to be introduced (to be shown in a budget) starting from the next financial year.

**Article 36. The Principle of Transparency (Openness)**

The principle of transparency (openness) means the following:

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

compulsory openness for the community and mass media of budget projects introduced to legislative (representative) state power bodies (representative bodies of municipal entities), of procedures for consideration and adoption of decisions on draft budgets, including those causing disagreements either inside the legislative (representative) state power body (representative body of a municipal entity) or between the legislative (representative) state power body (representative body of a municipal entity) and the executive state power body (local administration);

stability and (or) succession of the budgetary classification of the Russian Federation, as well as ensuring comparability of indices of budgets of the reporting, current and next financial years (next financial year and planning period).

Secret items may be only endorsed within the composition of the federal budget.

**Article 37. The Principle of Budgetary Reliability**

The principle of budgetary 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 Purpose Nature of Budgetary Resources

The principle of the specific use and purpose nature of budgetary resources means that budgetary appropriations and limit amounts of budgetary obligations are brought to the notice of particular recipients of budgetary resources specifying their designated use for financing particular goals.

**Article 38.1.** The Principle of Jurisdiction for Budget Expenditures

The principle of jurisdiction for budget expenditures means that recipients of budgetary funds are entitled to receive budgetary appropriations and limit amounts of budgetary obligations solely from the chief administrator (administrator) of budgetary funds to whose scope of jurisdiction they pertain.

Chief administrators (administrators) of budgetary funds are not entitled to distribute budgetary appropriations and limit amounts of budgetary obligations to administrators and recipients of budgetary funds which are not included in the list of administrators and recipients of budgetary funds subordinate to them in compliance with Article 158 of this Code.

The administrator and the recipient of budgetary funds may be included into the list of subordinate administrators and recipients of budgetary funds of solely one chief administrator of budgetary funds.

The jurisdiction of the chief administrator (administrator) of budgetary funds with respect to a recipient of budgetary funds shall arise by virtue of a law, normative legal act of the President of the Russian Federation, the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation, local administration, as well as by virtue of establishing the organisation being the recipient of budgetary funds as an institution by the chief administrator of budgetary funds on behalf of the Russian Federation, a constituent entity of the Russian Federation or a municipal formation respectively.

**Article 38.2.** The Principle of Cash Unity

The principle of cash unity means entering all cash receipts and making all cash payments using a single budget account, except for operations related to budget administration made in compliance with normative legal acts of state power bodies of the Russian Federation, state power bodies of constituent entities of the Russian Federation and municipal legal acts of local self-government bodies outside the territory of the Russian Federation, a constituent entity of the Russian Federation or a municipal entity respectively, as well as for operations made in compliance with the currency legislation of the Russian Federation.

## **Section II. Budget Revenues**

### **Chapter 6. General Provisions on Budget Revenues**

#### **Article 39. Forming Budget Revenues**

Budget revenues shall be formed in compliance with the budgetary legislation of the Russian Federation, the legislation on taxes and fees and the legislation on other obligatory payments.

#### **Article 40. Entering Budget Revenues**

1. Revenues from federal taxes and fees, regional and local taxes, other obligatory payments and other receipts which serve as sources for forming budget revenues of the budgetary system of the Russian Federation shall be entered to accounts of the Federal Treasury agencies for their distribution by these agencies in compliance with the normative standards established by this Code, the law (decision) on a budget and other laws of constituent entities of the Russian Federation and municipal legal acts adopted in compliance with the provisions of this Code to the federal budget, budgets of constituent entities of the Russian Federation, local budgets, as well as to budgets of state extra-budgetary funds in the cases provided for by the legislation of the Russian Federation.

The Federal Treasury agencies shall register in the procedure established by the Ministry of Finance of the Russian Federation the revenues received by the budgetary system of the Russian Federation and distribute them to budgets in compliance with the code of the budgetary classification of the Russian Federation specified in the accounting documents for entering funds to the account cited in Paragraph One of this item or, in the event of return (set-off, specification) of a payment by the appropriate administrator of budget revenues, according to the instruction (notice) presented by him.

The Federal Treasury agencies at the latest on the next working day as of the date of receiving from an institution of the Central Bank of the Russian Federation statements of their accounts cited in Paragraph One of this item shall remit the said revenues to single accounts of the appropriate budgets.

2. Monetary funds shall be deemed entered to the revenues of the appropriate budget of the budgetary system of the Russian Federation as of the time of their entry to a single account of this budget.

#### **Article 41. Types of Budget Revenues**

1. Tax revenues, non-tax revenues and gratuitous receipts shall pertain to budget revenues.

2. Tax revenues of budgets shall include revenues from the federal taxes and fees provided for by the legislation of the Russian Federation on



taxes and fees, in particular those from the taxes provided for by special tax regimes, from regional and local taxes, and also penalties and fines related to them.

**3. Non-tax revenues of budgets shall include the following:**

revenues from the disposal of the property which is under state or municipal ownership after paying taxes and fees provided for by the Legislation on taxes and fees, except for the property of autonomous institutions, as well as the property of state and municipal unitary enterprises, including that of budget-financed ones;

revenues from selling the property (except for shares and other forms of participation in capital, state reserves of precious metals and precious stones) which is under state or municipal ownership after paying taxes and fees provided for by the legislation of the Russian Federation on taxes and fees, except for the property of autonomous institutions, as well as of the property of state and municipal unitary enterprises, in particular that of budget-financed ones;

revenues from paid services rendered by budget-financed institutions after paying taxes and fees provided for by the legislation on taxes and fees;

funds received as a result of applying civil law, administrative and criminal sanctions, in particular, fines, confiscations, compensations, as well as funds received as compensation for harm inflicted upon the Russian Federation, constituent entities of the Russian Federation, municipal entities and other amounts which are compulsorily charged;

funds received as a result of citizens' self-taxation;

other non-tax revenues.

**4. Gratuitous receipts shall include the following:**

grants from other budgets of the budgetary system of the Russian Federation;

subsidies from other budgets of the budgetary system of the Russian Federation (inter-budget subsidies);

subventions from the federal budget and(or) from budgets of constituent entities of the Russian Federation;

other inter-budget transfers from other budgets of the budgetary system of the Russian Federation;

gratuitous receipts from natural persons and legal entities, international organisations and governments of foreign states, including voluntary donations.

**5. Revenues from disposal of the property which is under state or municipal ownership and from paid services rendered by budget-financed institutions, funds of gratuitous receipts and those derived from other profitable activities when preparing, approving, and administering budgets and drawing up reports/statements on the administration thereof shall be included into budget revenues subject to the provisions of Item 3 of this Article.**

**Article 42. Revenues Derived from the Disposal of the Property Which Is Under State or Municipal Ownership**

The following shall pertain to budget revenues derived from disposal of property which is under state or municipal ownership:

revenues received in the form of rent or other payments for transfer for gratuitous use of state or municipal ownership, except for the property of autonomous institutions, as well as of the property of state and municipal unitary enterprises, in particular that of budget-financed ones;

funds received in the form of interest on the balance of budget funds kept on accounts made with the Central Bank of the Russian Federation and with credit organisations;

funds derived from the transfer of the property which is under state or municipal ownership (except for the property of autonomous institutions, as well as for the property of state and municipal unitary enterprises, in particular that of budget-financed ones) for putting in pledge or for trust management;

payment for using budgetary credits;

revenues in the form of profit falling to shares in authorized (pooled) capitals of economic partnerships and companies or of dividends on stocks possessed by the Russian Federation, constituent entities of the Russian Federation and municipal entities;

part of the property of state or municipal unitary enterprises which is left after payment of taxes and making other obligatory payments;

other revenues provided for by the legislation of the Russian Federation which are derived from using property under state or municipal ownership, except for the property of autonomous institutions, as well as of the property of state and municipal unitary enterprises, in particular that of budget-financed ones.

**Article 43.** Abrogated from January 1, 2008.

**Article 44.** Abrogated from January 1, 2005.

**Article 45.** Abrogated from January 1, 2005.

**Article 46. Fines and Other Amounts of Compulsory Charges**

1. Amounts received as a result of imposing monetary sanctions (fines) for violations of the legislation of the Russian Federation are subject to entry to budgets of the budgetary system of the Russian Federation in the following procedure:

1) for violation of the legislation of the Russian Federation on the fundamentals of the constitutional system of the Russian Federation, on the state symbols of the Russian Federation, on governmental awards, on citizenship of the Russian Federation, on state power of the Russian

Federation, on civil service of the Russian Federation, on elections and referendums of the Russian Federation, on the Plenipotentiary for Human Rights in the Russian Federation, on foreign policy and international relations, on martial law and state of emergency, on defence and security of the State, on military duty and military service, on the State Frontier of the Russian Federation, on the state defence order, on the state material reserve, on export control, on the use of atomic energy, on counteraction against the legalisation (laundering) of incomes derived in a criminal way and against the financing of terrorism, on the traffic of drugs and psychotropic substances, on inland sea waters, the territorial sea, and continental shelf, on the exclusive economic zone of the Russian Federation, on technical regulation, on ensuring the uniformity of measurements, on the state control over international motor carriage, on the state control over prices (tariffs), on banks and banking, on the securities market, on commodity exchanges and exchange trade, on natural monopolies, on competition protection, on the antimonopoly legislation of the Russian Federation, labour, currency, customs, budget (insofar as the federal budget is concerned), criminal (insofar as crimes against the fundamentals of the constitutional system, security of the State, state power of the Russian Federation, interests of the civil service of the Russian Federation, justice, administrative procedures, military service, peace and safety of mankind are concerned), of criminal procedural and criminal executive legislation of the Russian Federation, as well as of the legislation of the Russian Federation on the judicial system and on executive proceedings, and also fines imposed by courts - to the federal budget according to the normative standard of 100 per cent;

2) for violating the legislation of the Russian Federation on advertising and failure to follow orders of the antimonopoly body:

to the federal budget - according to the normative standard of 40 per cent;

to the budget of the constituent entity of the Russian Federation in whose territory the legal entities or individual businessmen that have violated the legislation of the Russian Federation on advertising are located - according to the normative standard of 60 per cent;

3) for violating the legislation of the Russian Federation on state extra-budgetary funds and on specific types of obligatory social insurance, in particular as regards state extra-budgetary funds, - to budgets of the appropriate extra-budgetary funds according to the normative standard of 100 per cent;

4) for violating the forestry legislation detected on land plots which are under federal ownership, under the ownership of the constituent entities of the Russian Federation and under municipal ownership - to the federal budget, and the budget of a constituent entity of the Russian Federation and local budget, respectively, according to the normative standards of 100 per cent;

5) for violations of the water legislation detected in water objects which are under federal ownership, ownership of constituent entities of the Russian Federation or municipal ownership - to the federal budget, the budget of a constituent entity of the Russian Federation or local budget, respectively, according to the normative standard of 100 per cent;

6) for violating the legislation of the Russian Federation on placement of orders to supply goods, carry out works and render services for meeting the needs of the Russian Federation, of constituent entities of the Russian Federation, residential settlements, municipal regions, urban circuits, intraurban municipal entities of the cities of federal importance Moscow and St. Petersburg, state extra-budgetary funds of the Russian Federation, territorial state extra-budgetary funds - accordingly to the federal budget, budgets of constituent entities of the Russian Federation, budgets of residential settlements, budgets of municipal regions, budgets of urban circuits, budgets of intraurban municipal entities of the cities of federal importance Moscow and St. Petersburg, budgets of state extra-budgetary funds of the Russian Federation and budgets of territorial state extra-budgetary funds - according to the normative standards of 100 per cent;

7) for a breach of the legislation of the Russian Federation which is not provided for by this item or Items 2 and 3 of this article - to budgets of municipal regions, of urban circuits, of the cities of federal importance Moscow and Saint-Petersburg at the location of the body or official that has adopted a decision to impose a monetary sanction (fine) - according to the normative standard of 100 per cent.

**2.** Amounts of monetary sanctions (fines) for violating the legislation on taxes and fees are subject to entering to budgets of the budgetary system of the Russian Federation in the following procedure:

1) amounts of monetary sanctions (fines) estimated on the basis of the sums of taxes (fees) which are provided for by the legislation of the Russian Federation on taxes and fees - to budgets of the budgetary system of the Russian Federation according to the normative deduction standards established by the budgetary legislation of the Russian Federation as applied to the appropriate taxes (fees);

2) amounts of monetary sanctions (fines) provided for by Articles 116, 117 and 118, Items 1 and 2 of Article 120, Articles 125, 126, 128, 129, 129.1, 132, 133, 134, 135 and 135.1 of the Tax Code of the Russian Federation:

to the federal budget - according to the normative standard of 50 per cent;

to budgets of municipal regions, urban circuits, the cities of federal importance Moscow and St. Petersburg at the location of the body or official that has decided to impose a monetary sanction (fine) - according to the normative standard of 50 per cent;

3) amounts of monetary sanctions (fines) provided for by Article 129.2 of the Tax Code of the Russian Federation - to budgets of constituent

entities of the Russian Federation, if not otherwise provided for by laws of constituent entities of the Russian Federation, according to the normative standards of 100 per cent.

**3.** Amounts of monetary sanctions (fines) for administrative offences in respect taxes and fees provided for by the Code of Administrative Offences of the Russian Federation are subject to entering to budgets of the budgetary system of the Russian Federation in the following procedure:

to the federal budget - according to the normative standard of 50 per cent;

to budgets of municipal regions, urban circuits and the cities of federal importance Moscow and St. Petersburg at the location of the body or official that has decided to impose a monetary sanction (fine) - according to the normative standard of 50 per cent.

**4.** Amounts of monetary sanctions (fines) for violating the budgetary legislation of the Russian Federation (as regards budgets of constituent entities of the Russian Federation), as well as of monetary sanctions (fines) established by laws of constituent entities of the Russian Federation are subject to entering to budgets of appropriate constituent entities of the Russian Federation according to the normative standard of 100 per cent.

**5.** Amounts of monetary sanctions (fines) for violating the budgetary legislation of the Russian Federation (as regards budgets of residential settlements, budgets of municipal regions, budgets of urban circuits, budgets of intraurban municipal entities of the cities of federal importance Moscow and Saint-Petersburg), as well as of monetary sanctions (fines) established by legal acts of local self-governments bodies of residential settlements, municipal regions, urban circuits, intraurban municipal entities of the cities of federal importance Moscow and Saint-Petersburg are subject to entering respectively to budgets of residential settlements, budgets of municipal regions, budgets of urban circuits, budgets of intraurban municipal entities of the cities of federal importance Moscow and St. Petersburg according to the normative standard of 100 per cent.

**6.** Amounts of confiscations, compensations and other funds compulsorily charged to the benefit of the Russian Federation, constituent entities of the Russian Federation, residential settlements, municipal regions, urban circuits, intraurban municipal entities of the cities of federal importance Moscow and St. Petersburg, state extra-budgetary funds of the Russian Federation, territorial state extra-budgetary funds in compliance with the legislation of the Russian Federation and court decisions are subject to entering to appropriate budgets of the budgetary system of the Russian Federation according to the normative standard of 100 per cent.

Amounts derived from the sale of hunting and fishing tools, as well as of products of unlawful use of natural resources confiscated in the established procedure, as well as those received on the basis of claims for compensation for damage caused to the environment, are subject to entering to budgets of municipal regions, urban circuits and the cities of

federal importance Moscow and Saint-Petersburg at the place of causing damage to the environment according to the normative standard of 100 per cent.

**Article 47. Own Income of Budgets**

Own income of budgets shall include:

tax income entered in the budgets in compliance with the budgetary legislation of the Russian Federation and the legislation on taxes and fees;

non-tax income entered in the budgets in compliance with the legislation of the Russian Federation, laws of constituent entities of the Russian Federation and municipal legal acts of representative bodies of municipal entities;

income received in the budgets in the form of gratuitous transfers except for subventions.

**Article 48.** Abolished from January 1, 2005.

## **Chapter 7. Federal Budget Revenues**

**Article 49.** Abolished from January 1, 2005.

**Article 50. Tax Income of the Federal Budget**

The federal budget is used to enter tax incomes from the following federal taxes and fees and taxes envisaged in special tax regimes:

profit tax from organisations according to the rate specified for the transfer of the mentioned tax to the federal budget - at the 100% normative;

profit tax from organisations (incomes of foreign organisations other than those pertaining to activities in the Russian Federation carried out through a permanent representation, as well as incomes obtained in the form of dividends and interest on state and municipal securities) - at the 100% normative;

profit tax from organisations under production-sharing agreements concluded before the entry into force of Federal Law No. 225-FZ of December 30, 1995 on Production-Sharing Agreements (hereinafter, the Federal Law on the Production-Sharing Agreements) not envisaging special tax rates to transfer the mentioned tax to the federal budget and the budgets of the subjects of the Russian Federation - at the 20% normative;

value added tax - at the 100% normative;

excise duties on ethyl alcohol from edible raw materials - at the 50% normative;

excise duties on ethyl alcohol from all types of raw materials except for edible ones - at the 100% normative;

excise duties on alcohol-containing products - at the 50% normative;

excise duties on tobacco items - at the 100% normative;

excise duties on automobile petrol, straight-run petrol, diesel fuel, motor oils for diesel and carburettor (injection) engines - at the 40% normative;

excise duties on cars and motorcycles - at the 100% normative;

excise duties on excisable commodities and products imported into the territory of the Russian Federation - at the 100% normative;

tax on extraction of mineral resources in the form of hydrocarbon raw materials (natural gas) - at the 100% normative;

tax on extraction of mineral resources in the form of hydrocarbon raw materials (other than natural gas) - at the 95% normative;

tax on extraction of mineral resources (other than mineral resources in the form of hydrocarbon raw materials, natural diamonds and commonly occurring mineral resources) - at the 40% normative;

tax on extraction of mineral resources on the continental shelf of the Russian Federation, in the exclusive economic zone of the Russian Federation, outside the territory of the Russian Federation - at the 100% normative;

regular payments for the extraction of mineral resources (royalty) under production-sharing agreements in the form of hydrocarbon raw materials (natural gas) - at the 100% normative;

regular payments for the extraction of mineral resources (royalty) under production-sharing agreements in the form of hydrocarbon raw materials (other than natural gas) - at the 95% normative;

regular payments for the extraction of mineral resources (royalty) on the continental shelf, in the exclusive economic zone of the Russian Federation, outside the territory of the Russian Federation under production-sharing agreements - at the 100% normative;

fee for the use of objects of water biological resources (except for internal water objects) - at the 70% normative;

fee for the use of objects of water biological resources (except for internal water objects) - at the 100% normative;

water tax - at the 100% normative;

uniform social tax at the rate specified in the Tax Code of the Russian Federation in the amount transferred to the federal budget - at the 100% normative;

state duty (except for the state duty due for transfer to the budgets of the subjects of the Russian Federation and local budgets mentioned in Articles 56, 61.1 and 61.2 of the present Code) - at the 100% normative.

## **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, 42 and 46 of the present Code at the expense of:

revenues from the use of assets held in state ownership of the Russian Federation (except for property of federal autonomous institutions,

as well as for property of federal state unitary enterprises, in particular that of budget-financed ones), revenues from paid services rendered by federal state-financed institutions under the authority of state power bodies of the Russian Federation - according to the normative standard of 100 per cent;

revenues from selling the property (except for shares and other forms of participation in capital, state reserves of precious stones and precious metals) held under state ownership of the Russian Federation, except for property of federal state unitary enterprises, in particular that of budget-financed ones - according to the normative standard of 100 per cent;

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;

fees for the issuance of licences for the carrying out of the types of activity associated with the manufacture and turnover of ethyl alcohol and alcoholic and spirituous products (except for fees for the issuance of licences that are subject to entering into the budgets of the entities of the Russian Federation and the local budgets and are indicated in Articles 57 and 62 of this Code) - at the rate of 100 per cent;

other license fees - at the 100% normative;

customs duties and customs fees - at the 100% normative;

payment for the use of woodlands in as much as it concerns the minimum rent and the minimum payment under a contract of purchase/sale of stands - at the rate of 100% ;

abolished;

*See text of paragraph 9 of Item 1 of Article 51*

payment for the use of bodies of water held under federal ownership - at the 100% normative;

payment for the use of aquatic biological resources under inter-governmental agreements - at the 100% normative;

payment for the negative impact on the environment - at the 20% normative;

consular fees - at the 100% normative;

patent fees - at the 100% normative;

payment for supplying information about registered rights to immovable property and transactions therewith, issuance of copies of contracts and other documents showing the content of unilateral transactions made in a simple written form - according to the normative standard of 100 per cent.

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

the profit of the Central Bank of the Russian Federation - at the norms set by federal laws, left after paying taxes and making other obligatory payments;

returns from foreign economic activity;



**Article 52.** Abolished from January 1, 2005.

**Article 53.** The Authority of the Russian Federation as to Forming of Budget Revenues

1. The establishment of new types of taxes, their abolition or modification is only possible in compliance with the legislation of the Russian Federation on taxes and fees.

2. Federal laws on amending the legislation of the Russian Federation on taxes and fees, federal laws regulating budgetary legal relations and leading to changes in the revenues of budgets of the budgetary system of the Russian Federation which are to come into effect in the next financial year and planning period have to be adopted at the latest in one month as of the date of introducing to the State Duma a draft federal law on the federal budget for the next financial year and planning period.

3. Making amendments to the legislation of the Russian Federation on federal taxes and fees, which are supposed to come into force within the current financial year and leading to changes in the revenues of budgets of the budgetary system of the Russian Federation shall be only allowable, if the appropriate changes are made to the federal law on the federal budget for the current financial year and planning period.

**Article 54.** Abrogated from January 1, 2008.

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

**Article 55.** Abolished from January 1, 2005.

**Article 56.** Tax Income of the Budgets of the Subjects of the Russian Federation

1. The budgets of subjects of the Russian Federation are used to enter tax income from the following regional taxes:

property tax from organisations - at the 100% normative;

gambling tax - at the 100% normative;

transport tax - at the 100% normative.

2. Tax revenues from the following federal taxes and fees, including taxes provided for by special tax regimes, shall be entered to the budgets of the constituent entities of the Russian Federation:

tax on the profit of organisations at the rate fixed for the entry of the said tax to the budgets of the constituents of the Russian Federation - according to 100 per cent norm;

tax on the profit of organisations upon the fulfilment of the production-sharing agreements which are concluded before the entry into force of the

Federal Law on Production-Sharing Agreements and which do not provide for special tax rates for the entry of the said tax to the federal budget and the budgets of the constituent entities of the Russian Federation - according to the norm of 80 per cent;

tax on the incomes of natural persons - according to the norm of 70 per cent;

excises on ethyl alcohol made from edible raw materials - according to the norm of 50 per cent;

excises on alcohol-containing products - according to the norm of 50 per cent;

excises on motor gasoline, straight-run gasoline, diesel fuel, motor oils for diesel and carburettor (injector) engines - according to the norm of 60 per cent;

excises on alcoholic drinks - according to the norm of 100 per cent;

excises on beer - according to the norm of 100 per cent;

mineral extraction tax in respect of hydrocarbon raw materials (except for natural gaseous fuel) - according to the norm of five per cent;

tax on the extraction of abundant minerals - according to the norm of 100 per cent;

tax on the extraction of minerals (except for minerals in the form of hydrocarbon raw materials, natural diamonds and abundant minerals) - according to the norm of 60 per cent;

tax on the extraction of minerals in the form of natural diamonds - according to the norm of 100 per cent;

regular payments for the extraction of minerals (royalty) upon fulfilment of agreements on production sharing in the form of hydrocarbon raw materials (except for natural gaseous fuel) - according to the norm of five per cent;

charge for the use of water bodies of biological resources (except for internal water bodies) - according to the norm of 30 per cent;

fee for the use of animal world units - according to the norm of 100 per cent;

tax collected in connection with the use of the simplified taxation system - according to the norm of 90 per cent;

tax collected in the form of the patent's cost in connection with the use of the simplified taxation system - according to the norm of 90 per cent;

uniform agricultural tax - according to the norm of 30 per cent;

state duty (subject to entry at the place of state registration, of the performance of legally significant actions or the issue of documents) - according to the norm of 100 per cent;

payments for cases examined by the constitutional (statutory) courts of the corresponding constituent entities of the Russian Federation;

payments for making notarial actions by notaries of state notaries' offices and/or by officials of the executive power bodies authorised to make

notarial actions under legislative acts of the Russian Federation and/or legislative acts of constituent entities of the Russian Federation;

payments for the state registration of interregional, regional and local public associations and their branches, and also for the state registration of the amendments made to their constituent instruments;

payments for the state registration of regional branches of political parties;

payments for registration of mass media whose products are intended for dissemination primarily on the territory of a constituent of the Russian Federation, and also for the issue of a duplicate of the certificate of such registration;

payments for licensing by authorised bodies of stocking up, processing and selling scrap of non-ferrous and ferrous metals;

payments for issuance by the authorised executive body of a constituent entity of the Russian Federation of a special permit for travel over motor roads of transport vehicles carrying hazardous, heavy-weight and/or large-size cargo.

Tax revenues from payments of excises on alcoholic drinks with a volumetric share of ethyl alcohol over 9 up to 25 per cent inclusive (except for wines) and on alcoholic drinks with a volumetric share of ethyl alcohol over 25 per cent (except for wines) produced on the territory of the Russian Federation shall be entered to the budgets of constituent entities of the Russian Federation according to the following norms:

20 per cent of the said revenues shall be paid to the budget of a constituent of the Russian Federation at the place of production of alcoholic drinks;

80 per cent of the said revenues shall be distributed to the budgets of constituents of the Russian Federation according to the norms approved by the federal law on the federal budget for a regular financial year and planning period.

The entry to the budgets of constituent entities of the Russian Federation of tax revenues from the disbursement of excises on motor gasoline and straight-run gasoline, diesel fuel, motor oils for diesel and/or carburettor (injector) engines in accordance with the norm indicated in the present Article shall be made in the order established by the federal law on the federal budget for a regular financial year.

**3.** The budgets of the subjects of the Russian Federation - the cities of federal significance of Moscow and St. Petersburg - are used to enter tax incomes from the federal taxes and fees, taxes envisaged in special tax regimes due for transfer in compliance with the present Code to the local budgets and the budgets of the subjects of the Russian Federation.

**4.** Tax income from the regional taxes introduced by the bodies of state power of the territory (province) incorporating an autonomous district must be transferred to the budget of the territory (province). Tax income from the regional taxes introduced by the bodies of state power of the

autonomous district must be transferred to the budget of the autonomous district.

If not otherwise specified by the federal law on the federal budget and in the agreement between the bodies of state power of the territory (province) incorporating an autonomous district and the bodies of state power of the appropriate autonomous district, tax incomes mentioned in Item 2 of the present Article must be transferred to the budget of the territory (province).

5. The tax income mentioned in the present Article may be handed over completely or partially by the bodies of state power of the subjects of the Russian Federation to the appropriate local budgets according to the procedure envisaged in Article 58 of the present Code.

#### **Article 57. Non-Tax Income of the Budgets of the Subjects of the Russian Federation**

Non-tax income of the budgets of the subjects of the Russian Federation are generated in compliance with Articles 41, 42 and 46 of the present Code, including:

revenues from disposal of property held in state ownership of constituent entities of the Russian Federation, except for the property of autonomous institutions of constituent entities of the Russian Federation, as well as for the property of state unitary enterprises of constituent entities of the Russian Federation, in particular budget-financed ones - at the 100 % normative;

revenues from selling property (except for shares and other forms of participation in capital) held in state ownership of constituent entities of the Russian Federation, except for the property of autonomous institutions of constituent entities of the Russian Federation, as well as for the property of state unitary enterprises of constituent entities of the Russian Federation, in particular budget-financed ones - at the 100 % normative;

revenues from paid services rendered by state-financed institutions of constituent entities of the Russian Federation;

part of the profit of the unitary enterprises created by the subjects of the Russian Federation remaining after the payment of taxes and other obligatory payments to the budget - in the amounts defined in the procedure established by the laws of the subjects of the Russian Federation;

payment for negative impact on the environment - at the 40% normative;

payment for the use of woodlands in as much as it concerns the portion exceeding the minimum rent and the minimum payment under a contract of purchase/sale of stands, as well as payment under a contract of purchase and sale of forest ranges to meet own needs: at the rate of the 100 per cent;

abrogated from January 1, 2008;

of a declaration payment - at the normative of 100 per cent.

fees for issuing licences for retail sale of alcoholic products issued by executive power bodies of constituent entities of the Russian Federation - at the 100% normative;

revenues from letting on lease land plots whose state ownership is not delimited and which are located within the bounds of urban circuits, as well as funds derived from selling the right to making contracts of lease of the said land plots - at the 20% normative;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of urban circuits - at the 20% normative;

payment for using water bodies held in ownership of constituent entities of the Russian Federation - at the 100% normative;

one-time payments for subsoil exploitation in the event of the onset of certain events stipulated by the licence (special fees) which concern subsoil plots with natural diamonds' deposits - at the 100% normative.

The following shall be subject to entering to budgets of the constituent entities of the Russian Federation - cities of federal importance Moscow and St. Petersburg:

payment for making a negative impact upon the environment - at the 80% normative;

revenues from letting on lease land plots whose state ownership is not delimited and which are located within the bounds of the cities of federal importance Moscow and St. Petersburg, as well as funds derived from selling the right to making contracts of lease of the said land plots - at the 80% normative, if not otherwise established by the legislation of the appropriate constituent entity of the Russian Federation;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of the cities of federal importance Moscow and St. Petersburg - at the 100% normative, if not otherwise established by the legislation of the appropriate constituent entity of the Russian Federation;

payment for lifting a ban on reconstruction and construction of buildings, structures and constructions on a land plot - at the rate of 100 per cent.

**Article 58.** The Authority of Constituent Entities of the Russian Federation as to the Establishment of Normative Deductions from Federal and Regional Taxes and Fees to Local Budgets

1. The law of the subject of the Russian Federation (except for the law of the subject of the Russian Federation on the budget of the subject of the Russian Federation or another law of the subject of the Russian Federation with a restricted period of validity) may specify:

uniform for all residential settlements of the subject of the Russian Federation normatives of deductions to the budgets of residential

settlements from individual federal and/or regional taxes and fees and taxes envisaged in the special tax regimes due for transfer to the budget of the subject of the Russian Federation in compliance with the present Code and the legislation on taxes and fees;

uniform for all municipal regions of the subject of the Russian Federation normatives of deductions to the budgets of municipal regions from individual federal and/or regional taxes and fees, and taxes envisaged in the special tax regimes due for transfer to the budget of the subject of the Russian Federation in compliance with the present Code and legislation on taxes and fees.

The normatives of deductions to the budgets of the urban districts from individual federal and/or regional taxes and fees, and taxes envisaged in special tax regimes due for transfer to the budget of the subject of the Russian Federation in compliance with the present Code and legislation on taxes and fees are specified as a sum of the normatives specified for residential settlements and municipal regions of the appropriate subject of the Russian Federation.

**2.** The law of the subject of the Russian Federation on the budget of the subject of the Russian Federation may institute, according to the procedure specified in Articles 137 and 138 of the present Code, additional normatives of deductions to the local budgets from the income tax from natural persons due for transfer to the budget of the subject of the Russian Federation in compliance with the present Code.

The law of the subject of the Russian Federation may empower representative bodies of municipal regions with authority of the bodies of state power of the subjects of the Russian Federation in the introduction of additional normatives of deductions from the income tax from natural persons due for transfer to the budget of the subject of the Russian Federation, to the budgets of residential settlements forming part of the appropriate municipal regions.

**3.** The bodies of state power of the subject of the Russian Federation must specify according to the procedure envisaged in the present Article uniform and/or additional normatives of deductions to the local budgets from the income tax from natural persons proceeding from the need to enter in the local budgets at least 10% of the tax incomes of the consolidated budget of the subject of the Russian Federation from the mentioned tax.

**4.** In the subjects of the Russian Federation - cities of federal significance of Moscow and St.Petersburg - the procedure of fixing and the figures of normatives of deductions from the federal and regional taxes and fees, taxes envisaged in special tax regimes to the budgets of the intra-city municipal formations are defined in the laws of the mentioned subjects of the Russian Federation.

**Article 59.** The Authority of Constituent Entities of the Russian Federation as to the Forming of Revenues of Constituent Entities of the Russian Federation

1. The legislation of a constituent entity of the Russian Federation on taxes and fees shall establish regional taxes, fix tax rates and grant tax privileges in respect of regional taxes in compliance with the legislation of the Russian Federation on taxes and fees.

2. The laws of a constituent entity of the Russian Federation on amending the legislation of the Russian Federation on taxes and fees, the laws of a constituent entity of the Russian Federation regulating budgetary legal relations which lead to changes in revenues of budgets of the budgetary system of the Russian Federation and enter into force in the next financial year (the next financial year and planning period) have to be adopted before introducing a draft budget law of the constituent entity of the Russian Federation for the next financial year (the next financial year and planning period) to the legislative (representative) state power body of the constituent entity of the Russian Federation at the time established by the laws of the constituent entity of the Russian Federation.

3. Amendments to the legislation of constituent entities of the Russian Federation on taxes and fees which are supposed to enter into force within the current financial year can only be made if the appropriate amendments are made to the laws of constituent entities of the Russian Federation on the budget for the current financial year (the current financial year and planning period).

## **Chapter 9. Revenues of Local Budgets**

**Article 60.** Abolished from January 1, 2006.

**Article 61.** Tax Income of the Budgets of Residential Settlements

1. The budgets of residential settlements are used to enter tax income from the following local taxes introduced by the representative bodies of residential settlements in compliance with the legislation of the Russian Federation on taxes and fees:

land tax - according to the 100% normative;

property tax from natural persons - according to the 100% normative.

2. The budgets of residential settlements are used to enter tax income from the following federal taxes and fees, in particular taxes envisaged in special tax regimes:

income tax from natural persons - according to the 10% normative;

uniform agricultural tax - according to the 30% normative;

state duty for making notarial actions by the officials of local self-government bodies authorised under legislative acts of the Russian Federation to commit notarial actions, for issuance by the local self-government body of a settlement of a special permit for travel over a motor

road of a transport vehicle carrying hazardous, heavy-weight and/or large-size cargo - according to the norm of 100 per cent.

3. The budgets of residential settlements are used to enter tax incomes from the federal taxes and fees, including taxes provided for by special tax regimes and (or) regional taxes according to the normatives of deductions specified by the bodies of state power of the subjects of the Russian Federation in compliance with Article 58 of the present Code.

4. The budgets of residential settlements are used to enter tax incomes from the federal, taxes and fees, including taxes provided for by special tax regimes, regional and (or) local taxes according to the normatives of deductions specified by the representative bodies of municipal regions in compliance with Article 63 of the present Code.

#### **Article 61.1. Tax Income of Municipal Regions**

1. The budgets of municipal regions are used to enter tax income from the following local taxes specified by the representative bodies of municipal regions in compliance with the legislation of the Russian Federation on taxes and fees:

land tax collected on the inter-settlement territories - according to the 100% normative;

property tax from natural persons collected on inter-settlement territories - according to the 100% normative.

2. The budgets of municipal regions are used to enter tax incomes from the following federal taxes and fees, including taxes envisaged in special tax regimes:

income tax from natural persons - according to the 20% normative;

tax on incomes of natural persons collected in inter-settlement territories - at the 30% normative;

uniform imputed income tax for individual types of activities - according to the 90% normative;

uniform agricultural tax - according to the 30% normative;

uniform agricultural tax collected in inter-settlement territories - at the 60% normative;

state duty (due for transfer at the place of the state registration, committing of legally significant actions or issue of documents) - according to the 100% normative:

for cases processed by courts of general jurisdiction, justices of the peace (except for the Supreme Court of the Russian Federation);

abrogated from January 1, 2008;

for the state registration of transport vehicles, for the changing of an earlier issued certificate for the transport vehicle, for the issue or prolongation of the act of technical examination of the transport vehicle, for the issue of transit state registration plates for transport vehicles, a certificate for a released number disk, the identification sign of a participant of international highway traffic, a card for passing the state technical



examination of a transport vehicle, driver's license, temporary permission to drive transport vehicles, certificates confirming the receipt of a driver's licence or temporary permission to drive transport vehicles, a certificate of compliance of the design of a transport vehicle with traffic safety requirements, and for qualification examinations for a driver's licence;

abrogated from January 1, 2008;

for the issue of a permit for the installation of an advertising construction;

for issuance by the local self-government body of a metropolitan region of a special permit to travel over a motor road of a transport vehicle carrying hazardous, heavy-weight and/or large-size cargo.

**3.** The budgets of municipal regions are used to enter tax income from the taxes and fees, including taxes provided for by special tax regimes and (or) regional taxes according to the normatives of deductions specified by the bodies of state power of the subjects of the Russian Federation in compliance with Article 58 of the present Code.

#### **Article 61.2. Tax Income of the Budgets of Urban Districts**

**1.** The budgets of urban districts are used to enter tax incomes from the following local taxes introduced by the representative bodies of urban districts in compliance with legislation of the Russian Federation on taxes and fees:

land tax - according to the 100% normative;

property tax from natural persons - according to the 100% normative.

**2.** The budgets of urban districts are used to enter tax incomes from the following federal taxes and fees, including taxes envisaged in special tax regimes:

income tax from natural persons - according to the 30% normative;

uniform imputed income tax for individual types of activities - according to the 90% normative;

uniform agricultural tax - according to the 60% normative;

state duty - in compliance with Item 2 of Article 61.1 of the present Code.

**3.** The budgets of urban districts are used to enter tax incomes from the federal taxes and fees, including taxes provided for by special tax regimes and (or) regional taxes according to the uniform normatives of deductions specified in the laws of the subjects of the Russian Federation for the entry of the appropriate tax incomes to the budgets of urban districts in compliance with Item 1 of Article 58 of the present Code.

The budgets of urban districts are used to enter tax incomes from the income tax from natural persons according to the additional normatives of deductions specified by the bodies of state power of the subjects of the Russian Federation in compliance with Items 2 and 3 of Article 58 of the present Code.

## **Article 62. Non-tax Revenues of the Local Budgets**

The non-tax revenues of the local budgets shall be formed in accordance with Articles 41, 42 and 46 of this Code, including at the expense of the following:

revenues from the disposal of property which is under state or municipal ownership, except for the property of municipal autonomous institutions, as well as the property of municipal unitary enterprises, including that of budget-financed ones - at the 100% normative;

revenues from selling property (except for shares and other forms of participation in capital) which is held in municipal ownership, except for property of municipal autonomous institutions, as well as for the property of municipal unitary enterprises, in particular that of budget-financed ones - at the 100% normative;

part of the profit of municipal unitary enterprises remaining after payment of taxes and making other obligatory payments in amounts established by municipal legal acts of representative bodies of municipal entities.

The charge for a negative impact on the environment at the 40% normative shall be subject to entering to the budgets of municipal regions and the budgets of urban circuits.

The fees for issuance of licences for the retail sale of alcoholic products issued by bodies of local self-government at the 100% normative shall be subject to entering to the budgets of urban circuits and municipal regions, and the cities of federal significance Moscow and Saint Petersburg.

The following shall be subject to entering to the budgets of urban circuits before delimitation of state ownership of land:

revenues from letting on lease land plots whose state ownership is not delimited and which are located within the bounds of urban circuits, as well as funds derived from selling the right to making contracts of lease of the said land plots - at the 80 % normative;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of urban circuits - at the 80% normative.

The following shall be entered to budgets of urban circuits before delimitation of state ownership of land:

revenues from letting on lease land plots whose state ownership is not delimited and which are located within the bounds of residential settlements, as well as funds derived from selling the right to making contracts of lease of the said land plots - at the 50% normative;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of inter-settlement territories of municipal regions - at the 100% normative;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of residential settlements - at the 50% normative;

revenues from letting on lease land plots whose state ownership is not delimited and which are located within the bounds of intersettlement territories of municipal regions, as well as funds derived from selling the right to making contracts of lease of the said land plots - at the 100% normative.

The following shall be entered to budgets of residential settlements before delimitation of state ownership of land:

revenues from letting on lease land plots whose state ownership is not delimited and which are located within the bounds of residential settlements, as well as funds derived from selling the right to making contracts of lease of the said land plots - at the 50% normative;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of residential settlements - at the 50% normative;

payment for use of water bodies shall be subject to entering to budgets of residential settlements, municipal regions and urban circuits depending on the ownership of water bodies - at the 100% normative.

**Article 63.** The Authority of a Municipal Region as to the Establishment of the Normatives of Deductions from the Federal, Regional and Local Taxes and Fees to the Budgets of Residential Settlements

The municipal legal act of the representative body of the municipal region (except for the decision on the budget of the municipal region or another decision with a limited period of validity) may specify uniform normatives, for all residential settlements of the municipal regions, of deductions to the budgets of residential settlements from the federal taxes and fees, including taxes provided for by special tax regimes, regional and(or) local taxes due for transfer to the budget of the municipal region in compliance with the present Code and/or the law of the subject of the Russian Federation.

**Article 64.** The Powers of Municipal Entities to Form Local Budget Revenues

1. Municipal legal acts of the representative body of a municipal entity shall introduce local taxes, fix the tax rate thereof and grant tax privileges in respect of local taxes within the limits of the rights accorded to the representative body of the municipal entity by the legislation of the Russian Federation on taxes and fees.

2. Municipal legal acts of the representative body of a municipal entity on amending municipal legal acts on local taxes, municipal legal acts of the representative body of a municipal entity regulating budgetary legal relations and leading to changes in revenues of budgets of the budgetary

system of the Russian Federation which enter into force in the next financial year (next financial year and planning period) have to be adopted before the date of introduction to the representative body of the municipal entity of a draft decision of the local budget for the next financial year (the next financial year and planning period) at the time established by a municipal legal act of the representative body of the municipal entity.

3. Making amendments to municipal legal acts of representative bodies of municipal entities on local taxes which are supposed to enter into force in the current financial year is only allowable, if the appropriate amendments are made to the decision of the representative body of a municipal entity on the local budget for the current financial year (the current financial year and planning period).

4. Abolished from January 1, 2006.

5. Abrogated from January 1, 2008.

### **Section III. Budget Expenditures**

#### **Chapter 10. General Provisions on Budget Expenditures**

##### **Article 65. Generation of Budgetary Expenses**

Generation of expenses of the budgets of the budgetary system of the Russian Federation is implemented in compliance with expenditure obligations stipulated by the delimitation of authority of the federal bodies of state power, bodies of state power of the subjects of the Russian Federation and the bodies of local government specified in the legislation of the Russian Federation, due for execution in compliance with the legislation of the Russian Federation, international and other treaties and agreements in the subsequent fiscal year (the next financial year and planning period) at the expense of resources of appropriate budgets.

**Article 66.** Abrogated from January 1, 2008.

**Article 67.** Abrogated from January 1, 2008.

**Article 68.** Abrogated from January 1, 2008.

##### **Article 69. Budgetary Appropriations**

The following appropriations shall pertain to budget ones:

for rendering state (municipal) services, including appropriations to pay for state (municipal) contracts concerning the supply of commodities, implementation of works and rendering of services to meet state (municipal) needs;

social maintenance of the population;

providing budgetary investments to legal entities which are not state (municipal) institutions;

providing subsidies to legal entities (except for subsidies to state (municipal) institutions), individual businessmen and natural persons engaged in making commodities, carrying out works and rendering services;

providing inter-budget transfers;

making payments, contributions and gratuitous allocations to international law subjects;

servicing the state (municipal) debt;

execution of judicial acts on the basis of claims against the Russian Federation, constituent entities of the Russian Federation and municipal entities for compensation for damage caused to a citizen or to a legal entity as a result of unlawful actions (omission to act) of state power bodies (state bodies), local government bodies or officials of these bodies.

### **Article 69.1. Budgetary Appropriations for Rendering State (Municipal) Services**

The following appropriations shall pertain to budgetary appropriations for rendering state (municipal) services:

for ensuring the exercise by state-financed institutions of their functions;

for granting subsidies to autonomous institutions, including subsidies to compensate for normative outlays on rendering by them of state (municipal) services to natural persons and (or) legal entities;

for granting subsidies to non-profit organizations which are not state-financed or autonomous institutions, in particular under contracts (agreements) of rendering by the said organisations state (municipal) services to natural persons and/or legal entities;

for purchasing commodities, works and services to meet state (municipal) needs (except for budgetary appropriations to ensure the exercise of functions by a state-financed institution), in particular for the following purpose:

for rendering state (municipal) services to natural persons and legal entities;

for making budgetary investments into state (municipal) property units (except for state (municipal) unitary enterprises);

for development, purchase and repair of armaments, military and special equipment, industrial engineering products and property within the framework of the state defence order;

for purchasing commodities to be included in the state material reserve.

### **Article 69.2. State (Municipal) Task**

1. A state (municipal) task has to contain the following:

an extract from the register of expenditure obligations concerning the expenditure obligations whose discharge is required for implementation of the state (municipal) task;

definition of categories of natural persons and (or) legal entities which are consumers of the appropriate services;

indices showing the quality and (or) volume (composition) of the state (municipal) services rendered to natural persons and (or) legal entities;

procedure for rendering state (municipal) services to natural persons and (or) legal entities;

limit prices (tariffs) to be used for paying state (municipal) services rendered to natural persons or legal entities, if the legislation of the Russian Federation provides for rendering an appropriate service on a payable basis or a procedure for fixing them;

procedure for exercising control over implementation of the state (municipal) task, including the terms of, and procedure for, early termination thereof;

requirements for reports/statements concerning implementation of the state (municipal) task.

*Item 2 of Article 69.2 of this Code shall enter into force as of January 1, 2009*

2. A state (municipal) task shall be used when drawing up draft budgets to plan budgetary appropriations for rendering by state (municipal) institutions and other non-profit organisations state (municipal) services to natural persons and (or) legal entities.

*Item 3 of Article 69.2 of this Code shall enter into force as of January 1, 2009*

3. A state (municipal) task shall be formed in the procedure established accordingly by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or local administration of a municipal entity for a time period up to one year in the event of endorsing the budget for the next financial year and for a term of up to three years, if the budget for the next financial year and planning period is endorsed (with probable specification thereof when drawing up the draft budget).

*Item 4 of Article 69.2 of this Code shall enter into force as of January 1, 2009*

4. Financial support for implementation of state (municipal) tasks shall be rendered on account the federal budgetary funds and budgets of state extra-budgetary funds of the Russian Federation, budgets of constituent

entities of the Russian Federation and budgets of territorial state extra-budgetary funds and local budgets in the procedure established by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or local administration respectively.

**Article 70.** Ensuring the Discharge of Functions by State-Financed Institutions

Securing the discharge of functions by state-financed institutions shall include the following:

payment for labour of employees of state-financed institutions, cash allowance (monetary remuneration, disbursing, labour wages) of employees of state power bodies (state bodies), local government bodies, persons holding public offices of the Russian Federation, public offices of constituent entities of the Russian Federation, of civil servants and municipal employees, other categories of employees, business travel allowances and other payments under labour contracts (service contracts, contracts) and the legislation of the Russian Federation, the legislations of constituent entities of the Russian Federation and municipal legal acts;

payment for supply of commodities, implementation of works and rendering of services to meet state (municipal) needs;

payment of taxes, fees and making other obligatory payments to the budgetary system of the Russian Federation;

compensation for harm inflicted by a state-financed institution while exercising its activities.

**Article 71.** Abrogated from January 1, 2008.

**Article 72.** Placing Orders to Supply Commodities, Carry Out Works and Render Services to Meet State or Municipal Needs

1. Orders to supply commodities, carry out works and render services for meeting state or municipal needs shall be placed in compliance with the legislation of the Russian Federation on placing orders for meeting state or municipal needs.

2. State (municipal) contracts shall be made and paid within the limit amounts of budgetary obligations, except for the cases established by Item 3 of this Article.

3. Where the subject of a state (municipal) contract is the supply of commodities in compliance with the governmental armament programme endorsed by the President of the Russian Federation, as well as carrying out of works and rendering of services whose production cycle is over three years (over one year in case of endorsing the law of a constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation (decision on local budget) for the next financial year), such state (municipal) contracts may be concluded within the limits of the

funds allocated for the appropriate targets by long-term purpose programmes (projects) and the state armament programme endorsed by the President of the Russian Federation for the time periods of implementation of the said programmes (projects), as well as in compliance with decisions of the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or local administration adopted in the procedure determined by the Government of the Russian Federation.

### **Article 73. The Roll of Purchases**

1. The state-financed institutions, the bodies of state power of the Russian Federation, the bodies 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, made without concluding state or municipal contracts.

2. Rolls of purchases made without concluding state or municipal contracts must contain the following data:

the brief name of purchased goods, works and services;

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

the price and date of a purchase.

3. Abolished

### **Article 74. Allocation of Funds from Budgets upon Fulfillment of Conditions**

1. A budget (decision) may establish conditions for allocation of funds from the budget under which such funds are allocated in the procedure set up by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or the local administration of a municipal entity respectively.

A procedure for bringing the said budgetary appropriations and (or) limit amounts of budgetary obligations to the notice of chief administrators of budgetary funds shall be established by the financial body.

It is not allowable, prior to the endorsement of the said procedure, to bring the appropriate budgetary appropriations and (or) limit amounts of budgetary obligations to the notice of chief administrators (administrators) or recipients of budgetary funds.

2. Control over the observance of the terms specified in Item 1 of this Article shall be exercised by the chief administrator of budgetary funds.

### **Article 74.1. Budgetary Appropriations for Social Maintenance of the Population**

1. Budgetary appropriations for social maintenance of the population shall include budgetary appropriations intended for making social payments to the population or for acquisition of commodities, works and services to



the benefit of citizens to meet their needs for the purpose of implementation of measures aimed at social maintenance of the population.

**2.** Social maintenance of the population may be effected by way of assuming public normative obligations. Budgetary appropriations for discharging the said public normative obligations shall be provided separately for each kind of obligations in the form of pensions, allowances, compensations and other social payments, as well as in the form of implementation of measures aimed at social maintenance of the population.

**Article 75.** Abrogated from January 1, 2008.

**Article 76.** Abrogated from January 1, 2008.

**Article 77.** Abrogated from January 1, 2008.

**Article 78.** Granting Subsidies to Legal Entities (Except for Subsidies to State (Municipal) Institutions), to Individual Businessmen and Natural Persons Engaged in Making Commodities, Implementation of Works and Rendering of Services

**1.** Subsidies shall be granted to legal entities (except for subsidies to state (municipal) institutions), to individual businessmen and natural persons engaged in making commodities, implementation of works and rendering of services on a free-of-charge basis without repayment for the purpose of reimbursement of outlays or underpaid incomes in connection with the production (manufacture) of commodities, implementation of works or rendering of services.

**2.** Subsidies to legal entities (except for subsidies to state (municipal) institutions) to individual businessmen and natural persons engaged in making commodities, implementation of works or rendering of services shall be granted:

1) from the federal budget and budgets of state extra-budgetary funds of the Russian Federation - in the cases and in the procedure provided for by the federal law of the federal budget, federal laws on budgets of state extra-budgetary funds of the Russian Federation and normative legal acts of the Government of the Russian Federation adopted in compliance with them;

2) from the budget of a constituent entity of the Russian Federation and budgets of territorial state extra-budgetary funds - in the cases and in the procedure provided for by the law of the constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation, laws of constituent entities of the Russian Federation on budgets of territorial state extra-budgetary funds and normative legal acts of the supreme executive state power body of a constituent entity of the Russian Federation adopted in compliance with them;

3) from the local budget - in the cases and in the procedure provided for by a decision of the representative body of a municipal entity on the local budget and municipal legal acts of the local administration adopted in compliance with it.

**3.** Normative legal acts and municipal legal acts which regulate granting of subsidies to legal entities (except for subsidies to state (municipal) institutions), to individual businessmen and natural persons engaged in making commodities, implementation of works and rendering of services have to define the following:

1) categories and (or) criteria for selection of legal entities (except for subsidies to state (municipal) institutions), individual businessmen and natural persons engaged in making commodities, implementation of works and rendering of services which are entitled to receive subsidies;

2) aims and terms of, and procedure for, granting subsidies;

3) procedure for repayment of subsidies in the event of violation of the terms established for their granting.

#### **Article 78.1.** Granting Subsidies to Non-Profit Organisations Which Are Not State Financed Institutions

**1.** Budgets of the budgetary system of the Russian Federation may provide for subsidies to autonomous institutions, including subsidies to compensate for normative outlays on rendering by them of state (municipal) services in compliance with a state (municipal) task.

A procedure for defining the volume of, and for granting, the said subsidies from the federal budget and budgets of state extra-budgetary funds of the Russian Federation, budgets of constituent entities of the Russian Federation and budgets of territorial state extra-budgetary funds, and also from local budgets, shall be established by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and local administration respectively.

**2.** The federal law on the federal budget may provide for subsidies to other non-profit organisations which are not autonomous or state-financed institutions, including in the form of a property contribution into the state corporations.

A procedure for defining the volume of, and for granting the said subsidies from the federal budget shall be established by the Government of the Russian Federation, as well as by the federal laws, stipulating the creation of state corporations.

#### **Article 79.** Budgetary Investments into State and Municipal Property Units

**1.** Budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of the Russian Federation, state property of constituent entities of the Russian Federation and to municipal property in the form of capital investments into fixed

assets of state (municipal) institutions and state (municipal) unitary enterprises shall be provided for in compliance with long-term purpose programmes, as well as normative legal acts of the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or local administration, respectively, or in compliance with decisions of chief administrators of budgetary funds of appropriate budgets in the procedure established by the said bodies.

2. Decisions on preparation and implementation of budgetary investments into capital construction units pertaining to state property of the Russian Federation in the form of capital investments into the fixed assets of federal state institutions with the estimated cost exceeding 600 million roubles and into the capital construction objects of the federal state unitary enterprises regardless of their estimated cost which are not included into long-term purpose programmes shall be rendered by the Government of the Russian Federation.

Decisions on preparation and implementation of budgetary investments into capital construction units pertaining to state property of the Russian Federation with an estimated cost below 600 million roubles which are not included into long-term purpose programmes shall be rendered by the chief administrator of federal budgetary funds (budget planning subject) in the procedure defined by the Government of the Russian Federation.

Decisions on preparation and implementation of budgetary investments into capital construction units pertaining to state property of a constituent entity of the Russian Federation and municipal property shall be rendered by the supreme executive state power body of the constituent entity of the Russian Federation or local administration of a municipal entity respectively.

*Item 3 of Article 79 of this Code shall enter into force from January 1, 2009*

3. Budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of the Russian Federation under investment projects with an estimated cost exceeding 8 billion roubles, which are included into the federal purpose investment programme shall be shown in the federal law on the federal budget within the composition of the departmental structure of expenditures separately in respect of each investment project and kind of outlays corresponding to it.

Budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of the Russian Federation under investment projects with an estimated cost over 100 million roubles, which are included into the federal purpose investment programme shall be shown within the composition of the summary budget

inventory of the federal budget separately for each investment project and for each kind of expenditures corresponding to it.

Budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of the Russian Federation under investment projects with an estimated cost below 100 million roubles which are included into the federal purpose investment programme shall be shown in the summary budget inventory of the federal budget as the aggregate of expenditures of the appropriate kind.

As regards the said budgetary appropriations, chief administrators of the federal budgetary funds are entitled to make proposals as to allocation of expenditures of the appropriate kinds for certain capital construction units for their subsequent showing in the summary budget inventory.

**4.** A procedure for showing budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of a constituent entity of the Russian Federation and to municipal property units shall be established in the budget law (decision) and (or) in the summary budget inventory accordingly by a law of the constituent entity of the Russian Federation or a municipal legal act of a municipal entity.

Budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of constituent entities of the Russian Federation and capital construction units pertaining to municipal property under investment projects which are co-financed on account of inter-budget subsidies are subject to endorsement by the law of a constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation, or by a decision of the representative body of local government on the local budget within the composition of departmental structure of expenditures separately in respect of each investment project and kind of expenditures corresponding to it.

**5.** Granting budgetary investments to a state (municipal) unitary enterprise shall entail the appropriate increase in the authorized fund of the state (municipal) unitary enterprise in the procedure established by the legislation on state (municipal) unitary enterprises.

**6.** Budgetary investments into capital construction units pertaining to state (municipal) property in the form of capital investments into fixed assets may be made in compliance with concession agreements.

**7.** It is not allowable to make budgetary investments from the federal budget, the budget of a constituent entity of the Russian Federation or local budget into capital construction units of state or municipal property which are not referred to (cannot be referred to) to state property of the Russian Federation, state property of a constituent entity of the Russian Federation or municipal property respectively.

The federal law on the federal budget may provide for granting subsidies to budgets of constituent entities of the Russian Federation for co-financing of capital construction units pertaining to state property of constituent entities of the Russian Federation into which budgetary

investments are made from budgets of constituent entities of the Russian Federation or for granting the appropriate subsidies from budgets of constituent entities of the Russian Federation for cofinancing capital construction units pertaining to municipal property whereto budgetary investments are made from local budgets.

The budget law of a constituent entity of the Russian Federation may provide for granting subsidies to local budgets for co-financing of capital construction units pertaining to municipal property whereto budgetary investments are made from local budgets.

The said subsidies shall be granted to budgets of constituent entities of the Russian Federation (local budgets) in compliance with Article 179 of this Code, with the exception of subsidies to the budgets of the subjects of the Russian Federation for co-financing the capital construction objects of the state property of the subjects of the Russian Federation and of the municipal property at the expense of budgetary allocations from the Investment Fund of the Russian Federation in conformity with Article 179.2 of the present Code.

**Article 80. Granting Budgetary Investments to Legal Entities That Are Not State or Municipal Institutions and State or Municipal Unitary Enterprises**

1. Granting budgetary investments to legal entities that are not state or municipal institutions or state or municipal unitary enterprises involves the emergence of the right of state or municipal ownership of the equivalent part of the authorized (pooled) capital of the said legal entities to be legalized by the participation of the Russian Federation, its constituent entities and municipal entities in the authorized (pooled) capital of such legal entities in keeping with the civil legislation of the Russian Federation. The legalisation of the share of the Russian Federation, a constituent entity thereof or a municipal entity in the authorized (pooled) capital, which belongs to the Russian Federation, the constituent entity thereof or the municipal entity shall be carried out in the procedure 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 approved by the budget law (decision) by way of including into the budget law (decision) a text item specifying a legal entity, and the extent and target of allocated budgetary appropriations.

3. An agreement between the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or the federal executive power bodies, executive state power bodies of a constituent entity of the Russian Federation authorized by them, as well as by the local administration of a municipal formation and the legal entity cited in Item 1 of this Article on the participation of the Russian Federation, the constituent entity of the Russian Federation or municipal entity, respectively, in the property of the

subject of investments shall be legalized within three months after the date when the budget law (decision) entered into force.

The absence of agreements legalized in the established procedure shall serve as a ground for the refusal to grant budget investments.

**Article 81. Reserve Funds of Executive State Power Bodies (Local Administrations)**

1. The expenditure part of budgets of the budgetary system of the Russian Federation (except for budgets of state extra-budgetary funds) shall provide for the creation of reserve funds of executive state power bodies (local administrations), that is, the reserve fund of the Government of the Russian Federation, reserve funds of supreme executive state power bodies of constituent entities of the Russian Federation and reserve funds of local administrations.

2. It is prohibited to set up reserve funds of legislative (representative) bodies and of deputies of legislative (representative) bodies in the supply of budgets of the budgetary system of the Russian Federation.

3. The amount of reserve funds of executive state power bodies (local administrations) shall be established by laws (decisions) on the appropriate budgets and may not exceed 3 per cent of the total volume of expenditures endorsed by the said laws (decisions).

4. The resources of reserve funds of executive state power bodies (local administrations) shall be spent on funding unforeseen expenditures, including damage-restoration works and other activities in cases of clearing up after natural disasters and other emergency situations.

5. Budgetary appropriations from the reserve fund of the Government of the Russian Federation, the reserve fund of the supreme executive state power body of a constituent entity of the Russian Federation and the reserve fund of local administration which are provided for in the federal budget, the budget of a constituent entity of the Russian Federation and local budget shall be used by decision of the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and the local administration respectively.

6. A procedure for using budgetary appropriations from the reserve fund of the Government of the Russian Federation, the reserve fund of the supreme executive state power body of a constituent entity of the Russian Federation and the reserve fund of local administration which are provided for in the federal budget, the budget of the constituent entity of the Russian Federation and the local budget shall be established by the Government of the Russian Federation, the supreme executive state power body of the constituent entity of the Russian Federation and the local administration respectively.

7. The report on the use of budgetary appropriations from reserve funds of executive state power bodies (local administrations) shall be

attached to quarterly and annual reports on the administration of the appropriate budgets.

**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 and planning period 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 used for financial support to unforeseen expenditures.

3. Budgetary appropriations from the reserve fund of the President of the Russian Federation shall be used on the basis of decrees and orders of the President of the Russian Federation.

4. It shall be prohibited to use budgetary appropriations 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.

**Article 83.** Making Expenditures Which Are Not Provided for by the Budget

1. If a law or any other normative legal act is adopted which provides for an increase in expenditure obligations which already exist or for the introduction of new kinds of expenditure obligations which had not been discharged prior to adoption thereof by any public law entity, the said normative legal act shall contain the rules defining the sources of, and procedure for discharging, the new kinds of expenditure obligations, including, where necessary, a procedure for the transfer of financial resources for the discharge of the new kinds of expenditure obligations to the appropriate budgets of the budgetary system of the Russian Federation.

2. Budgetary appropriations for the assumption of new kinds of expenditure obligations may only be assumed, or budgetary appropriations for the discharge of the appropriate kinds of expenditure obligations may be only increased, from the start of the next financial year on condition of inclusion of the appropriate budgetary appropriations in the budget law (decision) or in the current financial year after making the appropriate amendments to the budget law (decision) if there are appropriate sources of additional budget receipts and (or) a reduction of budgetary appropriations in respect of some items of budget expenditures.

**Chapter 11. Expenditure Obligations of the Russian Federation,  
Subjects of the Russian Federation, Municipal Formations**

**Article 84.** Expenditure Obligations of the Russian Federation

1. Expenditure obligations of the Russian Federation emerge as a result of the following:

adoption of federal laws and/or normative legal acts of the President of the Russian Federation and the Government of the Russian Federation in the course of implementation by the federal state power bodies of authority in the sphere of reference of the Russian Federation and/or authority in the common sphere of reference, other than that qualified as authority of the bodies of state power of constituent entities of the Russian Federation in the Federal Law on the General Principles of the Organisation of Legislative (Representative) and Executive Bodies of State Power of Constituent Entities of the Russian Federation;

conclusion by the Russian Federation (on behalf of the Russian Federation) of treaties (agreements) in the course of implementation by the federal bodies of state power of authority in the sphere of reference of the Russian Federation and/or authority in the common sphere of reference, other than that qualified as the authority of the bodies of state power of constituent entities of the Russian Federation in the Federal Law on the General Principles of the Organisation of Legislative (Representative) and Executive Bodies of State Power of Constituent Entities of the Russian Federation;

making by federal state-financed institutions contracts (agreements) on behalf of the Russian Federation;

adoption of federal laws and/or normative legal acts of the President of the Russian Federation and the Government of the Russian Federation envisaging inter-budgetary transfers from the federal budget granted in the forms and according to the procedure envisaged in the present Code, including the following:

subventions to the budgets of constituent entities of the Russian Federation for the execution of expenditure obligations of constituent entities of the Russian Federation in connection with the exercise by state power bodies of constituent entities of the Russian Federation of some state powers of the Russian Federation transferred hereto;

subventions to budgets of constituent entities of the Russian Federation for granting subventions to local budgets for the discharge of expenditure obligations of municipal entities in connection with vesting bodies of local government with some state powers of the Russian Federation.

2. Expenditure obligations of the Russian Federation are executed at the expense of own incomes and sources of financing of the deficit of the federal budget.

In cases specified in federal laws, expenditure obligations of the Russian Federation are executed at the expense of the resources of budgets of the state extra-budgetary funds.

3. Federal laws and/or normative legal acts of the President of the Russian Federation and the Government of the Russian Federation



envisaging subventions from the federal budget to budgets of constituent entities of the Russian Federation must contain a procedure for calculation of the normative rates for determination of the total amount of subventions for the discharge of appropriate expenditure obligations of constituent entities of the Russian Federation (municipal formations) to be put into force annually by the federal law on the federal budget for the next fiscal year and planning period on condition of endorsement by the given law of appropriate subventions to the budgets of constituent entities of the Russian Federation (local budgets).

**Article 85. Expenditure Obligations of a Subject of the Russian Federation**

**1.** Expenditure obligations of a constituent entity of the Russian Federation emerge as a result of the following:

adoption of laws and/or other normative legal acts of the constituent entity of the Russian Federation, as well as conclusion by the constituent entity of the Russian Federation (on behalf of the constituent entity of the Russian Federation) of treaties (agreements) in the course of the exercising by state power bodies of constituent entities of the Russian Federation of authority in the sphere of reference of constituent entities of the Russian Federation;

adoption of laws and/or other normative legal acts of the constituent entity of the Russian Federation, as well as conclusion by the constituent entity of the Russian Federation (on behalf of the constituent entity of the Russian Federation) of treaties (agreements) in the course of implementation by the bodies of state power of constituent entities of the Russian Federation of authority in the common sphere of reference mentioned in Items 2 and 5 of Article 26.3 of the Federal Law on the General Principles of the Organisation of Legislative (Representative) and Executive Bodies of State Power of Constituent Entities of the Russian Federation;

making by state-financed institutions of the constituent entity of the Russian Federation contracts (agreements) on behalf of the constituent entity of the Russian Federation;

adoption of laws and/or other normative legal acts of the constituent entity of the Russian Federation which envisage granting from the budget of the constituent entity of the Russian Federation inter-budget transfers in the forms and according to the procedure envisaged in the present Code, including subventions to local budgets for the discharge of expenditure obligations of municipal entities in connection with vesting bodies of local government with certain state powers of constituent entities of the Russian Federation;

adoption of laws and/or other normative legal acts of constituent entities of the Russian Federation in the course of exercising by bodies of state power of constituent entities of the Russian Federation of the powers of the Russian Federation transferred thereto.

**2.** Expenditure obligations of the subject of the Russian Federation mentioned in Paragraphs 2 - 5 of Item 1 of the present Article are specified by the bodies of state power of the subject of the Russian Federation independently and are executed at the expense of own incomes and sources of financing of the deficit of the budget of the subject of the Russian Federation.

In cases specified in the federal laws regulating activities of the territorial state extra-budgetary funds and/or laws of the subjects of the Russian Federation adopted in pursuance of them, expenditure obligations of the subject of the Russian Federation may be executed at the expense of resources of appropriate budgets of territorial state extra-budgetary funds.

**3.** The laws of a constituent entity of the Russian Federation which envisage granting to local budgets subventions from the budget of the constituent entity of the Russian Federation must contain a procedure for calculation of the normative rates for determination of the total volume of subventions for the discharge of appropriate expenditure obligations of municipal formations to be put into force annually by the law of the constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation on condition of endorsement of the appropriate subventions to local budgets by the given law.

**4.** Expenditure obligations of a constituent entity of the Russian Federation mentioned in Paragraph 6 of Item 1 of the present Article shall be specified by laws and/or other normative legal acts of state power bodies of constituent entities of the Russian Federation in compliance with the federal laws and/or normative legal acts of the President of the Russian Federation and the Government of the Russian Federation and shall be discharged at the expense and within the limits of subventions from the federal budget granted to budgets of constituent entities of the Russian Federation according to the procedure envisaged in Article 133 of the present Code.

If a constituent entity of the Russian Federation exceeds the normative rates applied in the methods for calculation of appropriate subventions, the additional expenditures required for the complete execution of the said expenditure obligations of the constituent entity of the Russian Federation shall be made on account of internal revenues and sources of financing the budget deficit of the constituent entity of the Russian Federation.

**5.** The bodies of state power of the subject of the Russian Federation shall independently define the amounts and terms of labour remuneration of the state civil servants of the subject of the Russian Federation and the employees of the state institutions of the subject of the Russian Federation subject to the requirements established by this Code.

Abrogated.

**6.** The bodies of state power of the subject of the Russian Federation may not adopt or execute expenditure obligations pertaining to issues qualified as the sphere of reference of the federal bodies of state power except for the cases specified in federal laws.

The bodies of state power of the subject of the Russian Federation may adopt and execute expenditure obligations pertaining to issues other than those qualified as the sphere of reference of the federal bodies of state power and bodies of local government and not excluded from the sphere of reference of the bodies of state power of the subject of the Russian Federation by federal laws and laws of the subject of the Russian Federation in the presence of appropriate resources of the budget of the subject of the Russian Federation (except for inter-budget transfers).

#### **Article 86. Expenditure Obligations of a Municipal Formation**

**1.** Expenditure obligations of a municipal formation emerge as a result of:

adoption of municipal legal acts on issues of local significance and other issues which bodies of local government are entitled to resolve under federal laws, as well as conclusion by the municipal formation (on behalf of a municipal formation) of contracts (agreements) concerning these issues;

adoption of municipal legal acts in the course of the exercise by bodies of local government of certain state powers transferred hereto;

conclusion on behalf of the municipal formation of contracts (agreements) by municipal state-financed institutions.

**2.** Expenditure obligations of the municipal formation mentioned in Paragraphs 2 and 4 of Item 1 of the present Article are specified by the bodies of local government independently and are executed at the expense of one's own income and sources of financing of the deficit of the appropriate local budget.

**3.** The expenditure obligations of a municipal formation specified in Paragraph Three of Item 1 of this Article shall be established by municipal legal acts of local government bodies in compliance with federal laws (laws of a constituent entity of the Russian Federation) shall be executed on account and within the limits of subventions from the budget of the constituent entity of the Russian Federation granted to local budgets in the procedure provided for by Article 140 of this Code.

If a municipal formation exceeds the normative rates applied in the methods for calculation of appropriate subventions, the additional expenditures required for the complete execution of the said expenditure obligations of the municipal formation shall be made on account of internal revenues and sources of financing the budget deficit of the constituent entity of the Russian Federation.

**4.** The bodies of local government shall define independently the amounts and terms of labour remuneration of the deputies, elected officials of the local government implementing their authority on the permanent

basis, municipal servants, employees of municipal institutions subject to the requirements established by this Code.

Abrogated.

**5.** The bodies of local government may not adopt or execute expenditure obligations pertaining to issues in the sphere of reference of the federal bodies of state power or bodies of state power of the subjects of the Russian Federation except for the cases specified in federal laws and laws of the subjects of the Russian Federation respectively.

The bodies of local government may adopt and execute expenditure obligations pertaining to issues other than those in the sphere of reference of the local government, other municipal formations or bodies of state power not excluded from their sphere of reference by federal laws and laws of the subjects of the Russian Federation only in the presence of their own financial resources (except for inter-budget transfers).

### **Article 87. Registers of Expenditure Obligations**

**1.** The bodies of state power and the bodies of local government must keep registers of expenditure obligations.

**2.** As the register of expenditure obligations shall be deemed the code (list) of laws, other normative legal acts and municipal legal acts applied in preparing a draft budget stipulating public normative obligations and/or legal grounds for other expenditure obligations with an indication of the appropriate provisions (articles, parts, items, subitems and paragraphs) of laws and other normative legal acts, as well as municipal legal acts accompanied by specification of the extent of budgetary appropriations required for execution of the obligations included in the register.

**3.** The register of expenditure obligations of the Russian Federation is kept according to the procedure specified by the Government of the Russian Federation.

**4.** The register of expenditure obligations of a subject of the Russian Federation is kept according to the procedure specified by the supreme executive body of state power of the subject of the Russian Federation.

The register of expenditure obligations of a subject of the Russian Federation, as well as the summary registers of expenditure obligations of municipal formations forming part of the subject of the Russian Federation are submitted to the Ministry of Finance of the Russian Federation according to the procedure specified by the Ministry of Finance of the Russian Federation.

**5.** The register of expenditure obligations of a municipal formation is kept according to the procedure specified by the local administration of the municipal formation.

The register of expenditure obligations of a municipal formation shall be submitted by the financial body of the municipal formation to the financial body of a constituent entity of the Russian Federation in the

procedure established by the financial body of the constituent entity of the Russian Federation.

## **Section IV. The Budget Equilibrium**

### **Chapter 12. Budget Surplus and the Procedure for Its Use**

Excluded.

### **Chapter 13. The Budget Deficit and Sources to Finance It**

**Article 89.** Abrogated from January 1, 2008.

**Article 90.** Abrogated from January 1, 2008.

**Article 91.** Removed.

#### **Article 92. Deficit of the Federal Budget**

1. The deficit of the federal budget endorsed by the federal law on the federal budget for the next financial year and planning period may not exceed the rate of the non-gas-and-oil deficit of the federal budget.

2. Credits of the Central Bank of the Russian Federation, as well as acquisition by the Central Bank of the Russian Federation of state securities of the Russian Federation when they are floated may not serve as sources of financing the deficit of the federal budget.

#### **Article 92.1. Deficit of the Budget of a Constituent Entity of the Russian Federation, Deficit of a Local Budget**

1. The deficit of the budget of a constituent entity of the Russian Federation and the deficit of a local budget for the next financial year (the next financial year and each year of the planning period) shall be established by the law (decision) on the appropriate budget subject to the restrictions established by Items 2 and 3 of this article.

2. The deficit of the budget of a constituent entity of the Russian Federation must not exceed 15 per cent of the approved total annual amount of revenues of the budget of the constituent entity of the Russian Federation less the approved volume of gratuitous receipts.

The budget deficit for the constituent entity of the Russian Federation in respect of which the measures provided for by Item 4 of Article 130 of this Code are implemented does not have to exceed 10 per cent of the approved total annual amount of revenues of the budget of the constituent entity of the Russian Federation less the approved amount of gratuitous receipts.

In the event of endorsement by the budget law of a constituent entity of the Russian Federation within the composition of sources of financing

the budget deficit of the constituent entity of the Russian Federation, receipts from selling shares and other forms of participation in capital which are possessed by the constituent entity of the Russian Federation and reduction of the balance of funds kept on accounts intended for registration of budgetary funds of the constituent entity of the Russian Federation, the budget deficit of the constituent entity of the Russian Federation may exceed the restrictions established by this item within the limits of the amount of the said receipts and reduction of the balance of funds on the accounts intended for registration of budgetary funds of the constituent entity of the Russian Federation.

**3.** The local budget deficit does not have to exceed 10 per cent of the endorsed total annual volume of revenues of the local budget less the endorsed amount of gratuitous receipts and/or receipts of tax revenues concerning additional normative rates of charges.

The budget deficit for the municipal formation for which the measures provided for by Item 4 of Article 136 of this Code are implemented does not have to exceed 5 per cent of the endorsed total annual volume of local budget revenues less the endorsed amount of gratuitous receipts and/or receipts of tax revenues concerning additional normative rates of charges.

In the event of endorsement by the municipal legal act of the representative body of a municipal entity on the budget within the composition of sources of financing the deficit of the local budgetary receipts from selling shares and other forms of participation in capital which are possessed by the municipal entity and reduction of the balance of funds kept on accounts intended for registration of funds of the local budget, the deficit of the local budget may exceed the restrictions established by this item within the limits of the amount of the said receipts and reduction of the balance of funds on the accounts intended for registration of local budget funds.

**4.** The budget deficit of a constituent entity of the Russian Federation, the deficit of the local budget formed subject to the data of the annual report on the administration of the appropriate budget has to comply with the restrictions established by Items 2 and 3 of this Article.

The excess of the restrictions established by this article shown by the data from the annual report on the administration of the appropriate budget shall be deemed a breach of the budgetary legislation of the Russian Federation and shall entail taking measures of coercion for violation of the budgetary legislation of the Russian Federation provided for by this Code.

**5.** Credits granted by the Central Bank of the Russian Federation, as well as acquisition by the Central Bank of the Russian Federation of state securities of constituent entities of the Russian Federation and municipal securities when they are floated, may not be sources of financing the appropriate budget deficit.

**Article 93.** Abrogated from January 1, 2008.

**Article 93.1.** Entry of Funds Derived from Selling Shares and Other Forms of Participation in Capital, Which Are Held in State or Municipal Ownership, from Selling State Reserves of Precious Metals and Precious Stones

Funds derived from selling shares and other forms of participation in capital which are held in federal ownership, ownership of constituent entities of the Russian Federation or municipal ownership are subject to entering to the federal budget, budgets of constituent entities of the Russian Federation and local budgets, respectively, at the 100 per cent normative.

Funds derived from the sale of state reserves of precious metals and precious stones are subject to entering to the federal budget at the 100 per cent normative.

**Article 93.2.** Budgetary Credits

1. A budgetary credit may be granted to the Russian Federation, a constituent entity of the Russian Federation, municipal formation or legal entity on the basis of an agreement made under the legislation of the Russian Federation subject to the specifics established by this Code and other normative legal acts of the budgetary legislation of the Russian Federation under the terms and within the limits of the budgetary appropriations which are provided for by the appropriate budget laws (decisions).

A budgetary credit may be only granted to a constituent entity of the Russian Federation, municipal formation or legal entity which do not have outstanding debts on monetary obligations towards the appropriate budget (public law entity) and, as regards legal entities, also on obligatory payments to the budgetary system of the Russian Federation except when obligations (debts) are restructured.

As regards the legal relations of the parties resulting from the contract of granting a budgetary credit, the civil legislation shall be applied to them, if not otherwise provided for by this Code.

Budgetary credits to legal entities, in particular to foreign legal entities, may be only granted at the expense of funds of purpose foreign credits (borrowings), in the event of restructuring obligations (debts) of legal entities on previously received budgetary credits, as well as in the cases established by Chapter 15 of this Code.

The specifics of granting by the Russian Federation to legal entities budgetary credits on account of funds of purpose foreign credits (borrowings) are established by Article 93.5 of this Code.

The specifics of granting budgetary credits by the Russian Federation to foreign states and foreign legal entities are established by Chapter 15 of this Code.

2. A budgetary credit shall be granted on an onerous basis, if not otherwise provided for by this Code or appropriate budget laws (decisions), and on the basis of the credit's recovery.

When endorsing the budget, the purposes shall be specified for which a budgetary credit may be granted, the terms of, and procedure for, granting budgetary credits, the budgetary appropriations intended for their granting for a time period within the financial year and for a time period exceeding the financial year, as well as restrictions concerning recipients (borrowers) of budgetary credits.

Borrowers are obliged to return a budgetary credit and to pay interest for using it in the procedure and within the time period established by the terms of granting the credit and (or) an agreement.

3. A budgetary credit may be only granted on condition of the borrower's providing security for the discharge of his obligation to pay back the said credit, interest and the other payments, stipulated in the corresponding contract (agreement), except when the borrower is the Russian Federation or a constituent entity of the Russian Federation.

As the ways of securing the discharge of obligations of a legal entity and municipal formation to return a budgetary credit, to pay interest on it and to make other payments provided for by a law and/or agreement may be only deemed bank guarantees, suretyships, state or municipal guarantees and pledge of property at the rate of at least 100 per cent of the granted credit.

It is not allowable to accept as a security of discharging obligations of a legal entity or municipal formation state or municipal guarantees of public law entities, suretyships and guarantees of legal entities with outstanding debts on obligatory payments or on pecuniary obligations towards the appropriate budget (public law entity), as well as suretyships and guarantees of legal entities whose net wealth value is less than the threefold amount of the granted credit.

The property to be put in pledge shall be appraised in compliance with the legislation of the Russian Federation.

The reliability (liquidity) of a bank guarantee or suretyship shall be assessed accordingly by the Ministry of Finance of the Russian Federation, the financial body of a constituent entity of the Russian Federation and the financial body of a municipal formation in the procedure established by them.

A budgetary credit shall not be granted if the borrower (legal entity or municipal formation) is incapable of discharging obligations on the paying back the budgetary credit and on making the interest and the other payments, stipulated in the corresponding contract (agreement), in the ways provided for by this Item.

In the cases established by the budgetary legislation of the Russian federation a budgetary credit may be granted to a municipal formation without providing by the latter a security of discharging by it of the



obligation to return the said credit, pay the interest and the other payments, stipulated in the corresponding contract (agreement).

**4.** The state power bodies, bodies of local government authorized in compliance with federal laws, normative legal acts of the President of the Russian Federation and the Government of the Russian Federation, normative legal acts of constituent entities of the Russian Federation and normative legal acts of municipal formations shall represent the Russian Federation, the constituent entity of the Russian federation and municipal formation, respectively, in an agreement of granting the budgetary credit, as well as in the legal relations arising in connection with its making.

**5.** As an obligatory condition of granting a budgetary credit to a legal entity shall be a preliminary check-up of the financial status of the legal entity being the recipient of the budgetary credit, of its guarantor or surety by the bodies specified in Item 4 of this Article or by an authorized person on the instructions thereof (hereinafter referred to as an authorized person).

**6.** Prior to the complete discharge of obligations under a budgetary credit, the bodies specified in Item 4 of this Article or, on the instructions thereof, authorized persons shall keep records of the primary and security obligations, as well as shall check-up, under the terms of contracts (agreements) made, the financial status of borrowers, guarantors and sureties, as well as the sufficiency of the amount of granted security.

The use of a budgetary credit shall be checked by the state power bodies and local authorities vested with the appropriate powers.

Where it is detected that the available security of discharging obligations is insufficient or the financial status of the guarantor or surety has drastically deteriorated, the security for discharging the borrowers obligations are subject to complete or partial replacement for the purpose of bringing it into accord with the established requirements. If the borrower is incapable of providing other or additional security of discharging his obligations, as well as when the funds of a budgetary credit are used for a wrong purpose, it is subject to return ahead of time.

**7.** If the borrower, guarantor or surety fails to discharge its obligations in respect of the return of a budgetary credit, payment of interest and/or making other payments provided for by the agreement made with him, the bodies cited in Item 4 or, on the instructions thereof, the authorized person shall take measures aimed at compulsory recovery from the borrower, guarantor or surety of the outstanding debt, in particular upon levying execution against the subject of pledge.

**8.** Borrowers, guarantors, sureties and pledgers are obliged to provide information and documents requested by authorized bodies (persons) for the purpose of the exercise by them of their functions and powers established by this Code and other legal acts.

**9.** If not otherwise established by an agreement, the duty of returning budgetary credits, as well as making payments for their use, shall be deemed discharged as of the time of making by the Central Bank of the

Russian Federation of the operation of entering (registering) monetary funds to/on the account specified in Item 1 of Article 40 of this Code.

**10.** The restructuring of obligations (indebtedness) on a budgetary credit means the provision of delays in discharging the obligations or the permit to discharge them by installments based on an agreement, as well as termination of the initial obligation accompanied by replacement thereof by another obligation between the same persons envisaging another subject or method of discharge thereof.

The terms for restructuring the liabilities (the indebtedness) for the budgetary credit shall be established in the corresponding laws (decisions) on the budget and in the acts of the Government of the Russian Federation, of the top executive body of state power of the subjects of the Russian Federation and of the local administration of the municipal entity, respectively, adopted in conformity with them, by which the procedure for restructuring the liabilities (indebtedness) for the budgetary credit is also defined.

**11.** Financial authorities are entitled in the procedure and in the cases provided for by the legislation of the Russian Federation on judicial procedure, on executive proceedings and on insolvency (bankruptcy) to render decisions on making amicable agreements and to establish the terms of settling debts of debtors on pecuniary obligations towards the appropriate public law entity by the ways provided for by the budget law (decision).

### **Article 93.3. Granting Budgetary Credits to Budgets of Constituent Entities of the Russian Federation and to Local Budgets**

**1.** Budgetary credits from the federal budget may be granted to budgets of constituent entities of the Russian Federation for a time period of up to one year, except for budgetary credits issued on account of funds of targeted foreign credits (borrowings) and the cases when obligations (debts) are restructured within the limits of budgetary appropriations endorsed by the federal law on the federal budget for the next financial year and planning period.

The grounds for, and terms of, granting, use and return of the said budgetary credits shall be established by the federal law on the federal budget and the normative legal acts of the Government of the Russian Federation adopted in compliance with it.

If budgetary credits are not repaid in the established time, the balance of the outstanding credits, including interest, fines and penalties, shall be recovered in the procedure established by the Ministry of Finance of the Russian Federation on account of inter-budget transfers (except for subventions to budgets of constituent entities of the Russian Federation from the federal budget), as well as on account of deductions from federal taxes and fees, taxes provided for by special tax regimes which are subject

to remittance to the budget of a constituent entity of the Russian Federation.

**2.** Budgetary credits for a time period of up to one year may be granted to local budgets from the budget of a constituent entity of the Russian Federation.

The grounds for, and terms of, granting, using and returning the said credits shall be established by the laws of constituent entities of the Russian Federation on the budgets of the constituent entities of the Russian Federation and normative legal acts of the supreme executive state power bodies of constituent entities adopted in compliance with them.

If budget credits granted to local budgets from the budget of a constituent entity of the Russian Federation are not cancelled at the established time, the balance of an outstanding credit, including interest, fines and penalties, shall be recovered on account of donations granted to the local budget from the budget of the constituent entity of the Russian Federation, as well as on account of deductions from federal and regional taxes and fees and taxes provided for by special tax regimes which are subject to remittance to the local budget.

**3.** Budgetary credits for a time period of up to one year may be granted to the budgets of residential settlements from budgets of municipal regions.

Grounds for, and terms of, granting, using and returning budgetary credits shall be established by municipal legal acts of the representative body of a municipal region and municipal legal acts of the local administration of the municipal region adopted in compliance with them.

If the budgetary credits granted to budgets of residential settlements from the budgets of municipal regions are not cancelled in the established time, the balance of an outstanding credit, including interest, fines and penalties, shall be recovered on account of grants provided to budgets of the residential settlements from the budget of the municipal region (if the authority of the constituent entity of the Russian Federation as to leveling the budgetary supplies to residential settlements is transferred to the municipal region), as well as on account of revenues from federal taxes and fees, taxes envisaged by special tax regimes and regional taxes which are subject to remittance to the budget of the residential settlements.

**4.** Financial bodies of constituent entities of the Russian Federation and of municipal regions shall establish a procedure for recovery of the balance of outstanding credits, including interest, fines and penalties, in compliance with the general requirements defined by the Ministry of Finance of the Russian Federation.

#### **Article 93.4.** Specifics of Execution of Monetary Claims under Obligations towards the Russian Federation

**1.** Funds received as a result of the return of federal budgetary funds allocated on repayment terms for a charge, including budgetary loans and

credits, as well as payment for their use, are subject to remittance to the federal budget.

**2.** In the event of failure to observe the time set for return, and/or in the event of use for a wrong purpose, of the federal budgetary funds allocated on repayment terms to budgets of constituent entities of the Russian Federation and local budgets, as well as in the event of failure to observe the time set for discharging obligations in respect of the state (municipal) guarantees and sureties granted to the Russian Federation, the amounts subject to remittance (recovery) to the federal budget:

shall be deducted on account of the funds which are to be entered to the budgets of constituent entities of the Russian Federation and local budgets in the procedure established by the Ministry of Finance of the Russian Federation;

shall be recovered by way of levying execution against the funds provided for remittance to the budgets of constituent entities of the Russian Federation and local budgets (except for subventions to the budgets of constituent entities of the Russian Federation and local budgets) in the procedure established by the Ministry of Finance of the Russian Federation.

**3.** The Ministry of Finance of the Russian Federation is granted the right to claim on behalf of the Russian Federation the settlement (repayment) of debts of legal entities, constituent entities of the Russian Federation and municipal formations in respect of pecuniary obligations towards the Russian Federation, including debts on funds for purpose financing of legal entities allocated on condition of the transfer of shares under the ownership of the Russian Federation.

The Ministry of Finance of the Russian Federation is entitled to work for the return of the types of debts specified in Paragraph One of this item with the participation of agents of the Government of the Russian Federation.

**4.** The limitation period established by the civil legislation of the Russian Federation shall not extend to claims of the Russian Federation arising in the following cases:

in connection with granting budgetary monetary funds on a return and (or) on paid basis, including budgetary credits at the expense of funds from the purpose-oriented foreign credits (borrowings) and other budgetary credits (loans), including demands for the payment of interest and (or) for making other payments stipulated in the law and (or) in the contract (agreement), including demands concerning unfounded enrichment and demands for the recompense of losses;

in connection with granting and/or execution by the Russian Federation of state guarantees of the Russian Federation;

in respect of obligations concerning purpose financing of legal entities granted on condition of the transfer of shares under ownership of the Russian Federation;

from contracts and other transactions related to securing the discharge of the obligations specified in this Item.

**Article 93.5. Budgetary Credits on Account of Funds of Purpose Foreign Credits (Borrowings)**

1. Budgetary credits on account of funds of purpose foreign credits (borrowings) may be granted by the Russian Federation to constituent entities of the Russian Federation, municipal formations and legal entities.

2. The budgetary credits specified in Item 1 of this Article shall be granted in compliance with the programme of state foreign borrowings of the Russian Federation showing the aims of granting a budgetary credit, the amount of the budgetary credit to be granted, crediting period and the final recipient of the budgetary credit.

3. Grounds and procedure for granting, using and returning budgetary credits on account of purpose foreign credits (borrowings) shall be established by the terms of appropriate agreements.

**Article 94. Sources of Financing the Deficit of the Federal Budget**

1. The following shall pertain to the sources of internal financing of the federal budget deficit:

the difference between the funds derived from floating state securities of the Russian Federation whose nominal value is shown in the currency of the Russian Federation and the funds allocated for redemption thereof;

the difference between budgetary credits received and cancelled by the Russian Federation in the currency of the Russian Federation which are granted to the federal budget by other budgets of the budgetary system of the Russian Federation;

the difference between credits of credit organisations received and cancelled by the Russian Federation in the currency of the Russian Federation;

the difference between credits of international financial organizations received and cancelled by the Russian Federation in the currency of the Russian Federation;

changes in the balance of funds on accounts for registration of the federal budgetary funds within the appropriate financial year;

other sources of internal financing of the federal budget deficit.

The following shall be included into other sources of internal financing of the federal budget deficit:

receipts from selling shares and other forms of participation in capital held in the ownership of the Russian Federation;

receipts from selling state reserves of precious metals and precious stones reduced by the rate of payments for acquisition thereof;

exchange rate difference for federal budgetary funds;

the amount of funds allocated for execution of state guarantees of the Russian Federation in the currency of the Russian Federation, if execution

by the guarantor of state guarantees of the Russian Federation leads to the arising of the guarantor's right of claim for exoneration towards the principal or substantiated by the cession to the guarantor of the beneficiary's rights of claim against the principal;

the difference between the funds derived from the return of budgetary credits granted from the federal budget to legal entities and the amount of budgetary credits in the currency of the Russian Federation granted from the federal budget to legal entities;

the difference between the funds derived from the return of budgetary credits granted from the federal budget to other budgets of the budgetary system of the Russian Federation and the amount of budgetary credits in the currency of the Russian Federation granted from the federal budget to other budgets of the budgetary system of the Russian Federation;

the difference between the sum of funds, derived from the return of budgetary credits at the expense of funds from the purpose-oriented foreign credits (borrowings), granted inside the country, and the sum of budgetary credits, granted inside the country at the expense of funds from the purpose-oriented foreign credits (borrowings);

the difference between the sum of funds, received from the return of the other budgetary credits (loans), granted inside the country, and the sum of the other budgetary credits, granted inside the country;

other sources of internal financing of the federal budget deficit.

**2.** The following shall pertain to sources of external financing of the federal budget deficit:

the difference between the funds derived from floatation of state loans which are made by way of issuance of state securities on behalf of the Russian Federation and whose nominal value is shown in foreign currency and the funds allocated for redemption thereof;

the difference between credits of foreign states received and cancelled by the Russian Federation in foreign currency, including purpose foreign credits (borrowings), with account taken of the funds remitted from the federal budget to Russian suppliers of export commodities and/or services on account of repayment of the state foreign debt of the Russian Federation, of foreign financial organisations, other international law subjects and foreign legal entities;

the difference between credits of credit organizations received and cancelled by the Russian Federation in foreign currency.

Other sources of external financing of the federal budget deficit shall include the following:

the amount of funds allocated for execution of state guarantees of the Russian Federation in foreign currency, if execution by the guarantor of state guarantees of the Russian Federation leads to the rise of the guarantor's right of claim for exoneration towards the principal or substantiated by the cession to the guarantor of the rights of the beneficiary's claim against the principal;

the difference between the funds received by the federal budget on account of repayment of the principal debt of foreign states and/or foreign legal entities towards the Russian Federation and the funds allocated for granting state financial and state export credits;

other sources of external financing of the federal budget deficit.

**3.** The total volume of sources of financing the federal budget deficit approved by federal law on federal budget which are not connected with the use of the Emergency Reserve Fund's and the National Welfare Fund's assets may not exceed 1 per cent of the predicted gross domestic product cited in the federal law on the federal budget for the next financial year and planning period.

The said restriction may be exceeded by the amount of budgetary investments of the Investment Fund of the Russian Federation which are not used in the current financial year.

**4.** The balance of the federal budgetary funds as of the start of the current financial year:

in the amount of oil-and-gas receipts of the federal budget shall be used in December of the reporting period in compliance with Article 96.12 of this Code;

in the amount of incompletely used budgetary appropriations of the Investment Fund of the Russian Federation in the reporting financial year shall be allocated for implementation of projects in the current financial year on account of funds of the Investment Fund of the Russian Federation;

in the amount of at most one twelfth of the total amount of expenditures of the federal budget of the current financial year shall be allocated for covering temporary cash gaps emerging in the course of the administration of the federal budget in the current financial year.

The remaining balance of the federal budgetary funds as of the start of the current financial year may be used for the following:

making payments to reduce debt liabilities;

reduction of borrowings.

#### **Article 95. Sources of Financing the Budget Deficit of a Constituent Entity of the Russian Federation**

**1.** The sources of internal financing of the budget deficit of a constituent entity of the Russian Federation shall include the following:

the difference between the funds derived from floating state securities of a constituent entity of the Russian Federation whose nominal value is shown in the currency of the Russian Federation and the funds allocated for redemption thereof;

the difference between credits of credit organizations received and cancelled by a constituent entity of the Russian Federation in the currency of the Russian Federation;

the difference between budgetary credits received and cancelled by a constituent entity of the Russian Federation in the currency of the Russian Federation;

the difference between budgetary credits received and cancelled by the Russian Federation in the currency of the Russian Federation which are granted to the budget of a constituent entity of the Russian Federation by other budgets of the budgetary system of the Russian Federation;

the difference between budgetary credits received and cancelled by a constituent entity of the Russian Federation in foreign currency which are granted to the Russian Federation within the framework of using purpose foreign credits (borrowings);

the difference between credits of international financial organisations received and cancelled by a constituent entity of the Russian Federation in the currency of the Russian Federation;

changes in the balance of funds kept on accounts intended for registration of budgetary funds of a constituent entity of the Russian Federation within the appropriate financial year;

other sources of internal financing of the budget deficit of a constituent entity of the Russian Federation;

Other sources of internal financing of the budget deficit of a constituent entity of the Russian Federation shall include the following:

receipts from selling shares and other forms of participation in capital held in ownership of a constituent entity of the Russian Federation;

exchange rate difference for budgetary funds of a constituent entity of the Russian Federation;

the amount of funds allocated for execution of state guarantees of a constituent entity of the Russian Federation in the currency of the Russian Federation, if execution by the guarantor of state guarantees of the constituent entity of the Russian Federation leads to the arising of the guarantor's right of claim for exoneration towards the principal or substantiated by the cession to the guarantor of the beneficiary's rights of claim against the principal;

the amount of funds allocated for execution of state guarantees of a constituent entity of the Russian Federation in foreign currency which are provided to the Russian Federation within the framework of using purpose foreign credits (borrowings), if execution by the guarantor of state guarantees of a constituent entity of the Russian Federation leads to the arising of the guarantor's right of claim for exoneration towards the principal;

the amount of funds allocated for extinguishing other debt liabilities of a constituent entity of the Russian Federation in the currency of the Russian Federation;

the difference between the funds derived from the return of budgetary credits granted from the budget of a constituent entity of the Russian Federation to legal entities and the amount of budgetary credits in the



currency of the Russian Federation granted from the budget of a constituent entity of the Russian Federation to legal entities;

the difference between the funds derived from the return of budgetary credits granted from the budget of a constituent entity of the Russian Federation to other budgets of the budgetary system of the Russian Federation and the amount of budgetary credits in the currency of the Russian Federation granted from the budget of the constituent entity of the Russian Federation to other budgets of the budgetary system of the Russian Federation.

**2.** The sources of external financing of the budget deficit of a constituent entity of the Russian Federation shall include the following:

the difference between the funds derived from floatation of state securities of a constituent entity of the Russian Federation whose nominal value is shown in foreign currency and the funds allocated for redemption thereof;

the difference between credits of foreign banks in foreign currency received and cancelled by a constituent entity of the Russian Federation;

other sources of external financing of the budget deficit of a constituent entity of the Russian Federation.

Other sources of external financing of the budget deficit of a constituent entity of the Russian Federation shall include the following:

the amount of funds allocated for execution of state guarantees of a constituent entity of the Russian Federation in foreign currency, if execution by the guarantor of state guarantees of the constituent entity of the Russian Federation leads to the rise of the guarantor's right of claim for exoneration towards the principal or substantiated by the cession to the guarantor of the beneficiary's rights of claim against the principal;

the amount of funds allocated for extinguishing other debt liabilities of a constituent entity of the Russian Federation in foreign currency.

**3.** The balance of budgetary funds of a constituent entity of the Russian Federation as of the start of the current financial year in the amount defined by a law of the constituent entity of the Russian Federation may be allocated within the current financial year to cover temporary cash gaps.

#### **Article 96. Sources of Financing Local Budget Deficit**

The sources of financing a local budget deficit shall include the following:

the difference between funds derived from floatation of municipal securities whose nominal value is shown in the currency of the Russian Federation and the funds allocated for redemption thereof;

the difference between credits of credit organisations in the currency of the Russian Federation received and cancelled by a municipal formation;

the difference between budgetary credits received and cancelled by a municipal formation in the currency of the Russian Federation which are

granted to the local budget by other budgets of the budgetary system of the Russian Federation;

the difference between budgetary credits received in the currency of the Russian Federation and cancelled by a municipal formation which are granted within the framework of using purpose foreign credits (borrowings);

changes in the balance of funds kept on accounts for registration of the local budgetary funds within the appropriate financial year;

other sources of internal financing of the local budget deficit.

Other sources of internal financing of the local budget deficit shall include the following:

receipts from selling shares and other forms of participation in capital held in the ownership of a municipal formation;

exchange rate difference for local budget funds;

the amount of funds allocated for execution of guarantees of a municipal formation in the currency of the Russian Federation, if execution by the guarantor of municipal guarantees of the constituent entity of the Russian Federation leads to the arising of the guarantor's right of claim for exoneration towards the principal or substantiated by the cession to the guarantor of the beneficiary's rights of claim against the principal;

the amount of funds allocated for execution of guarantees of a municipal formation in foreign currency which are granted to the Russian Federation within the framework of using purpose foreign credits (borrowings) if execution by the guarantor of municipal guarantees of the constituent entity of the Russian Federation leads to the arising of the guarantor's right of claim for exoneration towards the principal;

the amount of funds allocated for the extinguishment of other debt liabilities of a municipal entity in the currency of the Russian Federation;

the difference between the funds derived from the return of budgetary credits granted from the local budget to legal entities and the amount of budgetary credits in the currency of the Russian Federation granted from the local budget to legal entities;

the difference between the funds derived from the return of budgetary credits granted from the local budget to other budgets of the budgetary system of the Russian Federation and the amount of budgetary credits in the currency of the Russian Federation granted from the local budget to other budgets of the budgetary system of the Russian Federation.

The balance of the local budget funds as of the start of the current financial year in the amount defined by a legal act of the representative body of a municipal formation may be allocated in the current financial year to cover temporary cash gaps.

### **Chapter 13.1. The Stabilisation Fund of the Russian Federation**

Abrogated from January 1, 2008.

## **Chapter 13.2. Using Oil-and-Gas Revenues of the Federal Budget**

### **Article 96.6. Oil-and-Gas Revenues of the Federal Budget**

1. The oil-and-gas revenues of the federal budget shall be used for financial maintenance of the oil-and-gas transfer, as well as for forming the Emergency Reserve Fund and the National Welfare Fund.

2. The oil-and-gas revenues of the federal budget shall include the federal budget revenues from paying the following:

tax on extraction of minerals in the form of hydrocarbon materials (oil, combustible natural gas from all kinds of deposits of hydrocarbon materials, gas condensate from all kinds of deposits of hydrocarbon materials);

export customs duties on crude oil;

export customs duties on natural gas;

export customs duties on commodities made of oil.

### **Article 96.7. The Federal Budget Deficit Which Is Not Relevant to Oil-and-Gas**

1. The federal budget deficit which is not relevant to oil and gas represents the difference between the amount of the federal budget revenues, less the oil-and-gas revenues of the federal budget and revenues from management of funds of the Emergency Reserve Fund and the National Welfare Fund and the total amount of the federal budget expenditures in the appropriate financial year.

*Item 2 of Article 96.7 of this Code shall enter into force as of January 1, 2011*

2. The federal budget deficit which is not relevant to oil and gas may not exceed 4.7 per cent of the gross domestic product predicted for the appropriate financial year which is cited in the federal law on the federal budget for the next financial year and planning period.

3. The federal budget deficit which is not relevant to oil and gas shall be financed on account of the oil-and-gas transfer and sources of financing the federal budget deficit.

### **Article 96.8. Oil-and-Gas Transfer**

1. The oil-and-gas transfer represents the part of the federal budgetary funds used for financing the federal budget deficit which is not relevant to oil and gas on account of oil-and-gas revenues of the federal budget and assets of the Emergency Reserve Fund.

*Item 2 of Article 96.8 of this Code shall enter into force as of January 1, 2011*

2. The amount of the oil-and-gas transfer for the appropriate financial year shall be endorsed by the federal law on the federal budget for the next financial year and planning period in absolute terms, which is estimated as 3.7 per cent of the volume of the gross domestic product predicted for the appropriate year which is cited in the federal law on the federal budget for the next financial year and planning period.

#### **Article 96.9. The Emergency Reserve Fund**

1. The emergency reserve fund represents the part of the federal budgetary funds which is subject to separate accounting and management for the purpose of implementation of the oil-and-gas transfer, when oil-and-gas revenues are insufficient for financial support to the said transfer.

2. The federal law on the federal budget for the next financial year and planning period shall establish the normative rate of the Emergency Reserve Fund in absolute terms defined on the basis of 10 per cent of the volume of the gross domestic product predicted for the appropriate financial year cited in the federal law on the federal budget for the next financial year and planning period.

3. The Emergency Reserve Fund shall be made up of the following:  
the oil-and-gas revenues of the federal budget in the amount exceeding the rate of the oil-and-gas transfer approved for the appropriate financial year on condition that the accumulated amount of the Emergency Reserve Fund does not exceed its normative amount;  
revenues derived from management of the Emergency Reserve Fund.

4. Where the oil-and-gas revenues are insufficient for forming the oil-and-gas transfer in the amount cited in Item 2 of Article 96.8 of this Code, the federal law on the federal budget for the next financial year and planning period shall endorse the limit amount of using the Emergency Reserve Fund's assets for financial maintenance of the said transfer.

5. The federal law on the federal budget for the next financial year and planning period may provide for using assets of the Emergency Reserve Fund for preschedule extinguishment of the state foreign debt of the Russian Federation.

6. The Ministry of Finance of the Russian Federation in the course of administration of the federal budget is entitled to use in the procedure established by the Government of the Russian Federation without amending the federal law on the federal budget for the next financial year and planning period assets of the Emergency Reserve Fund for financial maintenance of the oil-and-gas transfer, when the oil-and-gas revenues of the federal budget actually received within the reporting period of the current financial year are insufficient for it.

#### **Article 96.10. The National Welfare Fund**

1. The National Welfare Fund is in fact a part of funds from the federal budget, subject to separate recording and control in order to provide for co-financing the voluntary pension accumulations of the citizens of the Russian Federation, as well as for the balance (for the coverage of the deficit) of the budget of the Pension Fund of the Russian Federation.

2. The federal law on the federal budget for the regular financial year and for the planned period shall establish the volume of funds from the federal budget used for the goals indicated in Item 1 of the present Article.

3. The National Welfare Fund shall be made up of the following:  
oil-and-gas revenues of the federal budget in the amount exceeding the extent of the oil-and-gas transfer endorsed for the appropriate financial year, if the accumulated amount of funds of the Emergency Reserve Fund runs up to (exceeds) its normative rate;  
revenues derived from management of assets of the National Welfare Fund.

#### **Article 96.11. Management of Assets of the Emergency Reserve Fund and the National Welfare Fund**

1. Assets of the Emergency Reserve Fund and the National Welfare Fund shall be managed by the Ministry of Finance of the Russian Federation in the procedure established by the Government of the Russian Federation.

Certain powers related to management of assets of the Emergency Reserve Fund may be exercised by the Central Bank of the Russian Federation and of those of the National Welfare Fund by the Central Bank of the Russian Federation and specialized financial organisations in compliance with the agreements made by the Ministry of Finance of the Russian Federation in the procedure established by the Government of the Russian Federation.

In the event of attracting specialized financial organisations for the exercise of certain powers related to management of assets of the National Welfare Fund, a procedure for attraction of the said organisations, as well as the requirements for them, shall be established by the Government of the Russian Federation.

2. As the purposes of managing assets of the Emergency Reserve Fund and the National Welfare Fund shall be deemed ensuring the safekeeping of assets of the said funds and the stable rate of revenues from their placement in the longer term.

The management of assets of the Emergency Reserve Fund and the National Welfare Fund for the purpose of ensuring a stable rate of revenues from their placement in the longer term does not exclude the possibility of having negative financial results within a short-term period.

**3.** Assets of the Emergency Reserve Fund may be placed into foreign currency and into the following kinds of financial assets nominated in foreign currency:

debt liabilities of foreign states, foreign state agencies and central banks;

debt liabilities of international financial organisations, including those formalised as securities;

deposits and residuals on the bank accounts with foreign banks and credit organisations;

deposits and residuals on the bank accounts at the Central Bank of the Russian Federation.

**4.** The means from the National Welfare Fund may be placed into foreign currency and into the following kinds of financial assets:

debentures of foreign states, of foreign state agencies and central banks;

debentures of international financial organisations, including those formalised as securities;

deposits and residuals on bank accounts at banks and credit institutions;

deposits and residuals on bank accounts at the Central Bank of the Russian Federation;

debentures and shares of legal entities;

partner shares (shares of participation) of investment funds.

**5.** Demands made on the financial assets indicated in Items 3 and 4 of the present Article, the list of operations made with them and their ultimate shares in the total volume of means, placed apart for the Reserve Fund and for the National Welfare Fund, shall be established by the Government of the Russian Federation.

## **Article 96.12.** Keeping Records and Reporting on Operations in the Oil-and-Gas Revenues of the Federal Budget

**1.** The funds pertaining to the gas-and-oil revenues of the federal budget, the Emergency Reserve Fund and the National Welfare Fund shall be kept on separate accounts for registration of the federal budget funds opened for the Federal Treasury with the Central Bank of the Russian Federation.

**2.** To the Emergency Reserve Fund and the National Welfare Fund shall be entered before February 1 of the current financial year the balance of the federal budgetary funds as of the start of the current financial year corresponding to the amount of received oil-and-gas revenues in December of the reporting financial year:

to the Emergency Reserve Fund - in the amount not exceeding the difference between the normative amount of the Emergency Reserve Fund in the reporting financial year and the accumulated amount thereof as of the end of the reporting financial year;

to the National Welfare Fund - in the amount of the said balance decreased by the amount of transfers to the Emergency Reserve Fund.

3. Estimations and transfers of assets in connection with forming and using under this Code of oil-and-gas revenues of the federal budget, of the oil-and-gas transfer, assets of the Emergency Reserve Fund and the National Welfare Fund shall be effected by the Ministry of Finance of the Russian Federation in the procedure established by the Government of the Russian Federation.

4. Records of operations in oil-and-gas revenues of the federal budget, assets of the Emergency Reserve Fund and assets of the National Welfare Fund shall be kept in the procedure established for keeping records of operations in the federal budgetary assets.

5. Operations in oil-and-gas revenues of the federal budget, in assets of the Emergency Reserve Fund and assets of the National Welfare Fund shall be shown in the report on administration of the federal budget.

The Government of the Russian Federation shall submit within the composition of reporting documents concerning administration of the federal budget to the State Duma of the Federal Assembly of the Russian Federation and the Federation Council of the Federal Assembly of the Russian Federation a quarterly and annual reports on received and used oil-and-gas revenues of the federal budget, on forming and using assets of the Emergency Reserve Fund and the National Welfare Fund, as well as a quarterly and annual reports on managing assets of the said funds.

6. The Ministry of Finance of the Russian Federation shall publish on a monthly basis data on received and used oil-and-gas revenues of the federal budget, on the amount of assets of the Emergency Reserve Fund and the National Welfare Fund as of the start of the reporting month, of the transfers of assets to the said funds, on their placement and use in the reporting period.

## **Chapter 14. National and Municipal Debt**

### **Article 97. The State Debt of the Russian Federation**

The state debt of the Russian Federation includes debt liabilities of the Russian Federation towards natural persons and legal entities of the Russian Federation, constituent entities of the Russian Federation, municipal formations, foreign states, international financial organisations, other international law subjects, foreign natural persons and legal entities resulting from state borrowings of the Russian Federation, as well as debt liabilities related to state guarantees granted by the Russian Federation and debt liabilities resulting from adoption of legislative acts of the Russian Federation on referring to the state debt liabilities arising prior to putting this Code into effect.

**Article 98.** The Structure of the State Debt of the Russian Federation, Kinds and Term of Debt Liabilities of the Russian Federation

1. The structure of the state debt of the Russian Federation represents a grouping of debt liabilities of the Russian Federation according to the kinds of debt liabilities established by this Article.

2. There may be debt liabilities of the Russian Federation in the form of liabilities concerning the following:

1) credits attracted on behalf of the Russian Federation as of the borrower from credit organisations, foreign states, in particular purpose foreign credits (borrowings), from international financial organisations, other international law subjects and foreign legal entities;

2) state securities issued on behalf of the Russian Federation;

3) budgetary credits attracted to the federal budget from other budgets of the budgetary system of the Russian Federation;

4) state guarantees of the Russian Federation;

5) other debt liabilities previously referred to the state debt of the Russian Federation in compliance with the legislation of the Russian Federation.

3. Debt liabilities of the Russian Federation may be short-term (for less than one year), medium-term (for a period from one year to five years) and long-term (from five to thirty years inclusive).

4. The following shall be included into the amount of the state internal debt of the Russian Federation:

1) the nominal sum of debt on securities of the Russian Federation in respect of which liabilities are shown in the currency of the Russian Federation;

2) the amount of the principal debt on credits which are received by the Russian Federation and in respect of which liabilities are shown in the currency of the Russian Federation;

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

4) the amount of obligations under state guarantees shown in the currency of the Russian Federation;

5) the amount of other debt liabilities of the Russian Federation (except for the cited ones) whose payment in the currency of the Russian Federation is provided for by federal laws before putting this Code into effect.

5. The following shall be included into the amount of the foreign state debt of the Russian Federation:

1) the nominal amount of debt on state securities of the Russian Federation in respect of which obligations are shown in foreign currency;

2) the amount of the principal debt on credits which are received by the Russian Federation and in respect of which obligations are shown in foreign currency, in particular on purpose foreign credits (borrowings) attracted against state guarantees of the Russian Federation;



3) the amount of obligations in respect of state guarantees of the Russian Federation shown in foreign currency.

**Article 98.1.** Termination of Debt Liabilities of the Russian Federation Shown in the Currency of the Russian Federation and Their Discarding from the State Debt of the Russian Federation

1. Where a debt liability of the Russian Federation is not advanced for discharge (where the creditor does not commit the actions defined by the terms of the liability and/or normative legal acts) within three years as of the date following the date of discharge thereof stipulated by the terms of the debt liability or the appropriate federal laws, or the duration of the state guarantee of the Russian Federation has expired and in the other cases stipulated in Article 115 of the present Code, the said debt liability shall be deemed fully terminated and discarded from the internal debt of the Russian Federation, if not otherwise provided for by federal laws.

2. The Ministry of Finance of the Russian Federation upon the expiry of the time periods and in the other cases specified in Item 1 of this Article shall issue an act which proves the discarding from the state internal debt of the Russian Federation of debt liabilities shown in the currency of the Russian Federation.

3. Discarding from the state internal debt of the Russian Federation shall be effected by way of reduction of the amount of the state internal debt of the Russian Federation according to the kinds of state debt liabilities to be discarded which are shown in the currency of the Russian Federation by the amount of their discarding without showing the discarded amounts in the sources of financing the federal budget deficit.

4. Items 1-3 of this Article shall not extend to liabilities under credit agreements, or debt liabilities of the Russian Federation towards constituent entities of the Russian Federation and municipal formations.

5. Discarding from the state internal debt of the Russian Federation of restructured, as well as of discharged (redeemed), debt liabilities shall be effected subject to the provisions of Articles 105 and 113 of this Code.

6. Issues of state securities of the Russian Federation redeemed (re-drawn up) in full by the Ministry of Finance of the Russian Federation prior to the date of their maturity may be declared retired ahead of time.

**Article 99.** Structure of the State Debt of a Constituent Entity of the Russian Federation, Kinds and Term of Debt Liabilities of a Constituent Entity of the Russian Federation

1. The structure of the state debt of a constituent entity of the Russian Federation represents a grouping of debt liabilities of the constituent entity of the Russian Federation according to the kinds of debt liabilities established by this article.

2. There may be debt liabilities of a constituent entity of the Russian Federation in the form of liabilities concerning the following:

- 1) state securities of the constituent entity of the Russian Federation;
- 2) budgetary credits attracted to the budget of the constituent entity of the Russian Federation from other budgets of the budgetary system of the Russian Federation;
- 3) credits received by a constituent entity of the Russian Federation from credit organisations, foreign banks and international financial organisations;
- 4) state guarantees of the constituent entity of the Russian Federation.

Debt liabilities of a constituent entity of the Russian Federation may not have other forms except those provided for by this item.

**3.** The following shall be included into the amount of the state debt of a constituent entity of the Russian Federation:

- 1) the nominal sum of the debt on state securities of the constituent entity of the Russian Federation;
- 2) the amount of the principal debt on credits which are received by the constituent entity of the Russian Federation;
- 3) the amount of the principal debt on budgetary credits received by the Russian Federation;
- 4) the amount of obligations under state guarantees granted by the constituent entity of the Russian Federation;
- 5) the amount of other non-discharged debt liabilities of the constituent entity of the Russian Federation (except for the cited ones).

**4.** The following shall be included into the amount of the foreign state debt of a constituent entity of the Russian Federation:

- 1) the nominal amount of debt on state securities of the constituent entity of the Russian Federation in respect of which obligations are shown in foreign currency;
- 2) the amount of principal debt on credits received by the constituent entity of the Russian Federation in respect of which obligations are shown in the currency of the Russian Federation;
- 3) the amount of principal debt on budgetary credits attracted to the budget of the constituent entity the Russian Federation from other budgets of the budgetary system of the Russian Federation;
- 4) the amount of obligations in respect of state guarantees granted by the constituent entity of the Russian Federation which are shown in the currency of the Russian Federation;
- 5) the amount of obligations of the constituent entity of the Russian Federation towards the Russian Federation which arise in foreign currency within the framework of using purpose foreign credits (borrowings);
- 6) the amount of other non-discharged debt liabilities of the constituent entity of the Russian federation (except for the cited ones) in respect of which obligations are shown in the currency of the Russian Federation.

5. The following shall be included in the amount of the state foreign debt of a constituent entity of the Russian Federation:

1) the nominal value of debt on state securities of the constituent entity of the Russian Federation in respect of which obligations are shown in foreign currency;

2) the amount of the principal debt on credits received by the constituent entity of the Russian Federation in respect of which obligations are shown in foreign currency;

3) the amount of obligations in respect of state guarantees granted by the constituent entity of the Russian Federation in foreign currency, as well as in respect of those granted to secure liabilities in foreign currency;

4) the amount of other non-discharged debt liabilities of the constituent entity of the Russian Federation (except for the cited ones) in respect of which obligations are shown in foreign currency.

6. Debt liabilities of a constituent entity of the Russian Federation may be short-term (for less than one year), medium-term (for a term from one year to five years) or long-term (from five years to thirty years inclusive).

**Article 99.1. Termination of Debt Liabilities of a Constituent Entity of the Russian Federation Shown in the Currency of the Russian Federation and Their Discarding from the State Debt of the Constituent Entity of the Russian Federation**

1. Where a debt liability of a constituent entity of the Russian Federation shown in the currency of the Russian Federation is not advanced for discharge (where the creditor does not commit the actions defined by the terms of the liability and normative legal acts of the constituent entity of the Russian Federation) within three years as of the date following the date of discharge stipulated by the terms of the debt liability of the constituent entity of the Russian Federation or the duration of the state guarantee of the constituent entity of the Russian Federation has expired and in the other cases stipulated in Article 115 of the present Code, the said debt liability shall be deemed fully terminated and discarded from the state debt of the constituent entity of the Russian Federation, if not otherwise provided for by the laws of the constituent entity of the Russian Federation.

2. The supreme executive state power body of a constituent entity of the Russian Federation upon expiry of the time periods and in the other cases specified in Item 1 of this Article shall issue a normative legal act on discarding from the state debt of the constituent entity of the Russian Federation debt liabilities shown in the currency of the Russian Federation.

3. Discarding from the state debt of a constituent entity of the Russian Federation shall be effected by way of reduction of the amount of the state debt of the Russian Federation according to the kinds of state debt liabilities of the constituent entity of the Russian Federation to be

discarded which are shown in the currency of the Russian Federation by the amount of their discarding without showing the discarded amounts in the sources of financing the budget deficit of the constituent entity of the Russian Federation.

4. Items 1-3 of this Article shall not extend to liabilities under credit agreements, debt liabilities towards the Russian Federation, towards other constituent entities of the Russian Federation and municipal formations.

5. Discarding from the state debt of a municipal entity of the Russian Federation of restructured, as well as of discharged (redeemed), debt liabilities shall be effected subject to the provisions of Articles 105 and 113 of this Code.

6. Issues of state securities of a constituent entity of the Russian Federation redeemed in full by the body which has emitted them in compliance with the terms of issuance of securities of the constituent entity of the Russian Federation before the date of their maturity may be declared cancelled ahead of time by decision of the said body.

#### **Article 100. Structure of Municipal Debt, Kinds and Term of Municipal Debt Liabilities**

1. The structure of municipal debt represents a grouping of municipal debt liabilities according to the kinds of debt liabilities established by this Article.

2. Debt liabilities of a municipal formation may have the form of obligations in respect of the following:

- 1) securities of the municipal formation (municipal securities);
- 2) budgetary credits attracted to the local budget from other budgets of the budgetary system of the Russian Federation;
- 3) credits received by the municipal formation from credit organizations;
- 4) guarantees of the municipal formation (municipal guarantees).

Debt liabilities of a municipal formation may not have other forms, except for those provided for by this item.

3. The amount of a municipal debt shall include the following:

- 1) the nominal amount of debt on municipal securities;
- 2) the amount of debt on budgetary credits attracted to the local budget;
- 3) the amount of principal debt on credits received by the municipal formation;
- 4) the amount of obligations in respect of municipal guarantees;
- 5) the amount of other non-discharged debt liabilities of the municipal formation (except for the cited ones).

4. Debt liabilities of a municipal formation may be short-term (for less than one year), medium-term (for a period of from one year to five years) and long-term (for a period of from five years to 10 years inclusive).

**Article 100.1.** Termination of Municipal Debt Liabilities Shown in the Currency of the Russian Federation and Their Discarding from Municipal Debt

1. Where a municipal debt liability shown in the currency of the Russian Federation is not advanced for discharge (where the creditor does not commit the actions defined by the terms of the liability and municipal legal acts of the municipal formation) within three years as of the date following the date of discharge stipulated by the terms of the municipal debt liability, or the duration of the municipal guarantee has expired and in the other cases stipulated in Article 115 of the present Code, the said debt liability shall be deemed fully terminated and discarded from the municipal debt of the constituent entity of Russian Federation, if not otherwise provided for by municipal legal acts of representative bodies of a municipal formation.

2. The local administration upon the expiry of the time periods and in the other cases specified in Item 1 of this Article shall issue a municipal legal act on discarding from municipal debt liabilities shown in the currency of the Russian Federation.

3. Discarding from municipal debt shall be effected by way of reduction of the amount of municipal debt according to the kinds of municipal debt liabilities to be discarded which are shown in the currency of the Russian Federation by the amount of their discarding without showing the discarded amounts in the sources of financing the local budget deficit.

4. Items 1-3 of this article shall not extend to liabilities under credit agreements, municipal debt liabilities towards the Russian Federation, towards other constituent entities of the Russian Federation and other municipal formations.

5. Discarding from the municipal debt of restructured, as well as of discharged (redeemed), municipal debt liabilities, shall be effected subject to the provisions of Articles 105 and 113 of this Code.

6. Issues of municipal securities redeemed in full by the body which has emitted them in compliance with the terms of issuance of municipal securities before the date of their maturity may be declared cancelled ahead of time by decision of the said body.

**Article 101.** Management of State and Municipal Debt

1. The management of the state debt of the Russian Federation shall be carried out by the Government of the Russian Federation or by the Ministry of Finance of the Russian Federation authorized by it.

2. The management of the state debt of a constituent entity of the Russian Federation shall be carried out by the supreme executive state power body of the constituent entity of the Russian Federation or by the financial body of the constituent entity of the Russian Federation in compliance with the law of the constituent entity of the Russian Federation.

3. The management of the municipal debt shall be carried out by the executive-administrative body of a municipal formation (local administration) in compliance with the statutes of the municipal formation.

**Article 102.** Responsibility as to Debt Liabilities of the Russian Federation, Constituent Entities of the Russian Federation and Municipal Formations

1. The debt liabilities of the Russian Federation, a constituent entity of the Russian Federation or municipal formation shall be secured in full and without any conditions by the entire property constituting the appropriate treasury held in ownership of the Russian Federation, a constituent entity of the Russian Federation or municipal formation and shall be discharged on account of assets of the appropriate budget.

2. The Russian Federation shall not be held responsible for debt liabilities of constituent entities of the Russian Federation and municipal formations, if the said liabilities were not guaranteed by the Russian Federation.

3. A constituent entity of the Russian Federation shall not be held responsible for debt liabilities of the Russian Federation, other constituent entities of the Russian Federation and municipal formations, if the said liabilities were not guaranteed by this constituent entity of the Russian Federation.

4. A municipal formation shall not be held responsible for debt liabilities of the Russian Federation, constituent entities of the Russian Federation and other municipal formations, if the said liabilities were not guaranteed by this municipal formation.

**Article 103.** Making State and Municipal Borrowings

1. State borrowings of the Russian Federation mean governmental loans effected by way of issuing state securities on behalf of the Russian Federation and credits attracted from other budgets of the budgetary system of the Russian Federation, of credit organizations, foreign states, including purpose foreign credits (borrowings), international financial organisations, other international law subjects and foreign legal entities in respect of which debt liabilities of the Russian Federation arise.

2. State and municipal internal borrowings shall be made for the purpose of financing deficits of the appropriate budgets (the federal budget deficit which does not pertain to oil-and-gas), as well as for discharging debt liabilities.

3. State internal borrowings of the Russian Federation mean governmental loans made by way of issuing state securities on behalf of the Russian Federation and credits attracted from other budgets of the budgetary system of the Russian Federation, of credit organizations and international financial organisations in respect of which debt liabilities of the Russian Federation as of the borrower shown in the currency of the Russian Federation arise.

The right of making state internal borrowings on behalf of the Russian Federation in compliance with this Code is vested with the Government of the Russian Federation or with the Ministry of Finance of the Russian Federation authorized by it.

**4.** State foreign borrowings of the Russian Federation mean governmental loans made by way of issuing state securities on behalf of the Russian Federation and credits attracted from credit organisations and foreign states, including purpose foreign credits (borrowings), international financial organisations, other international law subjects and foreign legal entities in respect of which debt liabilities of the Russian Federation in foreign currency arise.

State foreign borrowings of the Russian Federation shall be made for the purpose of financing the federal budget deficits (the federal budget deficit which does not pertain to oil-and-gas), as well as for discharging state debt liabilities of the Russian Federation.

The right of making state foreign borrowings of the Russian Federation and of making agreements on granting state guarantees for attraction of foreign credits (loans) is vested with the Russian Federation. The Government of the Russian Federation or the Ministry of Finance of the Russian Federation authorized by it may make foreign borrowings on behalf of the Russian Federation.

**5.** The Government of the Russian Federation or the Ministry of Finance of the Russian Federation authorized by it are entitled to make internal (foreign) borrowings in excess of the upper limit of the state internal (foreign) debt of the Russian Federation fixed for the appropriate financial year by the federal law on the federal budget for the next financial year and planning period for the purpose of replacing foreign (internal) borrowings, if it reduces the outlays on servicing the state debt of the Russian Federation within the limits of the of the ultimate limit set on the state debt of the Russian Federation (of the sum of the ultimate limit set on the state internal debt of the Russian Federation, established in the federal law on the federal budget for the regular financial year and for the planned period, and of the ultimate limit set on the state external debt of the Russian Federation, established in the federal law on the federal budget for the regular financial year and for the planned period).

**6.** State borrowings of constituent entities of the Russian Federation mean governmental loans made by way of issuing state securities on behalf of a constituent entity of the Russian Federation and credits attracted in compliance with the provisions of this Code to the budget of the constituent entity of the Russian Federation from other budgets of the budgetary system of the Russian Federation, credit organizations, foreign banks and international financial organisations in respect of which debt obligations of the constituent entity of the Russian Federation arise.

State internal borrowings of constituent entities of the Russian Federation mean governmental loans made by way of issuing state

securities on behalf of a constituent entity of the Russian Federation and credits attracted in compliance with the provisions of this Code to the budget of the constituent entity of the Russian Federation from other budgets of the budgetary system of the Russian Federation, credit organizations and international financial organizations in respect of which debt liabilities of the constituent entity of the Russian Federation shown in the currency of the Russian Federation arise.

State foreign borrowings of constituent entities of the Russian Federation mean governmental loans made by way of issuing state securities on behalf of a constituent entity of the Russian Federation and credits attracted in compliance with the provisions of this Code to the budget of the constituent entity of the Russian Federation from foreign banks in respect of which debt liabilities of the constituent entity of the Russian Federation shown in foreign currency arise.

State foreign borrowings of a constituent entity of the Russian Federation shall be made in compliance with the provisions of this Code for the purpose of securing the discharge of the existing state foreign debt of the constituent entity of the Russian Federation and (or) of financing the budget deficit of the constituent entity of the Russian Federation.

The right to make state internal and foreign borrowings of a constituent entity of the Russian Federation on behalf of the constituent entity of the Russian Federation in compliance with this Code and the law of the constituent entity of the Russian Federation passed in compliance with it vested with the supreme executive state power body of the constituent entity of the Russian Federation or with the financial body of the constituent entity of the Russian Federation.

**7.** Municipal borrowings mean municipal loans made by way of issuing securities on behalf of a municipal formation and credits attracted in compliance with the provisions of this Code to the local budget from other budgets of the budgetary system of the Russian Federation and from credit organizations in respect of which municipal debt liabilities arise.

The right of making municipal borrowings on behalf of a municipal formation in compliance with this Code and the statutes of a municipal formation is vested with the local administration.

#### **Article 104. Borrowings and Guarantees of Constituent Entities of the Russian Federation and Municipal Formations in Foreign Currency**

**1.** A procedure for making foreign borrowings of constituent entities of the Russian Federation (except for foreign bonded loans) shall be established by the Government of the Russian Federation.

Foreign bonded loans of constituent entities of the Russian Federation shall be issued in compliance with the provisions of this Code and Federal Law No. 136-FZ of July 29, 1998 on the Specifics of Issuance and Circulation of State and Municipal Securities.



Foreign bonded loans of constituent entities of the Russian Federation shall be issued subject to the priority of state foreign borrowings of the Russian Federation.

*Paragraph 4 of Item 1 of Article 104 of this Code shall enter into force as of January 1, 2011*

The constituent entities of the Russian Federation for which the estimated share of inter-budget transfers from the federal budget (except for subventions) within two of the last three reporting years did not exceed five per cent of the amount of own revenues of the consolidated budget of a constituent entity of the Russian Federation, are entitled, starting from the next financial year, to make foreign borrowings for the purpose of securing the discharge of the foreign debt and (or) for financing the budget deficit of the constituent entity of the Russian Federation.

*Paragraph 5 of Item 1 of Article 104 of this Code shall enter into force as of January 1, 2011*

The constituent entities of the Russian Federation for which the estimated share of inter-budget transfers from the federal budget (except for subventions) within two of the last three reporting years did not exceed five per cent of the amount of own revenues of the consolidated budget of the constituent entity of the Russian Federation are entitled to make foreign borrowings for the purpose of securing the discharge of the foreign debt of the constituent entity of the Russian Federation. With this, in the current financial year the amount of the said foreign borrowings may not exceed the amount of liabilities as to the discharge in the current financial year of the foreign debt of the constituent entity of the Russian Federation as of the start of the year without account being taken of liabilities in respect of the guarantees shown in foreign currency.

**2.** Constituent entities of the Russian Federation and municipal formations are entitled to make borrowings from the Russian Federation in foreign currency and to grant to the Russian Federation guarantees in foreign currency solely within the framework of using purpose foreign credits (borrowings).

**3.** Borrowings from the Russian Federation in foreign currency, granting to the Russian Federation guarantees in foreign currency by constituent entities of the Russian Federation and municipal formations shall not be deemed foreign borrowings and shall not lead to generation of foreign debt of a constituent entity of the Russian Federation and a municipal formation.

**4.** Making borrowings by constituent entities of the Russian Federation and municipal formations in foreign currency, except as established by Items 1 and 2 of this Article, granting guarantees of

constituent entities of the Russian Federation and municipal formations to secure liabilities arising in foreign currency, except as established by Item 2 of this Article, shall not be allowable.

**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 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 financial year if said amount is included in the total amount of restructured debt.

**Article 106. The Limit Amount of Borrowings of Constituent Entities of the Russian Federation and Municipal Formations**

The limit amount of borrowings of constituent entities of the Russian Federation or municipal borrowings in the current financial year subject to the provisions of Article 104 of this Code shall not exceed the amount allocated in the current financial year for financing the deficit of the appropriate budget and/or the discharge of debt liabilities of the appropriate budget.

**Article 107. The Limit Amount of State Debt of a Constituent Entity of the Russian Federation or Municipal Debt**

1. The limit amount of state debt of a constituent entity of the Russian Federation or municipal debt for the next financial year (for the next financial year and for each year of the planning period) shall be established by the law (decision) on the appropriate budget within the limits of the restrictions imposed by Items 2 and 3 of this article.

The legislative (representative) state power body of a constituent entity of the Russian Federation and the representative body of a municipal formation are entitled to endorse for the purpose of managing the appropriate debt additional restrictions in respect of the state debt of the constituent entity of the Russian Federation or the municipal debt.

The limit amount of the state debt of a constituent entity of the Russian Federation or of the debt of a municipal formation (municipal debt) means for the purposes of this article the amount of the debt of the constituent entity of the Russian Federation or the amount of the municipal debt that may not be exceeded while administering the appropriate budget.

2. The limit amount of the state debt of a constituent entity of the Russian Federation shall not exceed the endorsed total annual amount of

revenues of the budget of the constituent entity of the Russian Federation without account taken of gratuitous receipts.

For a constituent entity of the Russian Federation in respect of which the measures provided for by Item 4 of Article 130 are taken, the limit amount of debt shall not exceed 50 per cent of the endorsed total annual volume of revenues of the constituent entity of the Russian Federation without account taken of the endorsed amount of gratuitous receipts.

**3.** The limit amount of a municipal debt does not have to exceed the endorsed total annual volume of revenues of the local budget without account taken of the endorsed amount of gratuitous receipts and/or tax revenues received according to additional normative rates of deductions.

For a municipal formation in respect of which the measures provided for by Item 4 of Article 136 of this Code are provided for, the limit amount of the municipal debt shall not exceed 50 per cent of the endorsed total amount of revenues of the local budget without account taken of the endorsed amount of gratuitous receipts and/or tax revenues received according to additional normative rates of deductions.

**4.** If the restrictions established by this article are exceeded while administering the appropriate budget, it shall be deemed a breach of the budgetary legislation of the Russian Federation and shall entail the application of coercive measures for violations of the budgetary legislation of the Russian Federation which are provided for by this Code.

**5.** If while administering the appropriate budget the limit amount of debt of a constituent entity of the Russian Federation or of the municipal debt exceeds the limit amount of the state debt of the constituent entity of the Russian Federation or of the municipal debt established by the law (decision) on the appropriate budget, the authorized state power body of the constituent entity of the Russian Federation or the local government body are only entitled to assume new debt liabilities after bringing the amount of debt of the constituent entity of the Russian Federation or of the municipal debt into accord with the requirements of this article.

**6.** The law (decision) on the appropriate budget shall establish the upper limit of the state internal debt of a constituent entity of the Russian Federation, the upper limit of the state foreign debt of a constituent entity of the Russian Federation (if any) and the upper limit of the municipal debt as of January 1 of the year following the next financial year (the next financial year and each year of the planning period), which constitutes the estimated index, specifying among other things the upper limit amount of debt on the state guarantees of the constituent entity of the Russian Federation or municipal guarantees.

The upper limit amount of the state internal debt of a constituent entity of the Russian Federation and the upper limit of the state foreign debt of a constituent entity of the Russian Federation shall be established subject to the restrictions set up by Item 2 of this Article.

The upper limit amount of municipal debt shall be established subject to the restrictions established by Item 3 of this 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 all foreign borrowing of the Russian Federation for the next financial year and planning period according to kinds of borrowings showing the difference between the attracted amount and the amount of funds allocated for discharge of the principal debt on each kind of debt liabilities.

2. The Programme of State Foreign Borrowings of the Russian Federation shall contain a list of foreign borrowings of the Russian Federation for the next financial year and planning period divided into untied (financial) borrowings and purpose foreign borrowings specifying the following:

1) for untied (financial) borrowings:

the source of borrowing;

the amount of borrowing;

the repayment term;

2) for purpose foreign borrowing;

the end beneficiary;

the aims of borrowing and guidelines for use thereof;

the source of borrowing;

the amount of borrowing;

the repayment term;

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

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.

3. The Programme of State Foreign Borrowings of the Russian Federation shall separately provide for all loans whose extent exceeds the amount equivalent to 10 million US dollars for the entire period of the loan. Such loans shall be only subject to realization if they have been approved within the Programme of State Foreign Borrowings of the Russian Federation by the federal law on the federal budget.

4. The volume of particular loans detailed in the Programme of State Foreign Borrowings of the Russian Federation shall constitute at least 85 per cent of the total volume of foreign borrowings.

5. The Government of the Russian Federation or the Ministry of Finance of the Russian Federation authorized by it are entitled to make foreign borrowings that are not included into the Programme of State Foreign Borrowings of the Russian Federation, if the said foreign borrowings are realized in the process of restructuring the national foreign debt of the Russian Federation, which leads to a reduction of expenditure on servicing the national foreign debt of the Russian Federation within the framework of the fixed limit amount of the national foreign debt of the Russian Federation.

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

6. The Programme of State Foreign Borrowings of the Russian Federation shall include without fail agreements on loans concluded in previous years, unless such agreements are invalidated in the established procedure.

7. The restructuring of state foreign debt under Article 105 of this Code shall not influence the Programme of State Foreign Borrowings of the Russian Federation.

8. The Programme of State Foreign Borrowings of the Russian Federation shall be attached to the federal law on the federal budget for the next financial year and planning period.

#### **Article 108.1.** The Programme of State Guarantees of the Russian Federation in Foreign Currency

1. The Programme of State Guarantees of the Russian Federation in Foreign Currency is a list of state guarantees of the Russian Federation in foreign currency for the next financial year and the planning period, which are presented, except for purpose foreign credits (borrowings) attracted against state guarantees of the Russian Federation, which specifies the following:

- 1) the total amount of guarantees;
- 2) areas (goals) of guarantees with an indication of the volume of the guarantees for every area (goal);
- 3) removed;
- 4) the currency of guaranteed liabilities;
- 5) the presence or absence of the guarantor's right of claim for exoneration towards the principal, as well as of the other terms for the presentation and execution of guarantees;
- 6) the total amount of budgetary appropriations which have to be provided for in the next financial year and in the planned period for execution of guarantees if probable guaranteed events occur.

2. In the programme for state guarantees of the Russian Federation in foreign currency shall be separately envisaged every area (goal) of guarantees whose volume exceeds the sum equivalent to 50 million US

dollars, with an indication of the categories and (or) designations of the principals.

The said guarantees are only subject to execution on condition of their endorsement within the composition of the Programme of State Guarantees of the Russian Federation in Foreign Currency.

3. The Programme of State Guarantees of the Russian Federation in Foreign Currency shall be enclosed with the federal laws on the federal budget for the next financial year and planning period.

**Article 108.2.** The Programme of State Foreign Borrowings of a Constituent Entity of the Russian Federation

1. The Programme of State Foreign Borrowings of a Constituent Entity of the Russian Federation is a list of foreign borrowings of a constituent entity of the Russian Federation for the next financial year (the next financial year and planning period).

2. The Programme of State Foreign Borrowings of a Constituent Entity of the Russian Federation shall define the following:

1) the limit amount of state foreign borrowings of the constituent entity of the Russian Federation for the next financial year (the next financial year and planning period);

2) a list, and the extent and time of repayment, of state foreign borrowings of the constituent entity of the Russian Federation for the next financial year (the next financial year and planning period).

3. The Programme of State Foreign Borrowings of a Constituent Entity of the Russian Federation for the next financial year (the next financial year and planning period) shall be attached to the budget law of the constituent entity of the Russian Federation for the next financial year (the next financial year and next planning period).

**Article 109.** Making Amendments to the Programme of State Foreign Borrowings of the Russian Federation and the Programme of State Guarantees of the Russian Federation in Foreign Currency

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

Abrogated.

2. Agreements on state external drawings of the Russian Federation and on granting the state guarantees of the Russian Federation of external loans shall be subject to ratification:

if the loans or state guarantees provided for by these agreements are not included into the Programme of Foreign Borrowings of the Russian Federation or into the Programme of State Guarantees of the Russian

Federation in Foreign Currency, respectively, in compliance with Articles 108 or 108.1 of this Code or the financial assets attracted in connection with borrowings exceed the amount equivalent to 10 million US dollars and granted guarantees exceed the amount equivalent to 50 million US dollars for the total term of a loan or guarantee;

if the execution of such agreements leads to the increase of the upper limit of the state foreign debt approved by the federal law on the federal budget for the next financial year and planning period;

on other grounds provided for by the legislation of the Russian Federation;

*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 3 of Article 106 of this Code.

#### **Article 110.1** The Programme of State Internal Borrowings of the Russian Federation

1. The Programme of State Internal Borrowings of the Russian Federation for the next financial year and planning period represents a list of all internal borrowings of the Russian Federation in the form of the difference between the attracted amount and the amount of funds allocated for repayment of the principal amount of debt in respect of each kind of borrowings.

State internal borrowings of the Russian Federation made by way of issuing state securities on behalf of the Russian Federation which provide, depending on the terms of their issuance, the obtainment of property equivalent, other than monetary funds, are subject to being shown in the Programme of State Internal Borrowings of the Russian Federation.

2. The restructuring of the state internal debt of the Russian Federation in compliance with Article 105 of this Code shall not influence the Programme of State Internal Borrowings of the Russian Federation.

3. The Programme of State Internal Borrowings of the Russian Federation for the next financial year and planning period shall be attached to the federal law on the federal budget for the next financial year and planning period.

#### **Article 110.1.** The Programme of State Internal Borrowings of a Constituent Entity of the Russian Federation and of Municipal Borrowings

1. The Programme of State Internal Borrowings of a Constituent Entity of the Russian Federation and of Municipal Borrowings for the next financial year (the next financial year and planning period) represents a list of all internal borrowings of a constituent entity of the Russian Federation

and a municipal formation indicating the attracted amount and the amount of funds allocated for repayment of the principal debt for each kind of borrowings.

The Programme of State Internal Borrowings of a Constituent Entity of the Russian Federation and of Municipal Borrowings for the next financial year (the next financial year and planning period) shall be attached to the law (decision) on the appropriate budget for the next financial year (for the next financial year and planning period).

2. Restructuring of the state internal debt of a constituent entity of the Russian Federation or the municipal debt in compliance with Article 105 of this Code shall not influence the Programme of State Internal Borrowings of a Constituent Entity of the Russian Federation and of Municipal Borrowings.

**Article 110.2.** The Programme of State Guarantees of the Russian Federation, of State Guarantees of Constituent Entities of the Russian Federation and of Municipal Guarantees in the Currency of the Russian Federation

1. The Programme of State Guarantees of the Russian Federation, of State Guarantees of Constituent Entities of the Russian Federation and of Municipal Guarantees in the Currency of the Russian Federation represents a list of state guarantees of the Russian Federation, of state guarantees of constituent entities of the Russian Federation and of municipal guarantees in the currency of the Russian Federation for the next financial year (the next financial year and planning period) to be presented which specifies the following:

- 1) the total extent of guarantees;
- 2) the areas (goals) of guarantees with an indication of the volume of guarantees for every area (goal);
- 3) removed.
- 4) the presence or absence of the guarantor's right of claim for exoneration towards the principal, as well as of the other terms for the presentation and execution of guarantees;
- 5) the total amount of budgetary appropriations that have to be envisaged in the next financial year (in the regular financial year and in the planned period) for execution of guarantees if probable guaranteed events occur.

2. The Programme of State Guarantees of the Russian Federation, of State Guarantees of Constituent Entities of the Russian Federation and of Municipal Guarantees in the Currency of the Russian Federation shall separately provide for every area (goal) of guarantees shall be separately envisaged, with an indication of the categories and (or) designations of the principals, whose volume exceeds the following:

- 1 billion roubles - for state guarantees of the Russian Federation;



10 million roubles - for state guarantees of a constituent entity of the Russian Federation;

100 thousand roubles - for municipal guarantees.

The said guarantees are only subject to execution on condition of their endorsement within the composition of the Programme of State Guarantees of the Russian Federation, of State Guarantees of Constituent Entities of the Russian Federation and of Municipal Guarantees, respectively, in the Currency of the Russian Federation.

**3.** The Programme of State Guarantees of the Russian Federation, of State Guarantees of Constituent Entities of the Russian Federation and of Municipal Guarantees in the Currency of the Russian Federation shall be attached to the appropriate budget law (decision).

**Article 111.** The Limit Amount of Outlays on Servicing the State Debt of a Constituent Entity of the Russian Federation or Municipal Debt

The limit amount of outlays on servicing the state debt of a constituent entity of the Russian Federation or municipal debt in the next financial year (the next financial year and planning period) endorsed by the law (decision) on the appropriate budget shall not exceed, subject to the data of the report on the appropriate budget for the reporting financial year, 15 per cent of the amount of expenditures of the appropriate budget, except for the amount of expenditures made on account of subventions allocated from budgets of the budgetary system of the Russian Federation.

The law (decision) on the appropriate budget for the next financial year (the next financial year and each year of the planning period) shall establish the amount of outlays on servicing the state debt of a constituent entity of the Russian Federation or municipal debt subject to the restrictions established by Part One of this Article.

**Article 112.** The Excess of Limit Amounts of Debt of a Constituent Entity of the Russian Federation or Municipal Debt and of Limit Amounts on Outlays on Servicing State Debt of a Constituent Entity of the Russian Federation or Municipal Debt

If when administering the budget of a constituent entity of the Russian Federation or local budget the limit amounts specified in Articles 107 and 111 of this Code are not observed, the authorized state power body of a constituent entity of the Russian Federation or local government body is not entitled to assume new debt liabilities, except for assuming the appropriate debt liabilities for the purpose of restructuring the debt of the constituent entity of the Russian Federation or municipal debt.

**Article 112.1.** Arrears in Respect of Debt Liabilities of a Constituent Entity of the Russian Federation or Municipal Formation

**1.** Arrears in respect of debt liabilities of a constituent entity of the Russian Federation or a municipal formation arising as a result of

decisions, actions or omission to act of state power bodies of a constituent entity of the Russian Federation or local government bodies mean for the purposes of this article arrears of the constituent entity of the Russian Federation or municipal formation generated because of failure to discharge, or improper discharge of, debt liabilities of the constituent entity of the Russian Federation or municipal entity in due time.

2. The amount (rate) of arrears of debt liabilities of a constituent entity of the Russian Federation or a municipal formation means for the purposes of this article the aggregate amount of debt liabilities of the constituent entity of the Russian Federation or municipal formation which are not discharged in due time and whose maturity time has already come, including the amount of liabilities as to the repayment of the amount of a loan (credit), payment of interest on the amount of a loan (credit) or making other payment provided for by the terms of the loan (credit), agreements (contracts) made on behalf of the constituent entity of the Russian Federation or municipal formation, the amount of liabilities as to execution of state guarantees of the constituent entity of the Russian Federation or municipal formation and other debt liabilities of the constituent entity of the Russian Federation, municipal guarantees and other debt liabilities of the constituent entity of the Russian Federation or municipal formation. The amount of forfeit (fines and penalties) and of interest charged for a delay in discharging debt liabilities shall be likewise included to the extent of arrears of a constituent entity of the Russian Federation or municipal formation.

**Article 113. Reflecting in Budgets Borrowed Funds and Repayment of State or Municipal Debt Resulting from Borrowings and Outlays on Servicing It**

1. Budgetary receipts of borrowed funds shall be accounted in the sources of financing the deficit of the appropriate budget by way of increasing the extent of the sources of financing the deficit of the appropriate budget.

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 accounted in the budget as state or municipal debt servicing expenditure.

Budgetary receipts from floatation of state or municipal securities in the amount exceeding the nominal value thereof, budgetary receipts gained as a result of accumulated coupon income, as well as the difference resulting from redemption of securities at the lower price than the price of floatation shall be classified as the reduction of outlays on servicing the state or municipal debt in the current financial 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. When discharging liabilities in respect of state securities issued on behalf of the Russian Federation which provide in compliance with the terms of their issuance for the transfer to creditors of the property equivalent, other than monetary funds, the amount of the state debt of the Russian Federation shall be reduced by the sum of the principal debt (estimated in monetary terms) on the liabilities discharged in such way.

The discharge of obligations under the said state securities of the Russian Federation shall be registered in compliance with Items 2 and 3 of this Article.

5. Abrogated from January 1, 2008.

#### **Article 114. Issuance of State and Municipal Securities**

1. The limit volumes of issuance of state securities of the Russian Federation at the nominal value thereof shall be established by the Government of the Russian Federation in compliance with the upper limit of the state debt of the Russian Federation established by the federal law on the federal budget for the next financial year and planning period.

2. The limit volumes of issuance of state securities of a constituent entity of the Russian Federation or of municipal securities at the nominal value thereof for the next financial year (the next financial year and each year of the planning period) shall be established accordingly by the supreme executive state power body of the constituent entity of the Russian Federation or by the representative body of the municipal formation in compliance with the upper limit of the state debt of the constituent entity of the Russian Federation or of the municipal debt established by the law (decision) on the appropriate budget.

3. A procedure for issuance of state securities of the Russian Federation and of constituent entities of the Russian Federation, as well as of municipal securities, shall be regulated by the federal law on the specifics of issuance and circulation of state and municipal securities.

#### **Article 115. State and Municipal Guarantees**

1. A state or municipal guarantee may secure the following:  
proper discharge by the principal of his liabilities towards the beneficiary (the principal liability);

compensation for the loss resulting from the occurrence of a guaranteed event of non-profit nature.

A state or municipal guarantee may be granted to secure both the existing liabilities and liabilities that can emerge in the future.

2. The terms and conditions of a state or municipal guarantee may not be changed without the consent of the beneficiary.

The right of claim towards the guarantor enjoyed by the beneficiary due to a state or municipal guarantee may not be transferred to another person, if not otherwise provided for by the guarantee.

The guarantor is only entitled to withdraw a state or municipal guarantee for the reasons specified in the guarantee.

**3.** A state or municipal guarantee shall be issued in writing without fail.

If a state or municipal guarantee is not issued in writing, it shall be deemed invalid (null and void).

**4.** State and municipal guarantees may provide for the guarantor's subsidiary or joint and several liability in respect of the principal's liability guaranteed by him.

**5.** A state or municipal guarantee shall specify the following:  
the guarantor's name (the Russian Federation, a constituent entity of the Russian Federation or a municipal formation) and the name of the body that has issued the guarantee on behalf of the guarantor;

the liability secured by the guarantee;

the extent of the guarantor's liabilities under the guarantee and the limit amount of the guarantee;

the definition of a guaranteed event;

the principal's name;

the irrevocable nature of the guarantee or the terms of its withdrawal;

the grounds for issuance of the guarantee;

the date of the guarantee's entry into force (date of issuance thereof);

the guarantee's duration;

the procedure for discharging by the guarantor of liabilities under the guarantee;

the procedure for, and terms of, reduction of the limit amount of the guarantee in the event of execution of the guarantee and/or discharge by the principal of the liabilities provided for by the guarantee;

the presence or absence of the guarantor's right of claim towards the principal for reimbursement of the amounts paid by the guarantor to the principal under the state or municipal guarantee (the guarantor's right of exoneration towards the principal, retrogression);

other terms of the guarantees, as well as data defined by this Code, the guarantor's legal acts and acts of the body that has issued the guarantee on behalf of the guarantor.

**6.** The entry into force of a state or municipal guarantee may be fixed by a calendar date or the onset of an event (condition) that can take place in future.

The duration of a state or municipal guarantee shall be determined by the terms and conditions of the guarantee.

**7.** The beneficiary's claim for payment of the monetary funds under a state or municipal guarantee may be made to the guarantor in writing attaching thereto the documents specified by the guarantee.

**8.** The guarantor upon receiving the beneficiary's claim has to notify the principal of it and to pass over thereto copies of the claim with all relevant documents. The guarantor shall consider the beneficiary's claim with all documents attached thereto within the time period specified in the guarantee to verify if this claim and the documents attached thereto comply with the terms and conditions of the guarantee.

**9.** The beneficiary's claim shall be deemed ill-founded and the guarantor shall reject the beneficiary's claim in the following cases:

the claim is made to the guarantor upon termination of the time period defined by the guarantee;

the claim or the documents attached thereto do not comply with the terms and conditions of the guarantee;

the beneficiary has refused to accept the proper discharge of liabilities by the principal offered by the principal or third persons.

The guarantor has to notify the beneficiary of his refusal to allow his claim.

The guarantor is entitled to make objections against the beneficiary's claims which might be presented by the principal, if not otherwise results from the terms and conditions of the guarantee. The guarantor shall not forfeit the right to these objections, even if the principal has abandoned them or has acknowledged his debt.

In the event of declaring the beneficiary's claim well-founded, the guarantor is obliged to discharge the liability under the guarantee at the time specified therein.

**10.** The guarantor's liability towards the beneficiary provided for by a state or municipal guarantee shall be limited by payment of the amount of the principal's liabilities secured by the guarantee which are not discharged at the time of making the beneficiary's claim, this amount not exceeding the one secured by the guarantee.

**11.** The guarantor's liability towards the beneficiary under a state or municipal guarantee shall be terminated by the following:

payment by the guarantor to the beneficiary of the amount specified by the guarantee;

expiry of the guarantee's duration cited in it;

in the event of discharging in full by the principal or third persons of the principal's liabilities secured by the guarantee;

as a result of the beneficiary's waiver of his rights under the guarantee by way of return thereof to the guarantor or making the statement in writing that the guarantor is released of his liabilities;

if the principal's liability secured by the guarantee has not emerged;

in other cases envisaged by the guarantee.

The beneficiary's withholding of a guarantee after termination of the guarantor's liabilities under it shall not retain any beneficiary's rights under this guarantee.

The guarantor that has learnt about termination of a guarantee has to notify the principal of it.

**12.** If execution by the guarantor of a state or municipal guarantee leads to the rise of the guarantor's right of recourse towards the principal or is stipulated by the assignment to the guarantor of the beneficiary's right of demand to the principal, execution of such guarantees shall be accounted in the sources of financing the deficit of the appropriate budget.

If execution by the guarantor of a state or municipal guarantee does not lead to the rise of the guarantor's right of recourse towards the principal or is stipulated by the assignment to the guarantor of the beneficiary's right of demand to the principal, execution of such guarantees is subject to being shown within the composition of expenditures of the appropriate budget.

The funds, received by the guarantor in offsetting the recompense to the guarantor by way of recourse of the sums, which have been paid up by the guarantor in execution (in partial execution) of the liabilities under the guarantee, as well as in offsetting the execution of the liabilities, the rights of claim for which have been passed from the beneficiary to the guarantor, shall be reflected as the return of the budgetary credits.

**Article 115.1.** The Specifics of a State or Municipal Guarantee Granted to Secure the Discharge of Liabilities in Respect of Which It Is Impossible to Identify the Beneficiary at the Time of Granting the Guarantee or the Beneficiaries Is an Indefinite Circle of Persons

**1.** A state or municipal guarantee to secure the discharge of liabilities, in respect of which it is impossible to identify the beneficiary at the time of granting the guarantee, or the beneficiaries represent an indefinite circle of persons shall be granted subject to the specifics established by this article.

An agreement on granting a state or municipal guarantee to secure the discharge of liabilities, in respect of which it is impossible to identify the beneficiary at the time of granting the guarantee, or the beneficiaries represent an indefinite circle of persons shall be made with the principal, and such guarantee shall be received (held) by the principal.

**2.** An agreement on granting a guarantee and the guarantee may stipulate that the claim for paying the sum of money under the guarantee (the claim for execution of the guarantee) shall be made towards the guarantor by the principal. The principals' claim for payment of the sum of money under the guarantee shall be made, considered and executed in the procedure established by Article 115 of this Code for the beneficiary's claims.

**3.** An agreement on granting a guarantee and the guarantee may establish a procedure and time period for acceptance of the guarantee by the beneficiary (beneficiaries). The time period fixed for the beneficiary's (beneficiaries') making an answer as to the acceptance of the guarantee shall be included into the guarantee's duration.

If the beneficiary (beneficiaries) does (do) not commit actions in due time which are necessary for acceptance of a guarantee, the guarantee shall not be deemed granted and subject to return to the guarantor.

The guarantor's withholding of a guarantee in the case envisaged by Paragraph Two of this Item, as well as in the event of termination of the guarantor's liabilities in respect of it, shall not retain any rights of the principal or the beneficiary (beneficiaries) as to further use of this guarantee.

4. The rules of Article 115 of this Code shall apply to guarantees granted to secure the discharge of liabilities in respect of which it is impossible to identify the beneficiary at the time of granting the guarantee, or the beneficiaries represent an indefinite circle of persons, if not otherwise results from this article, the specifics and essence of this kind of guarantee.

#### **Article 115.2.** Procedure for, and Terms of, Granting State or Municipal Guarantees

1. State or municipal guarantees shall be granted in compliance with the scope of authority of state power bodies of the Russian Federation, state power bodies of constituent entities of the Russian Federation and local government bodies on the basis of the federal law, the law of a constituent entity of the Russian Federation or the budget decision of the representative body of a municipal formation, respectively, for the next financial year (the next financial year and planning period), decisions of the Government of the Russian Federation, the supreme executive state power body of the constituent entity of the Russian Federation and local administration of the municipal formation, as well as of the agreement on granting a state or municipal guarantee, on condition of the following:

conducting analysis of the principal's financial status;

granting by the principal (except when the principal is the Russian Federation, a constituent entity of the Russian Federation) the security of discharging by the principal of liabilities as to allowing the claim for exoneration towards the principal complying with the requirements of Article 93.2 of this Code and the civil legislation of the Russian Federation in connection with the guarantee's execution in full or in part;

the principal or sureties (guarantor's) thereof not having arrears of monetary liabilities towards the Russian Federation, a constituent entity of the Russian Federation or a municipal formation, respectively, as to making obligatory payments to the budgetary system of the Russian Federation, as well as outstanding liabilities under the state or municipal guarantees previously granted accordingly to the Russian Federation, a constituent entity of the Russian Federation or municipal formation.

When granting a state or municipal guarantee to secure liabilities as to compensation for damage resulting from the onset of a guaranteed event of non-profit nature, as well as of a state or municipal guarantee without the

guarantor's right for exoneration towards the principal, the principal's financial status may not be analysed. In the event of granting the said guarantees, it is not required to secure the discharge of the principal's liabilities towards the guarantor which can arise in connection with making by the guarantor claims for exoneration to the principal.

In the cases specified by the budgetary legislation of the Russian Federation, state guarantees of the Russian Federation and state guarantees of constituent entities of the Russian Federation may be granted to secure the discharge of liabilities of a municipal formation without providing by it the security of discharging liabilities as to satisfaction of the of the guarantor's claim against the principal for exoneration in connection with execution of the guarantee.

2. A state or municipal guarantee shall be granted, as well as an agreement on granting a state or municipal guarantee shall be made, after submitting by the principal to the body engaged in granting state guarantees of the Russian Federation, state guarantees of constituent entities of the Russian Federation or municipal guarantees, respectively, the documents according to the list established by the said body.

3. The financial status of the principal for the purpose of granting a state guarantee of the Russian Federation, a state guarantee of a constituent entity of the Russian Federation or a municipal guarantee shall be analysed by the Ministry of Finance of the Russian Federation, the financial body of a constituent entity of the Russian Federation or the financial body of a municipal formation, respectively, in the procedure established by them.

4. The federal law, the law of a constituent entity of the Russian Federation or the decision of the representative body of a municipal formation on the budget for the next financial year (the next financial year and planning period) shall provide for budgetary appropriations for probable execution of issued state guarantees of the Russian Federation, state guarantees of a constituent entity of the Russian Federation and municipal guarantees, respectively.

5. The Russian Federation, a constituent entity of the Russian Federation or municipal formation are entitled for the purpose of granting and execution of the state or municipal guarantees, as well as of keeping analytical records of the principal's liabilities, of his sureties (guarantors) and of the other persons, in connection with the provision for, and with the execution of, the state or municipal guarantees, to make use of the services of the agent appointed by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or local administration of the municipal entity, respectively.

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



1. The Government of the Russian Federation has the right to adopt decisions in the form of an act of the Government of the Russian Federation on providing state guarantees of the Russian Federation in conformity with the federal law on the federal budget for the corresponding year and planned period. The Ministry of Finance of the Russian Federation has the right to take decisions on providing state guarantees of the Russian Federation in an amount not exceeding the sum, equivalent to 50 million US dollars in the cases established in the federal law on the federal budget for the corresponding year and planned period, and in the acts of the Government of the Russian Federation adopted in conformity with it.

The following shall be cited in the act of the Government of the Russian Federation (in the act of the Ministry of Finance of the Russian Federation) on granting a state guarantee of the Russian Federation:

the person whose discharge of liabilities is to be secured by the granted guarantee;

the limit of liabilities under the state guarantee of the Russian Federation;

special terms and conditions of the state guarantee of the Russian Federation.

2. The Ministry of Finance of the Russian Federation in compliance with an act of the Government of the Russian Federation (an act of the Ministry of Finance of the Russian Federation) shall make on behalf of the Russian Federation agreements on granting state guarantees of the Russian Federation, on securing the discharge by the principal of his probable liabilities as to reimbursement to the guarantor by way of exoneration of the amounts paid by the guarantor in pursuance (in partial pursuance) of liabilities under the guarantee, on reassignment to the guarantor of the beneficiary's right of claim towards to the principal, other contracts (agreements) in compliance with the act of the Government of the Russian Federation and shall issue state guarantees of the Russian Federation.

A procedure for, and time of, reimbursement by the principal to the guarantor by way of exoneration of the amounts paid by the guarantor in pursuance (partial pursuance) of liabilities under a guarantee shall be established by the agreement made by the guarantor and the principal. In the absence of an agreement of the parties on these matters the guarantor's claim for exoneration toward the principal shall be satisfied in the procedure and at the time specified in the guarantor's claim.

3. State guarantees of the Russian Federation may not be granted to secure the discharge of liabilities of state or municipal unitary enterprises, except for federal state unitary enterprises.

4. The total amount of liabilities resulting from state guarantees of the Russian Federation in the currency of the Russian Federation shall be

included into the composition of the state internal debt of the Russian Federation as a kind of a debt liability.

The total amount of liabilities resulting from state guarantees of the Russian Federation in foreign currency shall be included into the composition of the state foreign debt of the Russian Federation as a kind of debt liability.

5. Granting of a state guarantee of the Russian Federation shall be subject to showing in the State Debt Book of the Russian Federation.

6. The Ministry of Finance of the Russian Federation shall keep records of issued state guarantees of the Russian Federation, of the reduction of state debt in case of the discharge by principals or by third persons of the principal's liabilities secured by state guarantees of the Russian Federation, as well as in case of the guarantor's making payments in respect of issued guarantees of the Russian Federation.

#### **Article 117. Granting State Guarantees of Constituent Entities of the Russian Federation**

1. State guarantees of a constituent entity of the Russian Federation shall be granted on behalf of the constituent entity of the Russian Federation by the supreme executive state power body of the constituent entity of the Russian Federation within the total amount of granted guarantees specified in the law of the constituent entity of the Russian Federation on the budget for the next financial year (the next financial year and planning period) in compliance with the requirements of this Code and in the procedure established by the law of the constituent entity of the Russian Federation.

2. Municipal guarantees shall be granted on behalf of a municipal formation by the local administration of the municipal formation within the total amount of granted guarantees specified in the decision of the representative body of the municipal formation on the budget for the next financial year (the next financial year and planning period) in compliance with the requirements of this Code and in the procedure established by municipal legal acts.

3. The supreme executive state power body of a constituent entity of the Russian Federation and the local administration of a municipal formation shall make agreements on granting state guarantees of the constituent entity of the Russian Federation or municipal guarantees, on securing the discharge by the principal of his probable future liabilities as to reimbursement to the guarantor by way of exonerated amounts paid by the guarantor in pursuance (in partial pursuance) of liabilities under the guarantee and shall issue state guarantees of the constituent entity of the Russian Federation or municipal guarantees.

A procedure for, and time of, reimbursement by the principal to the guarantor by way of exonerated amounts paid by the guarantor in

pursuance (in partial pursuance) of liabilities under the guarantee shall be determined by an agreement made by the guarantor and the principal.

**4.** The total amount of liabilities resulting from state guarantees of a constituent entity of the Russian Federation in the currency of the Russian Federation, as well as from state guarantees of a constituent entity of the Russian Federation in foreign currency granted in compliance with Item 2 of Article 104 of this Code, shall be included into the composition of the state internal debt of the constituent entity of the Russian federation as a kind of debt liability.

The total amount of liabilities resulting from municipal guarantees in the currency of the Russian Federation, as well as from municipal guarantees in foreign currency granted in compliance with Item 2 of Article 104 of this Code, shall be included in the composition of the municipal debt as a kind of debt liability.

**5.** Granting and execution of a state guarantee of a constituent entity of the Russian Federation shall be shown in the state debt book of the constituent entity of the Russian Federation.

**6.** The financial body of a constituent entity of the Russian Federation and the financial body of a municipal formation shall keep records of granted guarantees of the discharge of the principal's liabilities secured by the guarantees, as well as records of the guarantor's making payments concerning granted guarantees.

**Article 118.** Abolished from January 1, 2005.

**Article 119.** Servicing of State (Municipal) Debt

**1.** Servicing of state (municipal) debt means operations of paying incomes on state and municipal debt liabilities in the form of interest on them and (or) discount which are made on account of the appropriate budget.

**2.** The functions of the general agent (agent) of the Government of the Russian Federation in respect of servicing debt liabilities of the Russian Federation, as well as in respect of their placement, redemption, exchange and discharge, shall be exercised by the Central Bank of the Russian Federation, a credit organisation or other specialized financial organisation on the basis of agency agreements made with the Ministry of Finance of the Russian Federation.

**3.** The Central Bank of the Russian Federation shall exercise the functions of the general agent cited in Item 2 of this Article on a gratuitous basis.

**4.** The services of agents as to the exercise by them of the functions provided for by the agency agreements made with Ministry of Finance of the Russian Federation shall be paid on account of federal budgetary funds.

5. A credit organisation or other specialised financial organisation shall exercise the functions of the general agent (agent) of the executive state power body of a constituent entity of the Russian Federation in respect of servicing debt liabilities of the constituent entity of the Russian Federation, as well as in respect of their placement, redemption, exchange and discharge on the basis of agency agreements made with the executive state power body of the constituent entity of the Russian Federation engaged in making state borrowings on behalf of the constituent entity of the Russian Federation.

6. The services of agents as to the exercise by them of the functions provided for by agency agreements made with the executive state power body of a constituent entity of the Russian Federation shall be paid on account of the budgetary funds of the constituent entity of the Russian Federation.

7. The functions of the general agent (agent) of the local administration in respect of servicing municipal debt liabilities, as well as in respect of their placement, redemption, exchange and discharge shall be exercised by a credit organisation or other specialised financial organisation on the basis of agent agreements made with the local administration.

8. The services of agents as to the exercise by them of the functions provided for by agency agreements shall be paid on account of the local budgetary funds.

#### **Article 120.** Keeping Records and Registration of State and Municipal Debt Liabilities

Records of state debt liabilities of the Russian Federation shall be kept and they shall be registered in state debt books of the internal and foreign debts of the Russian Federation (hereinafter referred to as the State Debt Book of the Russian Federation).

Records of state debt liabilities of a constituent entity of the Russian Federation shall be kept and they shall be registered in the state debt book of the constituent entity of the Russian Federation.

Records of municipal debt liabilities shall be kept and they shall be registered in the municipal debt book of a municipal formation.

#### **Article 121.** The State Debt Book of the Russian Federation, the State Debt Book of a Constituent Entity of the Russian Federation and the Municipal Debt Book

1. The State Debt Book of the Russian Federation shall be kept by the Ministry of Finance of the Russian Federation.

To the State Debt Book of the Russian Federation shall be entered data on the extent of debt liabilities (including guarantees) of the Russian Federation, on the date of emergence of the liabilities, on the discharge of the said liabilities in full or in part, as well as other information.

Information about state internal liabilities of the Russian Federation shall be entered in the State Debt Book of the Russian Federation within the time period of five working days at the most as of the time of emergence of the appropriate liability.

Information about state foreign debt liabilities of the Russian Federation shall be entered to the State Debt Book of the Russian Federation within five working days as of the time of receiving by the Ministry of Finance of the Russian Federation the appropriate documents proving the emergence of the said liabilities.

The volume of the information and the procedure for its entering to the State Debt Book of the Russian Federation shall be determined by the Ministry of Finance of the Russian Federation.

**2.** The state debt book of a constituent entity of the Russian Federation and the municipal debt book shall be kept by the financial body of the constituent entity of the Russian Federation and the financial body of the municipal formation, respectively.

Information about debt liabilities shall be entered by the said bodies to the state debt book of a constituent entity of the Russian Federation or the municipal debt book within the time period of five working days at most as of the time of emergence of the appropriate liability.

**3.** To the state debt book of a constituent entity of the Russian Federation shall be entered data on the extent of debt liabilities of the constituent entity of the Russian Federation subject to the kinds of these liabilities, on the date of their arising and discharge in full or in part, on the forms of securing the liabilities, as well as other information whose composition, procedure for, and time of entry to the state debt book of the constituent entity of the Russian Federation shall be established by the financial body of the constituent entity of the Russian Federation.

Debt liabilities of a constituent entity of the Russian Federation shall be classified as pertaining to the foreign or internal debt, when registering them in the state debt book of the constituent entity of the Russian Federation, in the currency of the debt which was applied when defining a liability in monetary terms at the time of its emergence on the basis of definitions of the internal and foreign debt established by this Code.

In the state debt book of a constituent entity of the Russian Federation shall be recorded, among other things, information about arrears of debt liabilities of the constituent entity of the Russian Federation.

**4.** To the municipal debt book shall be entered data on the extent of debt liabilities of a municipal formation subject to the kinds of these liabilities, on the date of their emergence and discharge in full or in part, on the forms of securing the liabilities, as well as other information whose composition, procedure for, and time of, entry to the municipal debt book shall be established by the local administration.

Debt liabilities of a municipal formation shall be recorded in the municipal debt book in the currency of the debt which was applied when

defining a liability in monetary terms at the time of its emergence on the basis of definitions of the internal and foreign debt established by this Code.

In the municipal debt book of a municipal formation shall be recorded, among other things, information about arrears of municipal debt liabilities.

**5.** Information about debt liabilities of a municipal formation shown in the municipal debt is subject to transfer to the financial body of the appropriate constituent entity of the Russian Federation. The volume of the information, procedure for, and time of, its transfer shall be established by the financial body of the appropriate constituent entity of the Russian Federation.

The financial body of a municipal formation shall be responsible for the reliability of the data on debt liabilities of the municipal formation transferred to the financial body of the appropriate constituent entity of the Russian Federation.

**6.** Information about debt liabilities of a constituent entity of the Russian Federation shown in the state debt book of the constituent entity of the Russian Federation, as well as information about debt liabilities of municipal formations in a given constituent entity of the Russian Federation is subject to transfer to the Ministry of Finance of the Russian Federation by the financial body of the constituent entity of the Russian Federation.

The financial body of a constituent entity of the Russian Federation shall be held responsible for the reliability of the data on debt liabilities of the constituent entity of the Russian Federation and its municipal formations transferred to the Ministry of Finance of the Russian Federation.

## **Chapter 15. Foreign Debt Claims of the Russian Federation**

### **Article 122. Foreign Debt Claims of the Russian Federation**

**1.** Foreign debt claims of the Russian Federation mean financial liabilities of foreign states and/or foreign legal entities towards the Russian Federation as creditor, including debt claims emerged in connection with granting by the bank being the agent of the Government of the Russian Federation state export credits to foreign borrowers or to banks which are their creditors, as well as debt claims of legal entities being exporters of the former USSR towards foreign legal entities which had emerged before January 1, 1991 in connection with exportation from the former USSR of commodities and services effected on account of budgetary funds of the former USSR.

**2.** State financial credit represents the form of a budgetary credit under which the Russian Federation provides monetary funds to a foreign borrower in the amount and under the terms provided for by the appropriate agreement between the Government of the Russian Federation and the government of a foreign state.

3. The state export credit represents the form of a budgetary credit under which commodities and services exported to the benefit of a foreign borrower being the importer of the commodities and services are paid for on account of budgetary funds in the amount and under the terms provided for by the appropriate agreement made by the Government of the Russian Federation and the government of a foreign state or by the appropriate agreement between the bank being the agent of the Government of the Russian Federation and the foreign borrower being the importer of the commodities and services or the bank being its creditor, if there is the state guarantee of the foreign state as to the return of this credit for whose repayment and servicing payments are made to the benefit of the Russian Federation.

4. The state guarantee of a foreign state as to the return of a state export credit granted by a bank being the agent of the Government of the Russian Federation to a foreign borrower being the importer of the commodities and services or to the bank being its creditor provides for the obligation of the Russian legal entity being the exporter or of the bank being the agent of the Government of the Russian Federation to assign their rights under the guarantee to the Government of the Russian Federation (in full or in part).

**Article 123.** The Amount of Debt of Foreign States and/or Foreign Legal Entities towards the Russian Federation

1. Foreign debt claims of the Russian Federation shall form the debt of foreign states and/or foreign legal entities towards the Russian Federation.

2. The amount of debt of foreign states and/or foreign legal entities towards the Russian Federation means the following:

the nominal amount of debt of foreign states and/or foreign legal entities towards the Russian Federation on credits granted by the former USSR and by the Russian Federation on account of budgetary funds of the former USSR and the Russian Federation accordingly;

the nominal amount of debt of foreign legal entities towards the Russian Federation that has merged before January 1, 1991 in connection with exportation from the former USSR of commodities and services on account of budgetary funds of the former USSR;

the nominal amount of debt of foreign states and/or foreign legal entities towards the Russian Federation in respect of which the Russian Federation enjoys the right of claim under contracts of assignment of the rights of claim;

the nominal amount of debt of foreign legal entities in respect of state export credits granted to them by the bank being the agent of the Government of the Russian Federation.

3. Data on the nominal amount of debt of foreign states and/or foreign legal entities towards the Russian Federation shall be supplied as

of the end of the reporting financial year within the composition of the documents and materials attached to the draft federal law on administration of the federal budget for the reporting financial year.

**Article 124.** Abrogated from January 1, 2008.

**Article 125.** The Programme of Granting State Financial and State Export Credits

1. The Programme of Granting State Financial and State Export Credits represents a list of state financial credits and state export credits for the next financial year and planning period citing the following in respect of each of them:

1) name of the foreign state and/or the foreign legal entity being the recipient of a state financial credit and/or a state export credit;

2) name of the guarantor securing the return of a state financial credit and/or a state export credit, if the terms and conditions of a contract of granting the state financial credit and/or the state export credit provide for the availability of a guarantee;

3) aims of granting a state financial credit and/or a state export credit;

4) total amount of a state financial credit and/or a state export credit for the total period of using it;

5) time period for using a state financial credit and/or a state export credit;

6) interest rate on a state financial credit and/or a state export credit;

7) maturity date of a state financial credit and/or a state export credit;

8) predicted amount of budgetary funds allocated to pay for commodities and services for a state export credit;

9) predicted amount of allocation of monetary funds for a state financial credit.

2. The Programme of Granting State Financial and State Export Credits for the next financial year and planning period shall be endorsed while considering by the State Duma a draft federal law on the federal budget for the next financial year and planning period in the second reading as a separate annex to the said law.

3. If the State Duma does not endorse a regular programme of granting state financial and state export credits for the next financial year and planning period, the operation of the previously endorsed programme shall be extended to the next financial year and planning period.

**Article 126.** Making Agreements and Contracts of Granting State Financial and/or State Export Credits and Amending the Programme of Granting State Financial and State Export Credits

1. Agreements and contracts of granting state financial and state export credits may be made on condition:



that the said state financial and/or state export credits are included into the programme of granting state financial and state export credits in compliance with Article 125 of this Code;

that the discharge of liabilities of the Russian Federation as to granting the said financial and/or state export credits does not call for the increase of the amount of funds allocated for implementation of the programme of granting state financial and state export credits.

2. If a foreign borrower does not use a state financial and/or a state export credit, the budgetary funds provided for granting the said state financial and state export credits shall be re-distributed by the Government of the Russian Federation among the foreign borrowers included into the programme of granting state financial and state export credits for the next financial year and planning period.

#### **Article 127. Restructuring and Writing-Off the Debt of a Foreign State and/or a Legal Entity toward the Russian Federation**

1. Restructuring of the debt of a foreign state and/or a foreign legal entity towards the Russian Federation means for the purposes of this Code a review of the terms of the said debt's repayment.

The debt of a foreign state and/or a foreign legal entity toward the Russian Federation may be restructured by partially writing off the amounts of the principal debt and charged interest.

2. An agreement in respect of restructuring and/or writing-off the debt of a foreign state toward the Russian Federation is subject to ratification, except for restructuring and/or writing off this debt within the framework of participation of the Russian Federation in international financial organisations and financial clubs under the terms and conditions which are common and uniform for all participants of the said organisations and clubs, and except for restructuring and/or writing-off of the debt of a foreign state and/or a foreign legal entity towards the Russian Federation provided for by the federal law on the federal budget for the next financial year and planning period.

#### **Article 128. Assignment of the Right of Claim in Respect of Foreign Debt Claims of the Russian Federation toward Foreign States and/or Foreign Legal Entities**

The rights of claim in respect of foreign debt claims of the Russian Federation towards foreign states and/or foreign legal entities may be assigned by the Government of the Russian Federation in compliance with the legislation of the Russian Federation.

### **Chapter 16. Inter-Budget Transfers**

#### **Article 129. Forms of Inter-budget Transfers Provided from the Federal Budget**

Inter-budget transfers from the federal budget to budgets of the budgetary system of the Russian Federation shall be provided in the following forms:

grants for leveling the budget supply to constituent entities of the Russian Federation;

subsidies granted to budgets of constituent entities of the Russian Federation;

subventions granted to budgets of constituent entities of the Russian Federation;

other inter-budget transfers to budgets of constituent entities of the Russian Federation;

inter-budget transfers to budgets of state extra-budgetary funds.

**Article 130. Terms of Granting of Inter-Budgetary Transfers from the Federal Budget**

1. Inter-budgetary transfers from the federal budget (except for subventions) are provided on condition of observation by the bodies of state power of the subjects of the Russian Federation of the budget legislation of the Russian Federation and the legislation of the Russian Federation on taxes and fees.

2. Constituent entities of the Russian Federation in whose budgets the estimated share of inter-budget transfers granted from the federal budget (except for subventions) within two of the last three reporting financial years exceeded 5 per cent of the amount of own revenues of the consolidated budget of a constituent entity of the Russian Federation are not entitled to make agreements in respect of cash servicing of the administration of the budget of a constituent entity of the Russian Federation, budgets of territorial state extra-budgetary funds and budgets of municipal formations forming part of it which are specified in Article 215.1 of this Code by the executive state power body of the constituent entity of the Russian Federation.

3. Constituent entities of the Russian Federation in whose budgets the share of inter-budget transfers from the federal budget (except for subventions) within two of the last three reporting financial years exceeded 20 per cent of the amount of own revenues of the consolidated budgetary of a constituent entity of the Russian Federation are not entitled to the following:

1) to establish and discharge expenditure obligations which are not connected with settlement of the issues which under the Constitution of the Russian Federation and federal laws pertain to the scope of authority of state power bodies of constituent entities of the Russian Federation;

2) to exceed the normative standards of forming expenditures on labour wages of civil servants of a constituent entity of the Russian Federation and/or maintenance of state power bodies of a constituent entity

of the Russian Federation established by the Government of the Russian Federation.

4. In the constituent entities of the Russian Federation in whose budgets the share of inter-budgetary transfers (except for subventions) from the federal budget within two of the last three reporting financial years exceeded 60 per cent of the amount of own revenues of the consolidated budget of a constituent entity of the Russian Federation the following additional measures shall be taken, apart from those established by Item 3 of this Article:

1) signing agreements with the Ministry of Finance of the Russian Federation on measures aimed at enhancing the efficiency of the use of budgetary funds and an increase in receipts of tax and non-tax revenues of the budget of a constituent entity of the Russian Federation;

2) organisation of administration of the budget of a constituent entity of the Russian Federation with opening and keeping of personal accounts for chief administrators, administrators and recipients of budgetary funds of the constituent entity of the Russian Federation, as well as for chief administrators (administrators) of the sources of financing the budget deficit of the constituent entity of the Russian Federation with the Federal Treasury agencies;

3) submission by the financial body of a constituent entity of the Russian Federation to the Ministry of Finance of the Russian Federation in the established procedure the documents and materials which are necessary for issuing an opinion as to compliance with the requirements of the budgetary legislation of the Russian Federation of the draft budget of the constituent entity of the Russian Federation for the next financial year (for the next financial year and planning period) introduced to the legislative (representative) body of the constituent entity of the Russian Federation;

4) conducting an annual external check-up of the annual report on administration of the budget of the constituent entity of the Russian Federation by the Audit Chamber of the Russian Federation or the Federal Service of Fiscal Supervision;

5) other measures established by federal laws;

5. In the event of failure of state power bodies of constituent entities of the Russian Federation to observe the terms and conditions of providing inter-budgetary transfers from the federal budget defined by the budgetary legislation of the Russian Federation, as well as in the event of failure to observe the limit amounts established by Items 2 and 3 of Article 92.1 and Article 107 of this Code, the Ministry of Finance of the Russian Federation is entitled to decide on suspending (reducing) in the procedure established by it provision of inter-budget transfers (except for subventions) to the appropriate budgets of constituent entities of the Russian Federation until bringing into accord with the requirements of this article the provisions determining the terms and conditions of providing inter-budget transfers.

6. Operations in inter-budget transfers provided from the federal budget in the form of subventions and inter-budgetary subsidies within the framework of administration of budgets of constituent entities of the Russian Federation shall be made in the procedure established by the federal law on the federal budget for the next financial year and planning period and/or normative legal acts of the Government of the Russian Federation adopted in compliance with it.

7. Inter-budget transfers may be provided to budgets of constituent entities of the Russian Federation for providing inter-budget transfers to budgets of individual municipal formations in the cases and in the procedure established by federal laws.

8. If at the latest on July 1 of the current financial year a decision is rendered to reject in full or in part inter-budget transfers from the federal budget (except for subventions), the restrictions and measures provided for by this Code and other federal laws shall be applied with respect to a given constituent entity of the Russian Federation on the basis of the estimated reduction of the share of inter-budget transfers from the federal budget (except for subventions) in own revenues of the consolidated budget of the constituent entity of the Russian Federation determined by it by way of referring to a single year, or distributing over several years from among the last three financial years, the total amount of reduced inter-budget transfers in the next financial year.

### **Article 131. Grants Aimed at Leveling the Budget Supply to Constituent Entities of the Russian Federation**

1. Grants aimed at leveling the budget supply to constituent entities of the Russian Federation shall be provided within the composition of the federal budget and shall be distributed to constituent entities of the Russian Federation in compliance with the uniform methods endorsed by the Government of the Russian Federation in compliance with the requirements of this Code.

2. Grants aimed at leveling the budget supply to constituent entities of the Russian Federation shall form the Federal Fund for Financial Support to Constituent Entities of the Russian Federation.

The total amount of grants aimed at leveling the budget supply to constituent entities of the Russian Federation shall be determined on the basis of the need for attaining the minimum level of the rated budget supply to constituent entities of the Russian Federation. The minimum level of rated budget supply to constituent entities of the Russian Federation subject to grants for leveling the budget supply of constituent entities of the Russian Federation for the next financial year and planning period shall be determined in the procedure established by the Government of the Russian Federation.

The amount of grants for leveling the budget supply to constituent entities of the Russian Federation to be endorsed for the next financial year

and planning period may not be less than the total amount of the said donations endorsed for the current financial year.

**3.** The plan of distributing grants for leveling the constituent entities' budget supply to constituent entities of the Russian Federation shall be introduced to the State Duma within the composition of the draft federal law on the federal budget for the next financial year and planning period and shall be endorsed when considering the said draft federal law in the second reading.

With this, it is allowable to endorse for the planning period the amount of grants for leveling the budget supply of constituent entities of the Russian Federation which is not distributed to constituent entities of the Russian Federation at the rate of at the most 15 per cent of the total amount of the said grants endorsed for the first year of the planning period and at most 20 per cent of the total amount of the said grants endorsed for the second period of the planning period.

**4.** The grants for leveling the budget supply to the subjects of the Russian Federation are provided to the subjects of the Russian Federation with a level of estimated budget security not greater than the level specified as the criteria of equalisation of the estimated budget security of the subjects of the Russian Federation.

The use in the determination of the level of estimated budget security of the subjects of the Russian Federation of the figures of actual incomes and expenses for the reported period and/or figures of forecasted incomes and expenses of consolidated budgets of individual subjects of the Russian Federation is not permitted.

**5.** Abrogated from January 1, 2008.

**6.** The level of estimated budget security of a subject of the Russian Federation is determined as a correlation between the estimated tax incomes per resident that may be obtained in the consolidated budget of the subject of the Russian Federation proceeding from the level of development and the structure of the economy and/or taxable base (tax potential) and a similar figure on the average for the consolidated budgets of the subjects of the Russian Federation taking into account the structure of population, socio-economic, geographic, climatic and other objective factors and conditions affecting the cost of granting of one and the same volume of state and municipal services per resident.

**7.** Within the grants for leveling the budget support to the subjects of the Russian Federation, there may be isolated those reflecting individual factors and conditions taken into account in the determination of the level of estimated budget security of the subjects of the Russian Federation. The volume of the mentioned grants may not be greater than 10% of the volume of grants for leveling the budget supply to constituent entities of the Russian Federation.

The particulars of calculation of the mentioned grants are determined by the method of allocation of the grants from grants for leveling the budget supply to constituent entities of the Russian Federation.

The federal law on the federal budget for the subsequent fiscal year and planning period and adopted in pursuance of it normative legal acts of the Government of the Russian Federation may specify the particulars of transfer and/or use of the mentioned grants.

**8.** The Ministry of Finance of the Russian Federation, before July 1 of the current fiscal year, shall send to the executive bodies of state power of the subjects of the Russian Federation initial data for the calculation of allocation of grants for leveling the budget supply for the subsequent fiscal year and and planning period, before June 20 of the current fiscal year, shall verify the mentioned initial data with executive bodies of state power of the subjects of the Russian Federation according to the procedure specified by the Ministry of Finance of the Russian Federation.

The changing of initial data for the calculation of the distribution of grants for leveling the budget supply to constituent entities of the Russian Federation for the subsequent fiscal year and planning period after July 20 of the current fiscal year is not permitted.

Abrogated.

Any changes to the draft distribution of the grants for leveling the budget supply to constituent entities of the Russian Federation submitted by the Government of the Russian Federation to the State Duma during examination of the draft federal law on the federal budget for the subsequent fiscal year and planning period, without appropriate changes to the method of allocation of the mentioned grants, are not permitted.

**9.** The grants for leveling the budget supply to constituent entities of the Russian Federation for the territories and provinces incorporating autonomous districts are calculated for the consolidated budget of the territory or province, including the budgets of the autonomous districts, and are transferred to the budget of the territory or province if not otherwise envisaged in the federal laws on the federal budget and a contract (agreement) between the bodies of state power of the territory or province and the bodies of state power of the autonomous district.

In respect of territories, regions and autonomous areas in respect of which the decision has been rendered on the basis of the appropriate constitutional law to unite them into a new constituent entity of the Russian Federation grants aimed at leveling the budget supply to constituent entities of the Russian Federation in respect territories and regions which include autonomous areas shall be separately estimated for the budget of a territory, region and for budgets of autonomous areas prior to January 1, 2009, if not otherwise established by the said federal constitutional law.

**Article 132.** Subsidies Granted to Constituent Entities of the Russian Federation from the Federal Budget

**1.** Subsidies to budgets of constituent entities of the Russian Federation from the federal budget mean inter-budget transfers provided to budgets of constituent entities of the Russian Federation for the purpose of co-financing the expenditure obligations which arise when exercising powers of state power bodies of constituent entities of the Russian Federation pertaining to the scope of authority of constituent entities of the Russian Federation and to the scope of joint authority of the Russian Federation and constituent entities of the Russian Federation and expenditure obligations as to the exercise of powers of local government bodies related to matters of local importance.

The totality of subsidies to budgets of constituent entities of the Russian Federation from the federal budget shall form the Federal Fund for Co-Financing of Expenditures.

**2.** The federal budget may provide for subsidies to budgets of constituent entities of the Russian Federation for leveling the budget supply to constituent entities of the Russian Federation for the purpose of implementation by them of some expenditure obligations thereof.

**3.** The aims and terms of granting and spending subsidies to budgets of constituent entities of the Russian Federation from the federal budget, criteria for selection of constituent entities of the Russian Federation which the said inter-budgetary subsidies shall be granted to and their distribution to constituent entities of the Russian Federation and/or bodies of local government shall be established by federal laws and/or normative legal acts of the Government of the Russian Federation adopted in compliance with them for the time period of at least three years.

It is not be allowable to allocate subsidies from the federal budget to budgets of constituent entities of the Russian Federation (except for subsidies on account of resources from reserve funds of the President of the Russian Federation and the Government of the Russian Federation) for the purposes and/or in compliance with the terms which are not provided for by federal laws and/or normative legal acts of the Government of the Russian Federation.

**4.** The distribution of subsidies to budgets of constituent entities of the Russian Federation shall be established by federal laws on the federal budget and/or normative legal acts of the Government of the Russian Federation adopted in compliance with them.

With this, it shall be allowable to endorse the amount of subsidies which is not distributed to constituent entities of the Russian Federation at the rate of at the most 5 per cent of the total amount of the appropriate subsidy endorsed for the first year of the planning period and at the most 10 per cent of the total amount of the said subsidy endorsed for the second year of the planning period.

The federal law on the federal budget may not distribute certain kinds of inter-budget transfers to constituent entities of the Russian Federation.

**Article 132.1.** Other Inter-budget Transfers Provided from the Federal Budget

Other inter-budget transfers may be provided to budgets of the budgetary system of the Russian Federation in the cases and in the procedure provided for by federal laws and/or normative legal acts of the Government of the Russian Federation adopted in compliance with them.

**Article 133.** Subventions to Budgets of Constituent Entities of the Russian Federation Granted from the Federal Budget

1. Subventions to budgets of constituent entities of the Russian Federation granted from the federal budget mean inter-budget transfers provided to budgets of constituent entities of the Russian Federation as the financial security of expenditure obligations of constituent entities of the Russian Federation and/or municipal formations which arise when exercising the powers of the Russian Federation transferred for the exercise thereof to state power bodies of constituent entities of the Russian Federation and/or local government bodies in the established procedure.

The totality of subventions granted to budgets of the Russian Federation from the federal budget shall form the Federal Compensation Fund.

Subventions granted to budgets of constituent entities of the Russian Federation from the federal budget shall be distributed to constituent entities of the Russian Federation in compliance with the methods endorsed by the Government of the Russian Federation in conformity to the requirements of this Code, federal laws and normative legal acts of the President of the Russian Federation and the Government of the Russian Federation.

2. The plan of distributing subventions to budgets of constituent entities of the Russian Federation from the federal budget shall be introduced to the State Duma within the composition of a draft federal law on the next financial year and planning period and shall be endorsed when considering the said draft federal law in the second reading.

With this, it shall be allowable to endorse a subvention which is not distributed to constituent entities of the Russian Federation in the amount of at the most 5 per cent of the total amount of the appropriate subvention that may be distributed to constituent entities of the Russian Federation in the procedure established by the Government of the Russian Federation for the same purposes while administering the federal budget without making amendments to the federal laws on the federal budget.

3. Subventions to budgets of constituent entities of the Russian Federation from the federal budget provided for the execution of individual expenditure obligations of the subjects of the Russian Federation are entered in the budget of the subject of the Russian Federation and are spent according to the procedure specified in the federal laws and



normative legal acts of the Government of the Russian Federation adopted in pursuance of them.

Subventions to budgets of constituent entities of the Russian Federation from the federal budget provided for the execution of individual expenditure obligations of municipal formations are spent according to the procedure specified in the federal laws, normative legal acts of the Government of the Russian Federation adopted in pursuance of them and/or normative legal acts of the subjects of the Russian Federation.

The said subventions shall be granted to budgets of constituent entities of the Russian Federation for granting subventions to local budgets in the procedure provided for by Article 140 of this Code. Constituent entities of the Russian Federation are entitled to grant subventions to budgets of municipal regions for their granting to budgets of residential settlements within the composition thereof.

**4.** Subventions to budgets of constituent entities of the Russian Federation from the federal budget are distributed among all subjects of the Russian Federation according to the uniform method for the appropriate type of subventions in proportion to the amount of population (individual groups of population), consumers of appropriate state (municipal) services, other indices subject to the normative standards of forming budgetary appropriations for the discharge of the appropriate obligations and objective conditions affecting the cost of state(municipal) services in the subjects of the Russian Federation.

The use during distribution of subventions to budgets of constituent entities of the Russian Federation from the federal budget of figures characterising own incomes of the budgets of the subjects of the Russian Federation (local budgets) is not permitted.

**5.** Methods (draft methods) of distributing subventions to budgets of constituent entities of the Russian Federation from the federal budget shall be presented by the Government of the Russian Federation within the composition of the documents and materials introduced to the State Duma concurrently with a draft federal law on the federal budget for the next financial year and planning period.

Chief administrators of federal budgetary funds before July 1 of the current financial year shall send to the supreme executive state power bodies of constituent entities of the Russian Federation methods (draft methods) of distribution of subventions to budgets of constituent entities of the Russian Federation from the federal budget, as well as bench mark data for estimation of the distribution of subventions to budgets of constituent entities from the federal budget for the next financial year and planning period and before July 20 of the current financial year shall collate the said bench mark data with supreme executive state power bodies of constituent entities of the Russian Federation in the procedure established by the appropriate chief administrator of the federal budgetary funds.

Any changes to initial data for the calculation of the distribution of subventions to budgets of constituent entities of the Russian Federation from the federal budget for the subsequent fiscal year and planning period after July 20 of the current fiscal year are not permitted.

Abrogated.

It is not allowable to make amendments to the draft plan of distribution of subventions to budgets of constituent entities of the Russian Federation introduced by the Government of the Russian Federation while considering a draft federal law on the federal budget for the next financial year and planning period without making the appropriate amendments and addenda to the methods (draft methods) of distributing the said subventions and/or without changing the total amount of subventions granted to budgets of constituent entities of the Russian Federation from the federal budget and their distribution according to kinds of subventions.

6. Abrogated from January 1, 2008.

**Article 134.** Abrogated from January 1, 2008.

**Article 135.** Forms of Inter-budget Transfers Granted from Budgets of Constituent Entities of the Russian Federation

Inter-budget transfers from budgets of constituent entities of the Russian Federation to budgets of the budgetary system of the Russian Federation shall be provided in the following forms:

grants for leveling the budget supply to residential settlements and donations for leveling the budget supply to municipal regions (urban circuits);

subsidies to local budgets;

subventions to local budgets and subventions to budgets of autonomous areas included into territories and regions for the exercise of the authority of state power bodies of constituent entities of the Russian Federation transferred on the basis of agreements made by state power bodies of an autonomous area and state power bodies of a territory or region, respectively, in compliance with the legislation of the Russian Federation;

other inter-budget transfers to budgets of the budgetary system of the Russian Federation.

Forms, the procedure for, and terms of providing inter-budget transfers to budgets of intraurban municipal formations from budgets of the constituent entities of the Russian Federation - the cities of federal importance Moscow and St. Petersburg shall be established by laws of the said constituent entities of the Russian Federation.

**Article 136.** Basic Terms of Granting of Inter-Budgetary Transfers from the Budgets of the Subjects of the Russian Federation

1. Inter-budgetary transfers from the budgets of the subjects of the Russian Federation to the local budgets (except for the subventions) are provided on condition of observation by appropriate bodies of local government of the budgetary legislation of the Russian Federation and the legislation of the Russian Federation on taxes and fees.

2. Municipal formations in whose budgets the share of inter-budget transfers from other budgets of the budgetary system of the Russian Federation (except for subventions) and/or tax revenues according to additional normative standards of deductions within two of the last three reporting financial years was in excess of 10 per cent of own revenues of the local budget are not entitled, starting from the next financial year, to exceed the normative standards of forming expenditures on labour wages for deputies, elected officials of local government, exercising their authority on a permanent basis, municipal employees and/or on maintenance of local government bodies established by the supreme executive state power body of a constituent entity of the Russian Federation.

3. Municipal formations in whose budgets the share of inter-budget transfers from budgets of constituent entities of the Russian Federation (except for subventions) and/or tax revenues according to additional normative standards of deduction with two of the last three reporting financial years exceeded 30 per cent of own revenues of the local budget are not entitled, starting from the next financial year, to establish and discharge expenditure obligations which are not connected with settling matters which are referred by the Constitution of the Russian Federation, federal laws, laws of constituent entities of the Russian Federation to the scope of authority of the appropriate local government bodies.

4. In municipal formations in whose budgets the share of inter-budget transfers from budgets of constituent entities of the Russian Federation (except for subventions) and/or tax revenues due to additional normative standards of deductions within two of the three last reporting financial years exceeded 70 per cent of the amount of own revenues of local budgets the following additional measures shall be taken apart from those established by Item 3 of this Article:

1) signing of agreements with the financial body of a constituent entity of the Russian Federation concerning measures aimed at enhancing the efficiency of using budgetary funds and at an increase in receipts of tax and non-tax revenues of the local budget;

2) submission by the local administration to the supreme executive state power body of a constituent entity of the Russian Federation in the procedure established by it of the documents and materials which are necessary for preparing an opinion as to compliance with the requirements of the budgetary legislation of the Russian Federation of the draft local budget for the next financial year (the next financial year and planning period) introduced to the representative body of a municipal formation;

3) conducting at least once every two years an external check-up of an annual report on the administration of the local budget by controlling bodies of a constituent entity of the Russian Federation;

4) other measures established by federal laws.

5. In the event of failure of local government bodies to observe the terms of provision of inter-budget transfers from the budget of a constituent entity of the Russian Federation determined by the budgetary legislation of the Russian Federation, as well as in the event of failure to observe the limit values established by Item 3 of Article 92.1 and Article 107 of this Code, financial bodies of constituent entities of the Russian Federation are entitled to render a decision on suspending (reducing) in the procedure established by them granting of inter-budget transfers (except for subventions) to appropriate local budgets until the provisions determining the terms of granting inter-budget transfers are brought into accord with the requirements of this Article.

6. If at the latest on September 1 of the current financial year the representative body of a municipal formation rendered a decision to reject, in full or in part, the receipt in the next financial year, of inter-budget transfers from other budgets of the budgetary system of the Russian Federation (except for subventions) or of tax revenues due to additional normative standards of deductions, the restrictions and measures provided for by this Code and other federal laws shall be applied in the next financial year on the basis of the estimated reduction of the share of inter-budget transfers from other budgets of the budgetary system of the Russian Federation (except for subventions) and/or tax revenues due to additional normative standards of deductions in own revenues of the local budget determined by it by way of referring to a single year or distribution over several years from among the last three reporting financial years of the total amount of reduced inter-budget transfers (tax revenues due to additional normative standards of deductions) in the next financial year.

### **Article 137. Grants for Leveling the Budget Supply to Residential Settlements**

1. Grants for leveling the budget supply to residential settlements shall be provided for in the budget of a constituent entity of the Russian Federation for the purpose of leveling financial capacities of residential settlements as to the exercise by local government bodies of the authority in respect of settling matters of local importance on the basis of the number of residents and/or the budget supply.

Grants for leveling the budget supply of residential settlements shall form the regional fund for financial support to residential settlements.

A procedure for leveling the budget supply to residential settlements, in particular a procedure for estimation and establishment of additional normative standards of deductions of tax on incomes of natural persons to local budgets replacing the said grants, shall be endorsed by the law of a

constituent entity of the Russian Federation in compliance with the requirements of this Code.

**2.** The volume of grants for leveling the budget supply of residential settlements is endorsed by the law of the subject of the Russian Federation on the budget of the subject of the Russian Federation.

**3.** The right to get grants for leveling the budget supply of residential settlements is granted to all urban settlements (including urban districts) and rural settlements of the subject of the Russian Federation except for the urban and rural settlements mentioned in Item 1 of Article 142.2 of the present Code.

The amount of the mentioned grant is determined for each of the residential settlements of the subject of the Russian Federation entitled for the grant proceeding from the amount of population of the settlement per resident.

**4.** When drawing up and/or endorsing the budget of the subject of the Russian Federation, the grants for leveling the budget supply of residential settlements may be replaced fully or partly with additional normatives of deductions to the budgets of residential settlements from the income tax from natural persons.

The mentioned additional normative is calculated as a ratio of the estimated volume of the grant for leveling the budget supply of residential settlements (part of the estimated value of the grant) to the forecasted volume of the income tax, according to the uniform method, from natural persons due for transfer to the consolidated budget of the subject of the Russian Federation for the territory of the appropriate residential settlement.

The changing of the additional normatives of deductions from the income tax from natural persons to the budgets of residential settlements during the current fiscal year is not permitted.

Resources obtained by the residential settlement under the additional normative of deductions from the income tax from natural persons in excess of the volume of the estimated grant for leveling the budget supply of residential settlements (part of the estimated value of the grant) may not be transferred to the budget of the subject of the Russian Federation and/or taken into account during subsequent distribution of financial aid to the local budgets.

The losses of the budget of the residential settlement because of received resources under the additional normative of deductions from the income tax from natural persons below the estimated grant for leveling the budget supply of residential settlements (part of the estimated value of the grant) may not be compensated from the budget of the subject of the Russian Federation and/or taken into account during subsequent distribution of the inter-budget transfers to the local budgets.

**5.** The law of the subject of the Russian Federation may empower the bodies of local government of municipal regions with authority of the bodies

of state power of the subjects of the Russian Federation in calculation and allocation of grants to budgets of residential settlements at the expense of the budgets of the subjects of the Russian Federation.

The mentioned law must specify meeting the requirements of the mentioned Article procedure (method) of calculation of subventions to the budgets of municipal regions from the regional fund of compensations for the implementation of the given authority and the procedure (method) of calculation by the bodies of local government of municipal regions of the amount of grants to the residential settlements, including the procedure (method) of calculation and fixing of their replacing additional normatives of deductions from the income tax from natural persons.

In the event of vesting local government bodies with the authority of state power bodies of a constituent entity of the Russian Federation cited in Paragraph One of this Item, grants for leveling the budget supply to residential settlements, insofar as providing grants to the residential settlements located in the territories of municipal regions is concerned, shall not be provided for in the budget of a constituent entity of the Russian Federation. With this, grants for leveling the budget supply to residential settlements to be remitted to budgets of the residential settlements forming part of the territories of municipal regions shall be included in the composition of the regional compensation fund and shall be distributed to budgets of municipal regions on the basis of the number of residents per resident in compliance with uniform methods.

Subventions obtained by the budget of the municipal region for the execution of the authority in calculation of the grants provided to the residential settlements at the expense of resources of the budgets of the subjects of the Russian Federation are included into grants for leveling the budget supply to residential settlements.

**6.** The distribution to residential settlements of grants for leveling the budget supply to residential settlements and/or additional normative standards of deductions of tax on incomes of natural persons to budgets of residential settlements replacing them shall be endorsed by the law of a constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation.

In the event of vesting representative bodies of municipal regions with powers of state power bodies of constituent entities of the Russian Federation as to the estimation and provision of grants for leveling the budget supply to residential settlements from the budget of a constituent entity of the Russian Federation, distribution of the said grants to residential settlements of the appropriate region and/or additional normative standards of deductions of tax on incomes of natural persons replacing them shall be endorsed by the decision of the representative body of a municipal region on the budget of the municipal region.

**Article 138.** Grants for Leveling the Budget Supply to Municipal Regions (Urban Circuits)

1. Grants for leveling the budget supply of municipal regions (urban circuits) shall be provided for in the budget of a constituent entity of the Russian Federation for leveling the budget supply to municipal regions (urban circuits).

Grants for leveling the budget supply to municipal regions (urban circuits) shall form the regional fund of financial support to municipal regions (urban circuits).

A procedure for, and methods of, distributing grants for leveling the budget supply to municipal regions (urban circuits), in particular a procedure for estimation and establishment of additional normative standards of deductions of tax on incomes of natural persons to local budgets replacing a part of the said grants, shall be endorsed by a law of a constituent entity of the Russian Federation in compliance with the requirements of this Code.

2. The volume of grants for leveling the budget supply to municipal regions (urban districts) is endorsed by the law of the subject of the Russian Federation on the budget of the subject of the Russian Federation.

3. The grants for leveling the budget supply to municipal regions (urban districts) of the subjects of the Russian Federation, except for the grants mentioned in Item 4 of the present Article, are provided to the municipal regions (urban districts) with a level of estimated budget security not greater than the level fixed as equalisation criteria for the estimated budget security of municipal regions (urban districts).

The level of estimated budget security of municipal regions (urban districts) is determined as a correlation of the tax incomes per resident that may be obtained by the budget of the municipal region (urban district) proceeding from the level of development and structure of economy and/or taxable base (tax potential) and a similar figure on the average for the municipal regions and urban districts in the given subject of the Russian Federation taking into account the differences in the structure of population, socio-economic, climatic, geographic and other objective factors and conditions affecting the cost of provided municipal services per resident.

Determination of the level of estimated budget security of municipal regions (urban districts) is made using a uniform method providing for the compatibility of the tax incomes of municipal regions and urban districts, as well as figures characterising the factors and conditions affecting the cost of rendering municipal services per resident.

The use in the determination of the level of estimated budget security of municipal regions (urban districts) of the figures of actual incomes and expenses for the reported period and/or the figures of forecasted incomes and expenses of the budgets of individual municipal regions (urban districts) is not permitted.

The level of estimated budget security of the municipal region (urban district) taking into account the grants for leveling the budget supply of municipal regions (urban districts) mentioned in the present Item may not be greater than the level of estimated budget security taking into account appropriate grants of another municipal region (urban district) that had a higher level of estimated budget security before the distribution of the mentioned grants.

Within the grants mentioned in the present Item, there may be isolated those reflecting individual figures (conditions) taken into account in the determination of the level of estimated budget security of municipal regions (urban districts). The particulars of calculation of the mentioned grants are determined by the method of distribution of grants for leveling the budget supply to municipal regions (urban districts). The law of the subject of the Russian Federation on the budget of the subject of the Russian Federation and/or normative legal acts of executive bodies of state power of the subject of the Russian Federation adopted in pursuance of it may specify the particulars of transfer and use of the mentioned grants.

4. Part of the grants for leveling the budget supply of municipal regions (urban districts) may be provided to municipal regions (urban districts) except for the municipal regions (urban districts) mentioned in Item 1 of Article 142.2 of the present Code proceeding from the amount of population of the municipal region (urban district) per resident according to the uniform method.

The law of the subject of the Russian Federation may envisage different procedures of calculation of the mentioned grants for the budgets of municipal regions and the budgets of urban districts.

During the drawing up and/or endorsement of the budget of the subject of the Russian Federation, the grants for leveling the budget supply of municipal regions (urban districts) mentioned in the present Item may be fully or partly replaced with additional normatives of deductions to the budgets of municipal regions (urban districts) from the income tax from natural persons.

The mentioned additional normative for the subsequent fiscal year (the subsequent financial year and planning period) is calculated as a correlation of the estimated volume of the grant (part of the estimated volume of the grant) to the municipal region (urban district) to the forecasted according to the uniform method volume of tax incomes from the income tax from natural persons due for transfer to the budgets of the budget system of the Russian Federation for the territory of the appropriate municipal region (urban district).

The changing of additional normatives of deductions from the income tax from natural persons to the budgets of municipal regions (urban districts) during the current fiscal year is not permitted.

Resources obtained by the municipal region (urban district) under additional normatives of deductions from the income tax from natural



persons in excess of the volume of the estimated grant (part of the estimated grant) may not be transferred to the budget of the subject of the Russian Federation and/or taken into account during subsequent distribution of inter-budget transfers to the local budgets.

The losses to the budget of the municipal region (urban district) because the received resources under the additional normative of deductions from the income tax from natural persons in the amount below the estimated grant (part of the estimated grant) may not be compensated from the budget of the subject of the Russian Federation and/or taken into account during subsequent distribution of the inter-budget transfers to the local budgets.

5. Distribution of grants for leveling the budget supply to municipal regions (urban districts) among the municipal regions (urban districts) and/or their replacing additional normatives of deductions from the income tax from natural persons to the budgets of municipal regions (urban districts) are endorsed by the law of the subject of the Russian Federation on the budget of the subject of the Russian Federation.

#### **Article 139.** Grants to Local Budgets from the Budget of a Constituent Entity of the Russian Federation

1. Subsidies to local budgets from the budget of a constituent entity of the Russian Federation mean inter-budget transfers provided to budgets of municipal formations for the purpose of co-financing expenditure obligations which arise while exercising the authority of local government bodies in respect of matters of local importance.

The totality of subsidies to local budgets from the budget of a constituent entity of the Russian Federation shall form the regional fund for co-financing expenditures.

2. Grants to local budgets for leveling the supply to municipal formations as to the exercise by them of certain expenditure obligations thereof may be provided for within the composition of the budget of a constituent entity of the Russian Federation.

3. The purposes and terms of providing and spending grants to local budgets from the budget of a constituent entity of the Russian Federation, the criteria for selection of municipal formations for providing thereto the said grants and their distribution to municipal formations shall be established by laws of a constituent entity of the Russian Federation and/or normative legal acts of the supreme executive state power body of the constituent entity of the Russian Federation.

The provision of grants from the budget of a constituent entity of the Russian Federation to local budgets (except for subsidies allocated on account of resources of the reserve fund of the supreme executive state power body of a constituent entity of the Russian Federation) for the purposes, and/or in compliance with the terms, which are not provided for by the laws of the Russian Federation and/or normative legal acts of the

supreme executive state power body of the constituent entity of the Russian Federation shall not be allowed.

4. The distribution of subsidies to local budgets from the budget of a constituent entity of the Russian Federation among municipal formations shall be established by laws of constituent entities of the Russian Federation and/or normative legal acts of the supreme executive state power body of a constituent entity of the Russian Federation.

#### **Article 139.1. Other Inter-budget Transfers Provided from the Budget of a Constituent Entity of the Russian Federation**

In the cases and in the procedure provided for by laws of constituent entities of the Russian Federation and other normative legal acts of state power bodies of constituent entities of the Russian Federation adopted in compliance with them local budgets may be provided with other inter-budget transfers from the budget of a constituent entity of the Russian Federation, in particular in the form of grants, within the limits of 10 per cent of the total amount of inter-budget transfers to local budgets from the budget of a constituent entity of the Russian Federation (except for subventions).

#### **Article 140. Subventions to Local Budgets from the Budget of a Constituent Entity of the Russian Federation**

1. Subventions to local budgets from the budget of a constituent entity of the Russian Federation mean inter-budget transfers provided to local budgets for the purpose of financial securing expenditure obligations of municipal formations which arise while exercising the state powers of the Russian Federation and constituent entities of the Russian Federation transferred for the exercise to local government bodies in the established procedure.

The totality of subventions to local budgets from the budget of a constituent entity of the Russian Federation shall form the regional compensation fund.

2. Subventions granted to local budgets from the budget of a constituent entity of the Russian Federation shall be formed in the budget of the constituent entity of the Russian Federation on account of the following:

1) subventions to budgets of constituent entities of the Russian Federation for the exercise by local self-government bodies of certain powers of federal state power bodies;

2) internal revenues and sources of financing the budget deficit of the constituent entity of the Russian Federation in the amount which is necessary for the exercise by local government bodies of certain powers of state power bodies of the constituent entity of the Russian Federation.

3. Subventions to local budgets from the budget of a constituent entity of the Russian Federation shall be distributed in compliance with

methods which are uniform for each kind of subvention and which are endorsed by the law of the constituent entity of the Russian Federation in accordance with the requirements of this Code to all municipal formations of the constituent entity of the Russian Federation whose local government bodies exercise certain state powers transferred thereto in proportion to the size of the population (of some groups of the population), of consumers of appropriate state (municipal) services and other indices and subject to the normative standards of forming budgetary appropriations for discharging relevant obligations and to objective conditions affecting the cost of state (municipal) services in municipal formations.

It is not allowable to use when distributing subventions to local budgets from the budget of a constituent entity of the Russian Federation the indices describing own revenues of local budgets.

As regards the distribution of subventions to local budgets from the budget of a constituent entity of the Russian Federation granted on account of subventions to budgets of constituent entities of the Russian Federation from the federal budget, the said methods shall comply with the requirements of normative legal acts of the federal state power bodies vesting local self government bodies with some powers of federal state power bodies.

**4.** In the event of vesting local self-government bodies of residential settlements with certain state powers, the local self-government bodies of municipal regions may be vested by the law of a constituent entity of the Russian Federation with powers of state power bodies of constituent entities of the Russian Federation in respect of the estimation and granting of subventions to budgets of residential settlements.

The said law has to establish a procedure (methods) for estimation of subventions to budgets of municipal regions and a procedure (methods) for estimation by local government bodies of municipal regions of subventions from budgets of municipal regions to budgets of residential settlements for the exercise of appropriate state powers.

**5.** The distribution of subventions to local budgets from the budget of a constituent entity of the Russian Federation shall be endorsed by the law on the budget of the constituent entity of the Russian Federation in respect of each municipal formation and kind of subventions.

In the event of vesting local government bodies of municipal regions with the authority of estimation and granting of subventions to budgets of residential settlements, the distribution of the said subventions to budgets of residential settlements shall be endorsed by the decision of the representative body of a municipal region on the budget of the municipal region.

With this, it is allowable to endorse the subvention to local budgets from the budget of a constituent entity of the Russian Federation not distributed to municipal formations at the rate of at the most 5 per cent of the total amount of the appropriate subvention which may be distributed to

local budgets in the procedure established by the supreme executive state power body of the constituent entity of the Russian Federation for the same purposes in the course of administering the budget of the constituent entity of the Russian Federation without amending the law of the constituent entity on the budget of the constituent entity of the Russian Federation.

**6.** Subventions to local budgets from the budget of a constituent entity of the Russian Federation which are financed on account of subventions from the federal budget shall be spent in the procedure established by the Government of the Russian Federation.

Subventions to local budgets from the budget of a constituent entity of the Russian Federation which are financed on account of own revenues and sources of financing the budget deficit of constituent entities of the Russian Federation shall be spent in the procedure established by the supreme executive power body of the constituent entity of the Russian Federation.

**Article 141.** Abrogated from January 1, 2008.

**Article 142.** Forms of Inter-budget Transfers Provided from Local Budgets

Inter-budget transfers from local budgets shall be provided in the following forms:

grants from budgets of municipal regions for leveling the budget supply of residential settlements;

subsidies remitted from budgets of residential settlements to budgets of municipal regions for settling local matters of municipal nature;

subsidies remitted to budgets of constituent entities of the Russian Federation for forming regional funds of financial support to residential settlements and regional funds of financial support to municipal regions (urban circuits);

other inter-budget transfers.

Inter-budget transfers from budgets of municipal regions to budgets of residential settlements (except for subventions) shall be provided on condition of observance by the appropriate local government bodies of residential settlements of the legislation of the Russian Federation and the legislation of the Russian Federation on taxes and fees.

**Article 142.1.** Procedure for Providing Grants for Leveling the Budget Supply to Residential Settlements from the Budget of a Municipal Region

**1.** Grants for leveling the budget supply of residential settlements from the budget of a municipal region shall be provided to the residential settlements included into a given municipal region in compliance with municipal legal acts of the representative body of the municipal region adopted in compliance with the requirements of this Code and the laws of the constituent entity of the Russian Federation corresponding to them.

Grants for leveling the budget supply to residential settlements from the budget of a municipal region shall form the regional fund of financial support to residential settlements.

2. The procedure for determining amounts of the regional funds of financial support of residential settlements and distribution of the grants for leveling the budget supply of residential settlements from the budget of the municipal region is specified in the law of the subject of the Russian Federation in compliance with the requirements of the present Code.

3. The amount and distribution of grants for leveling the budget supply to residential settlements from the budget of a municipal region shall be endorsed by the decision of the representative body of a municipal region on the budget of the municipal region for the next financial year (the next financial year and planning period).

4. The grants for leveling the budget supply of residential settlements from the budget of a municipal region, except for the ones provided according to the procedure specified in Item 5 of Article 137 of the present Code, are provided to residential settlements with estimated budget security not greater than the level specified as equalisation criteria for the estimated budget security of residential settlements of the given municipal region.

Estimated budget security of residential settlements is determined as a correlation of the tax incomes per resident that may be obtained in the budget of the residential settlement proceeding from the taxable base (tax potential) and similar figure on the average for the residential settlements of the given municipal region taking into account the differences in the structure of population, socio-economic, climatic, geographic and other objective factors and conditions affecting the cost of providing municipal services per resident.

The use in the determination of the level of estimated budget security of residential settlements of the figures of actual incomes and expenses for the reporting period and/or the figures of forecasted incomes and expenses of individual residential settlements is not permitted.

The level of estimated budget security of the residential settlement taking into account the grants for leveling the budget supply of residential settlements from the budget of a municipal region may not be greater than the level of estimated budget security taking into account the grants from the mentioned fund of another residential settlement forming part of the given municipal region that had a higher level of estimated budget security before the distribution of the mentioned grants.

5. Abrogated from January 1, 2008.

#### **Article 142.2. Subsidies to the Budget of a Constituent Entity of the Russian Federation from Local Budgets**

1. The law of the subject of the Russian Federation may envisage the provision to the budget of the subject of the Russian Federation of

subsidies from the budgets of residential settlements and/or municipal regions (urban districts) where in the reporting financial year estimated tax incomes of the local budgets (without taking into account tax incomes according to additional normatives of deductions) were greater than the level specified in the law of the subject of the Russian Federation.

The mentioned level may not be specified lower than twice the average one respectively for residential settlements or municipal regions (urban districts) of the given subject of the Russian Federation per resident.

**2.** The procedure for calculation and the provision of subsidies to the budget of a constituent entity of the Russian Federation from local budgets mentioned in Item 1 of the present Article is specified in the law of the subject of the Russian Federation in compliance with the requirements of the present Code.

Subsidies from the budgets of residential settlements transferred to the budget of the subject of the Russian Federation in compliance with the present Article shall be accounted in the revenues of the budget of the constituent entity of the Russian Federation and in budgetary appropriations of the regional fund of financial support of residential settlements.

If representative bodies of municipal regions are empowered with the authority of bodies of state power of the subjects of the Russian Federation in the calculation and providing of grants for leveling the budget supply of residential settlements, the mentioned subsidies from the budgets of residential settlements forming part of the territory of municipal regions shall be accounted in the revenues of the budget of a constituent entity of the Russian Federation and in budgetary appropriations of the regional fund of compensations to be distributed among the budgets of municipal regions according to the procedure specified in Paragraph 2 of Item 5 of Article 137 of the present Code.

Subsidies from the budgets of municipal regions and urban districts transferred to the budget of the subject of the Russian Federation in compliance with the present Article shall be accounted in the revenues of the budget of the constituent entity of the Russian Federation and in budgetary appropriations of the regional fund of financial support of municipal regions (urban districts).

**3.** The volume of subsidies due for transfer from the local budgets to the budget of the subject of the Russian Federation is calculated in proportion to the surplus of the estimated tax incomes over the level specified in the law of the subject of the Russian Federation in compliance with Item 1 of the present Article.

The volume of the mentioned subsidies for individual municipal formation per resident may not be greater than 50% of the difference between the estimated tax incomes of the local budget (without taking into account the incomes according to additional normatives of deductions) per

resident and twice average of the estimated tax incomes per resident in the reporting financial year.

Estimated tax incomes of the municipal formation per resident after exclusion of the inter-budgetary subsidies due for transfer to the budget of the subject of the Russian Federation may not be lower than the estimated tax incomes per resident of another municipal formation that had a lower level of estimated tax incomes per resident before the exclusion of the mentioned interbudgetary subsidies.

4. The volume of inter-budgetary subsidies due for transfer from the local budgets to the budget of the subject of the Russian Federation is endorsed by the law of the subject of the Russian Federation on the budget of the subject of the Russian Federation.

5. The inter-budgetary subsidies cited in Item 4 of this Article shall be provided in the local budget in compliance with the law of a constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation. In the event of non-compliance of the representative body of a municipal formation with the said requirements, the amount of inter-budgetary subsidies shall be recovered from the deductions of federal and regional taxes and fees, taxes envisaged by special tax regimes which are subject to entering to the budget of a municipal formation in the procedure determined by the financial body of the constituent entity of the Russian Federation subject to the general requirements established by the Ministry of Finance of the Russian Federation.

The procedure for granting subsidies from the budgets of intracity municipal formations to the budgets of the subjects of the Russian Federation - the cities of federal significance of Moscow and St.Petersburg - is defined in the laws of the mentioned subjects of the Russian Federation in compliance with the present Code.

### **Article 142.3.** Procedure for Granting Subsidies from the Budgets of Residential Settlements to the Budgets of Municipal Regions to Solve Local Issues of Inter-Municipal Nature

1. Residential settlements forming part of the municipal region where the representative body is formed according to the procedure envisaged in Item 1 of Part 4 of Article 35 of the Federal Law on the general principles of the organisation of local government in the Russian Federation must transfer to the budget of the municipal region interbudgetary subsidies for the issues of local significance of inter-municipal nature defined in the mentioned Federal Law.

2. The goals, procedure of calculation, transfer and use of interbudgetary subsidies mentioned in Item 1 of the present Article are specified in the charter of the municipal region and/or the municipal legal act of the representative body of the municipal region.

3. The amount of the mentioned interbudgetary subsidies is endorsed by decision of the representative body of the municipal region and decisions of representative bodies of residential settlements on the local budgets according to the uniform for all appropriate residential settlements of the given municipal region normative per resident or consumer of municipal services.

4. In the event of failure of the local government body of a residential settlement to implement the decision of the representative body of a municipal region on the budget of the municipal region, as regards the remittance of interbudgetary subsidies to the budget of the municipal region, the amount of interbudgetary subsidies shall be recovered on account of the revenues from federal taxes and fees, taxes provided for by special tax regimes, and regional and local taxes which are subject to entering to the local budget in the procedure determined by the financial body of the municipal region subject to the general requirements established by the Ministry of Finance of the Russian Federation.

#### **Article 142.4. Other Inter-budget Transfers to Budgets of Residential Settlements from Budgets of Municipal Regions**

In the cases and in the procedure provided for by municipal legal acts of the representative body of a municipal region adopted in compliance with the requirements of this Code and laws of a constituent entity of the Russian Federation complying with them, other inter-budget transfers may be provided to budgets of residential settlements from the budget of the municipal region.

### **Chapter 17. Budgets of State Off-Budgetary Funds**

**Article 143.** Abrogated from January 1, 2008.

#### **Article 144. Composition of Budgets of State Off-Budgetary Funds**

1. Budgets of state extra-budgetary funds shall consist of budgets of state extra-budgetary funds of the Russian Federation and budgets of territorial state extra-budgetary funds.

2. As budgets of state extra-budgetary funds of the Russian Federation shall be deemed:

- 1) the budget of the Pension Fund of the Russian Federation;
- 2) the budget of the Social Insurance Fund of the Russian Federation;
- 3) the budget of the Federal Obligatory Medical Insurance Fund.

3. As budgets of territorial state extra-budgetary funds shall be deemed budgets of territorial obligatory medical insurance funds.

#### **Article 145. Procedure for Drawing Up, Presentation and Endorsement of Budgets of State Off-Budgetary Funds**



1. Draft budgets of state extra-budgetary funds of the Russian Federation shall be drawn up by managerial bodies of the said funds for the next financial year and planning period and shall be submitted to the federal executive state power body engaged in making the state policy and normative legal regulation in the field of health care and social development for introduction thereof in the established procedure to the Government of the Russian Federation together with a draft federal law on the tariffs of insurance contributions for obligatory social insurance against industrial accidents and professional illnesses, as well as other documents and materials presented concurrently with appropriate draft budgets.

2. The budgets of state extra-budgetary funds of the Russian Federation shall be adopted on the proposal of the Government of the Russian Federation in the form of federal laws not later than the adoption of the federal law on the federal budget for the next financial year and planning period.

3. In the event of introducing a draft budget of a state extra-budgetary fund of the Russian Federation for the next financial year and planning period with a deficit, the sources of financing the budget deficit shall be endorsed.

4. Draft budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period introduced by the Government of the Russian Federation to the State Duma have to contain indices of revenues and expenditures in compliance with Articles 146 and 147 of this Code.

5. The draft budgets of state extra-budgetary funds of the Russian Federation after introduction thereof to the State Duma shall be sent within three days by the Council of the State Duma or during a parliamentary recess by the Chairman of the State Duma to the President of the Russian Federation, to the Federation Council, to other subjects of the rights of legislative initiative and to committees of the State Duma for making observations and proposals, as well as to the Audit Chamber of the Russian Federation for issuing an opinion in respect of them.

The State Duma in compliance with Regulations of the State Duma shall send draft budgets of state extra-budgetary funds of the Russian Federation to the committee of the State Duma responsible for consideration of the budget (hereinafter referred to as the Budget Committee) and shall determine specialized committees for the appropriate draft budgets of state extra-budgetary funds of the Russian Federation.

At the plenary session of the State Duma draft federal laws on budgets of state extra-budgetary funds of the Russian Federation have to be considered in the first reading before consideration of a draft federal law on the federal budget in the second reading.

6. As the subject of consideration of draft federal laws on budgets of state extra-budgetary funds of the Russian Federation for the next financial

year and planning period in the first reading shall be deemed the basic characteristics of budgets, including the following:

the total amount of revenues predicted for the next financial year and planning period with an indication of receipts from other budgets of the budgetary system of the Russian Federation;

the total amount of expenditures in the next financial year and planning period;

the limit amount of the budget deficit of a state extra-budgetary fund of the Russian Federation and/or sources of its financing or the limit amount of the budget surplus of a state extra-budgetary fund of the Russian Federation in the next financial year and planning period.

**7.** As the subject of consideration of draft federal laws on budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period in the second reading shall be deemed the following:

distribution of expenditures for the next financial year and planning period according to sections, subsections, purpose-oriented articles and kinds of budget expenditures;

text articles of draft federal laws on budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period.

**8.** Amendments in respect of the subject of the second reading shall be considered by the Budget Committee and the specialised committee. The Budget Committee shall prepare tables of amendments and shall direct them to specialized committees which shall consider and direct the results of the amendments' consideration to the Budget Committee.

The Budget Committee, upon consideration of the said materials, shall render a decision and shall form summary tables of amendments recommended for adoption or rejection, which are to be introduced to the State Duma for consideration.

A procedure for interaction of committees of the State Duma when considering draft federal laws on budgets of state extra-budgetary funds of the Russian Federation and a procedure for coordination of differences between committees of the State Duma shall be determined by the Rules of Procedure of the State Duma.

The State Duma shall consider draft federal laws on budgets of state extra-budgetary funds of the Russian Federation in the second reading within 35 days after their adoption in the second reading.

**9.** The State Duma shall consider in the third reading draft federal laws on budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period within 15 days as of the date of adoption thereof in the second reading.

When being considered in the third reading, draft federal laws on budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period shall be adopted in whole.

Federal laws on budgets of state extra-budgetary of the Russian Federation for the next financial year and planning period adopted by the State Duma within five days as of the date of adoption thereof shall be passed over to the Federation Council for consideration.

**10.** Amendments shall be made to federal laws on budgets of state extra-budgetary funds of the Russian Federation in the procedure stipulated for making amendments to the federal law on the federal budget.

**11.** Draft budgets of territorial state extra-budgetary funds shall be presented by the supreme executive state power bodies of constituent entities of the Russian Federation to legislative (representative) state power bodies of constituent entities of the Russian Federation for consideration concurrently with draft federal laws of constituent entities of the Russian Federation on budgets of constituent entities of the Russian Federation not later than the adoption of laws of constituent entities of the Russian Federation on budgets of constituent entities of the Russian Federation.

A procedure for consideration of draft laws of constituent entities of the Russian Federation on budgets of territorial state extra-budgetary funds shall be established by laws of appropriate constituent entities of the Russian Federation.

**12.** The Audit Chamber of the Russian Federation and state fiscal bodies established by legislative (representative) state power bodies of constituent entities of the Russian Federation shall hold an expert examination of draft budgets of state extra-budgetary funds of the Russian Federation and territorial state extra-budgetary funds, respectively.

#### **Article 146. Revenues of Budgets of State Extra-budgetary Funds**

**1.** The following revenues shall be entered to budgets of state extra-budgetary funds:

- 1) to the budget of the Pension Fund of the Russian Federation:
  - tax revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation from the minimum tax collected in connection with application of the simplified taxation system - at 60% normative;
  - non-tax revenues:
    - insurance fees for obligatory pension insurance;
    - insurance fees on the basis of an additional tariff for employing organizations which use the labour of members of civil aircraft air crews;
    - arrears, penalties and fines in respect of contributions to the Pension Fund of the Russian Federation;
    - revenues from placing resources of the Pension Fund of the Russian Federation;
    - fines, sanctions and amounts received as a result of compensation for damage;
    - gratuitous receipts;

inter-budget transfers from the federal budget passed over to the Pension Fund of the Russian Federation;

gratuitous receipts from non-governmental pension funds;

other receipts;

2) to the budget of the Social Insurance Fund of the Russian Federation:

tax revenues:

uniform social tax - at the rate established by the Tax Code of the Russian Federation, as regards the part thereof entered to the Social Insurance Fund of the Russian Federation;

revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation from payments of the following taxes envisaged by special tax regimes:

tax collected in connection with the application of the simplified taxation system - at the 5% normative;

tax collected in the form of the cost a patent in connection with application of the simplified taxation system - at the 5% normative;

minimum tax collected with application of the simplified taxation system - at the 20 % normative;

uniform tax on imputed earnings for some kinds of activities - at the 5% normative;

uniform agricultural tax - at the 6.4 % normative;

non-tax revenues:

insurance fees for obligatory social insurance against industrial accidents and professional illnesses;

arrears, penalties and fines in respect of contributions to the Social Insurance Fund of the Russian Federation;

revenues from placement of temporarily available funds of the Social Insurance Fund of the Russian Federation;

fines, sanctions and amounts received as a result of compensation for damage;

gratuitous receipts:

inter-budget transfers from the federal budget passed over to the Social Insurance Fund of the Russian Federation;

other receipts;

3) to the budget of the Federal Obligatory Medical Insurance Fund:

tax revenues:

uniform social tax - at the rate established by the Tax Code of the Russian Federation, as regards the part thereof entered to the Federal Obligatory Medical Insurance Fund;

revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation received from payment of the following taxes envisaged by special tax regimes:

tax collected in connection with the application of the simplified taxation system - at the 0.5% normative;

tax collected in the form of the cost of a patent in connection with application of the simplified taxation system - at the 0.5% normative;

minimum tax collected in connection with application of the simplified taxation system - at the 2% normative;

uniform tax on imputed earnings for some kinds of activities - at the 0.5% normative;

uniform agricultural tax - at the 0.2 % normative;

non-tax revenues:

arrears, penalties and fines in respect of contributions to the Federal Obligatory Medical Insurance Fund;

revenues from placing temporarily available assets of the Federal Obligatory Medical Insurance Fund;

fines, sanctions and amounts received as a result of compensation for damage;

gratuitous receipts:

inter-budget transfers from the federal budget passed over to the Federal Fund of Obligatory Medical Insurance;

other receipts;

4) to budgets of territorial state obligatory medical insurance extra-budgetary funds:

tax revenues:

uniform social tax - at the rate established by the Tax Code of the Russian Federation, as regards the part thereof entered to territorial funds of obligatory medical insurance;

revenues distributed by agencies of the Federal Treasury to budgets of the budgetary system of the Russian Federation which are received as a result of paying the following taxes envisaged by special tax regimes;

tax collected in connection with the application of the simplified taxation system - at the 4.5% normative;

tax collected in the form of the cost of a patent in connection with application of the simplified taxation system - at the 4.5 % normative;

minimum tax collected in connection with application of the simplified taxation system - at the 18% normative;

uniform tax on imputed earnings for some kinds of activities - at the 4.5 % normative;

uniform agricultural tax - at the 3.4% normative;

non-tax revenues:

arrears and penalties in respect of contributions to territorial funds of obligatory medical insurance;

revenues from placement of temporarily available assets of territorial funds of obligatory medical insurance;

fines, sanctions and amounts received as a result of compensation for damages;

gratuitous receipts:

inter-budget transfers from the Federal Obligatory Medical Insurance Fund;

inter-budget transfers from budgets of constituent entities of the Russian Federation provided to territorial funds of obligatory medical insurance, including receipts in the form of insurance fees for obligatory medical insurance of the unemployed population;

other receipts provided for by the legislation of the Russian Federation and the legislation of constituent entities of the Russian Federation.

#### **Article 147. Expenditures of Budgets of State Extra-Budgetary Funds**

Outlays of budgets of state extra-budgetary funds shall be made solely for the purposes defined by the legislation of the Russian Federation, including the legislation on specific types of obligatory social insurance (old-age insurance, social insurance, medical insurance) in compliance with budgets of the said funds endorsed by federal laws and laws of constituent entities of the Russian Federation.

*Federal Law No. 63-FZ of April 26, 2007 reworded Article 148 of this Code. The new wording of the Article shall enter into force from January 1, 2008*

*As regards cash servicing of the administration of budgets of state extra-budgetary funds by the Federal Treasury agencies, the amendments shall apply as of January 1, 2010*

#### **Article 148. Cash Servicing of the Administration of Budgets of State Extra-Budgetary Funds**

Cash servicing of the administration of budgets of state extra-budgetary funds of the Russian Federation and budgets of territorial state extra-budgetary funds shall be carried out by agencies of the Federal Treasury.

#### **Article 149. Reports on the Administration of Budgets of State Extra-Budgetary Funds**

1. Reports on the administration of budgets of state extra-budgetary funds of the Russian Federation shall be drawn up by the funds' managerial bodies and submitted to the federal executive power body in charge of formulation of the state policy and normative legal regulation in the field of health care and social development for submission thereof to the Government of the Russian Federation in the established procedure.

Reports on the administration of budgets of state extra-budgetary funds of the Russian Federation for the reporting financial year shall be submitted by the Government of the Russian Federation to the Audit Chamber of the Russian Federation on an annual basis at latest on June 15 of the current year for an external check-up.

2. The Audit Chamber of the Russian Federation shall check-up reports on administration of budgets of state extra-budgetary funds of the Russian Federation for the reporting financial year, present opinions in respect of them and at the latest on September 15 of the current year shall present opinions in respect of the appropriate reports on administration of budgets of state extra-budgetary funds of the Russian Federation to the State Duma and the Federation Council, as well as shall send them to the Government of the Russian Federation.

3. The Government of the Russian Federation shall submit to the State Duma reports on the administration of budgets of state extra-budgetary funds of the Russian Federation for the reporting financial year at the latest on August 26 of the current year simultaneously with a draft federal law on administration of budgets of state extra-budgetary funds of the Russian Federation for the reporting financial year and other budget report documents on administration of budgets of state extra-budgetary funds of the Russian Federation.

4. The State Duma on the basis of the results of consideration of annual reports on the administration of budgets of state extra-budgetary funds of the Russian Federation shall either adopt or reject federal laws on the administration of budgets of state extra-budgetary funds of the Russian Federation.

5. The report on the administration of the budget of a territorial state extra-budgetary fund shall be drawn up by the fund's managerial body and submitted to the supreme executive state power body of a constituent entity of the Russian Federation.

The supreme executive state power body of a constituent entity of the Russian Federation shall submit the report on administration of the budget of a territorial state extra-budgetary fund on an annual basis at the latest on April 15 of the current year to the state fiscal body of the constituent entity of the Russian Federation established by the legislative (representative) state power body of the constituent entity of the Russian Federation for preparation of an opinion in respect of it.

6. The state fiscal body of a constituent entity of the Russian Federation shall check up the report on administration of the budget of a territorial state extra-budgetary fund, shall prepare an opinion in respect of it within one and a half months and shall present the appropriate opinion to the legislative (representative) state power body of the constituent entity of the Russian Federation.

7. The supreme executive state power body of a constituent entity of the Russian Federation shall submit the report on administration of the budget of a territorial state extra-budgetary fund to the legislative (representative) state power body of the constituent entity of the Russian Federation for the reporting financial year at the latest on June 1 of the current year simultaneously with a draft law of the constituent entity of the Russian Federation on administration of the budget of the territorial state

extra-budgetary funds and other budget report documents on the administration of the budget of the territorial state extra-budgetary fund.

*Federal Law No. 63-FZ of April 26, 2007 amended Article 150 of this Code. The amendments shall enter into force from January 1, 2008  
See the Article in the previous wording*

**Article 150.** Control over the Execution of the Budgets of the State Extra-budgetary Funds

*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 in the order prescribed by this Code for appropriate budgets.
2. Abrogated from January 1, 2008.

### **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.** Abrogated from January 1, 2008.

**Article 152.** Participants in the Budgetary Process

- 1) The participants in the budgetary process include:
  - the President of the Russian Federation;
  - the supreme official of a constituent entity of the Russian Federation, the head of a municipal formation;
  - legislative (representative) state power bodies and representative bodies of local government (hereinafter referred to as legislative (representative) bodies);
  - executive state power bodies (executive-administrative bodies of municipal formations);
  - the Central Bank of the Russian Federation;
  - state (municipal) fiscal bodies;
  - managerial bodies of state extra-budgetary funds;
  - chief administrators (administrators) of budgetary funds;
  - chief administrators (administrators) of budget revenues;
  - chief administrators (administrators) of sources of financing budget deficit;
  - recipients of budgetary funds.
2. The specifics of budgetary authority of participants in the budgetary process which are federal state power bodies (state bodies) shall be established by this Code and/or normative legal acts of the



President of the Russian Federation and the Government of the Russian Federation adopted in compliance with it.

3. The specifics of budgetary authority of participants in the budgetary process which are state power bodies of constituent entities of the Russian Federation shall be established by this Code and laws of constituent entities of the Russian Federation adopted in compliance with it, as well as, in the instances specified by them, by other normative legal acts of supreme executive state power bodies of constituent entities of the Russian Federation.

4. The specifics of budgetary authority of participants in the budgetary process which are bodies of local government shall be established by this Code and municipal legal acts of representative bodies of municipal entities adopted in compliance with it, as well as in the instances specified by them by municipal legal acts of local administrations.

**Article 153. The Budgetary Powers of Legislative (Representative) Bodies**

1. Legislative (representative) bodies shall consider and endorse the appropriate budgets and reports on the administration thereof, exercise follow-up control over the administration of appropriate budgets, form and define the legal status of the bodies exercising control over the administration of appropriate budgets, exercise other powers in compliance with this Code and other legal acts of the budgetary legislation of the Russian Federation.

2. Abrogated from January 1, 2008.

**Article 154. Budgetary Powers of Executive State Power Bodies (Executive-Administrative Bodies of Municipal Formations)**

1. Executive state power bodies (executive-administrative bodies of municipal formations) shall ensure the drawing up of a draft budget (draft budget and medium-term financial plan), shall introduce it with necessary documents and materials attached thereto to legislative (representative) bodies for endorsement, devise and endorse methods of distribution and/or the procedure for the provision of inter-budget transfers, ensure the budget administration and drawing up of budgetary report documents, submit the report on administration of the budget for endorsement by legislative (representative) bodies, ensure the management of the state (municipal) debt and shall exercise other powers defined by this Code and/or legal acts (municipal legal acts) regulating budgetary legal relations adopted in compliance with it.

2. Financial authorities shall draw up an appropriate draft budget (draft budget and medium-term financial plan), present it with necessary documents and materials attached thereto for introduction to the legislative (representative) body, organise administration of the budget, establish a procedure for drawing budget report documents and exercise other budgetary powers established by this Code and/or normative legal acts

(municipal legal acts) regulating budgetary legal relations adopted in compliance with it.

Financial authorities and other authorized bodies shall draw up and submit on a monthly basis the report on cash servicing of the budget in the procedure established by the Ministry of Finance of the Russian Federation.

**3.** The Federal Treasury shall exercise budgetary authority in respect of cash servicing of the administration of budgets of the budgetary system of the Russian Federation in compliance with this Code.

**4.** The executive power bodies (bodies of local administration) which are chief administrators (administrators) and/or recipients of budget funds, chief administrators (administrators) of budget revenues, chief administrators (administrators) of sources of financing the budget deficit shall exercise the appropriate budgetary powers established by this Code and legal acts adopted in compliance with it.

**5.** Executive power bodies (executive-administrative bodies of municipal formations) under conditions of martial law or state of emergency shall exercise budgetary powers by decision of the President of the Russian Federation in the procedure established by the Government of the Russian Federation subject to the specifics provided for by Federal Constitutional Law No. 1-FKZ of January 30, 2002 on Martial Law, Federal Law No. 3-FKZ of May 30, 2001 on State of Emergency, as well as by federal laws and other normative legal acts of the Russian Federation adopted in compliance with them.

#### **Article 155.** The Budgetary Powers of the Central Bank of the Russian Federation

**1.** Together with the Government of the Russian Federation the Central Bank of the Russian Federation shall elaborate and submit for the consideration by the State Duma the main areas of monetary policy.

**2.** The Central Bank of the Russian Federation shall serve the budget accounts.

**3.** The Central Bank of the Russian Federation shall perform the functions of the general agent for securities of the Russian Federation.

#### **Article 156.** Credit Organisations Carrying out Particular Operations with Budgetary Resources

**1.** Credit organisations may be attracted on the basis of an agency agreement to carry out operations with granting and paying back budget credits.

**2.** Credit organisations shall perform functions stipulated by Item 2 of Article 155 of this Code, in the absence of the establishments of the Central Bank of the Russian Federation on the respective territory or if such establishments are unable to perform these functions.

3. The subjects of the Russian Federation and municipalities are entitled to open accounts with credit organisations 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 Central Bank of the Russian Federation in a respective area or when it is impossible for them to perform these functions).

#### **Article 157. Budgetary Authorities of State and Municipal Finance Control Bodies**

1. The state and municipal finance control bodies set up by the legislative (representative) bodies shall exercise control over the execution of the respective budgets and shall prepare opinions in respect of an annual report on the administration of the appropriate budgets, carry out expert examinations of the drafts of said budgets, long-term target-oriented programmes and pieces of the budgetary legislation of the Russian Federation.

2. The state municipal finance control bodies set up by the federal executive bodies, the executive bodies of the subjects of the Russian Federation and the local administration shall exercise preliminary, current and subsequent control over the execution of budgets and appropriate budgets of the budgetary system of the Russian Federation.

2.1. The Chamber of Accounts of the Russian Federation, the Federal Service of Fiscal Supervision are entitled to verify the budgets of subjects of the Russian Federation and the local budgets which are beneficiary of inter-budgetary transfers from the federal budget.

The controlling body set up by the legislative (representative) body of a subject of the Russian Federation, a financial body of a subject of the Russian Federation and/or another body empowered by an executive governmental body of a subject of the Russian Federation are entitled to verify the local budgets which are beneficiaries of inter-budget transfers from the budget of the subject of the Russian Federation.

3. The authority of the state (municipal) fiscal body established by the legislative (representative) body shall be defined by a law (a municipal legal act of the representative body of a municipal formation).

The authority of state (municipal) fiscal bodies which are federal executive power bodies, executive power bodies of constituent entities of the Russian Federation, and bodies (officials) of local administrations shall be established by the Government of the Russian Federation, the supreme executive power body of a constituent entity of the Russian Federation and local administration, respectively.

4. The Audit Chamber of the Russian Federation shall check-up expenditures for the reporting financial year in compliance with Federal Law No. 4-FZ of January 11, 1995 on the Audit Chamber of the Russian

Federation (hereinafter referred to as the Federal Law on the Audit Chamber of the Russian Federation).

**Article 158.** Budgetary Authority of the Chief Manager (Manager) of Budgetary Funds

1. The chief manager of budgetary funds shall have the following budgetary authority:

1) shall ensure the effectiveness, addressness and purpose nature of using budgetary funds in compliance with the budgetary appropriations and limits of budgetary obligations approved for them;

2) shall form a list of its subordinate managers and recipients of budgetary funds;

3) shall keep a register of expenditure obligations to be discharged within the limit amounts of budgetary obligations and budgetary appropriations approved for it;

4) shall plan the appropriate budget expenditures and draw up the substantiation of budgetary appropriations;

5) shall draw up, approve and keep the budget inventory, distribute budgetary appropriations, limit amounts of budgetary obligations to subordinate managers and recipients of budgetary funds and shall administer the appropriate part of the budget;

6) shall introduce proposals as to forming and modification of limit amounts of budgetary obligations;

7) shall introduce proposals as to forming and modification of the summary budget inventory;

8) shall determine a procedure for endorsement of budget estimates of subordinate budget institutions;

*Subitem 9 of Item 1 of Article 158 of this Code shall enter into force as of January 1, 2009*

9) shall formulate state (municipal) tasks;

10) shall exercise control over the observance by recipients of grants, inter-budgetary subsidies and other subsidies defined by the Code of the conditions established when providing them;

11) shall arrange and exercise departmental financial control in the field of its activities;

12) shall form budget report documents of the chief manager of budgetary funds;

13) shall exercise other budgetary powers established by this Code and normative legal acts (municipal legal acts) regulating budgetary legal relations which are adopted in compliance with it.

2. The manager of budgetary funds shall have the following budgetary authority:

1) shall plan the appropriate budget expenditures;

2) shall distribute budgetary appropriations, limit amounts of budgetary obligations to subordinate managers and/or recipients of budgetary funds and shall administer the appropriate part of the budget;

3) shall introduce proposals to the chief manager of budgetary funds which it is subordinate to, as to forming and modification of the budget inventory;

4) in the case and in the procedure established by the relevant chief manager of budgetary funds shall exercise some budgetary powers of the chief manager of budgetary funds which it is subordinate to.

**3.** The chief manager of the federal budgetary funds, of the budget of a constituent entity of the Russian Federation, of the budget of a municipal formation shall act in court on behalf of the Russian Federation, a constituent entity of the Russian Federation and municipal formation, respectively, in the capacity of a representative of the respondent, as regards the following claims made against the Russian Federation, a constituent entity of the Russian Federation and municipal formation:

1) for the repair of damage inflicted upon a natural person or legal entity as a result unlawful actions (omission to act) of state bodies, local government bodies or officials of these bodies subject to its departmental pertinence, in particular as a result of issuance of acts of state power bodies and local government bodies not complying with a law or other legal act;

2) those made by way of subsidiary liability in respect of monetary obligations of subordinate budget institutions.

4. Abrogated from January 1, 2008.

5. Abrogated from January 1, 2008.

6. Abrogated from January 1, 2008.

7. Abrogated from January 1, 2008.

8. Abrogated from January 1, 2008.

9. Abrogated from January 1, 2008.

10. Abrogated from January 1, 2008.

11. Abrogated from January 1, 2008.

**Article 159.** Abrogated from January 1, 2008.

**Article 160.** Abrogated from January 1, 2008.

**Article 160.1.** Budgetary Authority of the Chief Administrator (Administrator) of Budget Revenues

1. The chief administrator (administrator) of budget revenues shall have the following budgetary authorities:

to form a list of administrators of budget revenues subordinate to him;

to present data which are necessary for drawing up a medium-term financial plan and/or draft budget;

to present data for drawing up and keeping the cash budget;

to form and present budgetary report documents of the chief administrator of budget revenues;

to exercise other budgetary authorities established by this Code and normative legal acts (municipal legal acts) regulating budgetary legal relations which are adopted in compliance with them;

**2.** The administrator of the budget revenues shall exercise the following authorities:

to charge, keep records and exercise control over the correctness of charging, and completeness and timeliness of making, payments to the budget, penalties and fines related to them;

recover arrears of payments to the budget, penalties and fines;

to render decisions to pay back payments to the budget, penalties and fines paid (recovered) in excess, as well as interest for such untimely repayment and interest charged on amounts paid in excess and to submit an order to the agency of the Federal Treasury for making such repayment in the procedure established by the Ministry of Finance of the Russian Federation;

to render a decision on setting off (specifying) payments to budgets of the budgetary system of the Russian Federation and to present a notice of it to an agency of the Federal Treasury;

in the cases and in the procedure established by the chief administrator of budget revenues to submit to the chief administrator of budget revenues data and budgetary report documents which are necessary for the exercise of authority of the appropriate chief administrator of budget revenues;

to exercise other budgetary authorities established by this Code and normative legal acts (municipal legal acts) regulating budgetary legal relations which are adopted in compliance with them.

**3.** The budgetary authorities of administrators of budget revenues shall be exercised in the procedure established by the legislation of the Russian Federation, as well as in compliance with the legal acts vesting them with the authorities of the administrator of budget revenues which are brought to them by the chief administrators of budget revenues they are subordinate to.

**4.** The budgetary authorities of chief administrators of revenues of budgets of the budgetary system of the Russian Federation which are the federal state power bodies, managerial bodies of state extra-budgetary funds of the Russian Federation and/or budget institutions subordinate to them, as well as the Central Bank of the Russian Federation, shall be exercised in the procedure established by the Government of the Russian Federation.

The budgetary authorities of chief administrators of revenues of budgets of the budgetary system of the Russian Federation which are state power bodies of constituent entities of the Russian Federation, managerial bodies of territorial state extra-budgetary funds and/or budget institutions

which are subordinate to them shall be exercised in the procedure established by the supreme executive power bodies of constituent entities.

The budgetary authorities of chief administrators of revenues of budgets of the budgetary system of the Russian Federation which are bodies of local government and/or budget institutions subordinate to them shall be exercised in the procedure established by local administrations.

**5.** Territorial bodies (subdivisions) of federal executive power bodies shall be appointed as chief administrators of revenues of budgets of constituent entities of the Russian Federation, of budgets of territorial state extra-budgetary funds and of local budgets in the procedure established by the Government of the Russian Federation.

Territorial bodies (subdivisions) of executive power of constituent entities of the Russian Federation shall be appointed as chief administrators of revenues of local budgets in the procedure established by the supreme executive state power bodies of a constituent entity of the Russian Federation.

The bodies (officials) of local administration and other executive administrative bodies of municipal regions shall be appointed as chief administrators of revenues of budgets of residential settlements in the procedure established by the local administration of a municipal region.

**Article 160.2.** Budgetary Authorities of the Chief Administrator (Administrator) of Sources of Financing the Budget Deficit

**1.** The chief administrator of sources of financing the budget deficit shall have the following budgetary authorities:

to form lists of administrators of sources of financing the budget deficit subordinate to him;

to plan (forecast) receipts and payments according to sources of financing the budget deficit;

to ensure the addressness and purpose nature of the use of the appropriations allocated to him which are intended for redemption of sources of financing the budget deficit;

to distribute budgetary appropriations to subordinate administrators of sources of financing the budget deficit and to administer the appropriate part of the budget;

to arrange and exercise departmental financial control in his area of activities;

to form budgetary report documents of the chief administrator of sources of financing the budget deficit;

**2.** The administrator of sources of financing the budget deficit shall have the following budget authorities:

to plan (forecast) receipts and payments, as regards sources of financing the budget deficit;

to exercise control over the completeness and timeliness of receipts to the budget of sources of financing the budget deficit;

to ensure receipts to the budget and payments from the budget, as regards sources of financing of the budget deficit;

to form and submit budgetary report documents;

in the cases and in the procedure established by the appropriate chief administrator of sources of financing the budget deficit to exercise some budgetary authorities of the chief administrator of sources of financing the budget deficit which he is subordinate to;

to exercise other budgetary authorities established by this Code and normative legal acts (municipal legal acts) regulating budgetary legal relations adopted in compliance with it.

### **Article 161. Specifics of the Legal Status of State-Financed Institutions**

**1.** A state-financed institution shall make operations in budget funds by using personal accounts opened for it in compliance with the provisions of this Code.

A state-financed institution shall make operations related to spending of budgetary funds in compliance with the budget estimate kept in compliance with this Code.

**2.** State (municipal) contracts and other contracts to be executed on account of budgetary funds shall be made and paid for by a state-financed institution within the limits of budgetary obligations brought to it on the basis of classification codes of the appropriate budget and subject to the liabilities which are assumed and not discharged.

Where a state-financed institution fails to follow the procedure for accounting budgetary liabilities established by a fiscal body, the authorisation of discharge of monetary obligations of the state-financed institution shall be suspended in compliance with the procedure determined by the fiscal body.

Where a state-financed institution fails to comply with the requirements of this article when making state (municipal) contracts and other agreements, it shall serve as a ground for declaring them invalid by court on the basis of a claim of the appropriate chief administrator (administrator) of budgetary funds.

**3.** In the event of reduction by the chief administrator (administrator) of budgetary funds of the limit amounts of budget liabilities previously brought to the notice of a state-financed institution, this making it impossible for the state-financed institution to discharge the budgetary obligations resulting from the state (municipal) contracts or other agreements made by it, the state-financed institution shall ensure coordination of a new time and, where necessary, of other terms of the state (municipal) contracts and other agreements.

A party to a state (municipal) contract or other agreement is only entitled to demand of a state-financed institution the repair of damage which has been actually suffered and which is directly caused by changes in the terms of the state (municipal) contracts or other agreements.



4. Subsidies and budgetary credits shall not be granted to state-financed institutions.

A state-financed institution is not entitled to receive credits (loans).

5. A state-financed institution shall independently act in court as the respondent in respect of its pecuniary obligations.

A state-financed institution shall secure the discharge of its pecuniary obligations stated in a court order within the limit amounts of budgetary obligations brought to the notice of it.

6. The provisions established by this Code as applied to budget institutions shall extend to state power bodies (state bodies), bodies of local government (municipal bodies) and managerial bodies of state extra-budgetary funds.

#### **Article 162. Budgetary Authorities of the Recipient of Budgetary Funds**

The recipient of budgetary funds shall have the following budgetary authorities:

to draw up and implement the budget estimate;

to assume and/or discharge budgetary obligations within the limit amounts of budgetary obligations and/or budgetary appropriations brought to the notice thereof;

to ensure the effectiveness and purpose nature of using the budgetary appropriations provided for it;

to introduce to the chief administrator (administrator) of budgetary funds proposals as to making changes in the budget inventory;

to keep budgetary records or to transfer this authority on the basis of an agreement to another state (municipal) institution (to the centralized accounting office);

to form and present budgetary report documents of the recipient of budgetary funds to the appropriate chief administrator (administrator) of budgetary funds;

to exercise other authorities established by this Code and normative legal acts (municipal legal acts) regulating budgetary legal relations which are adopted in compliance with it.

**Article 163.** Abrogated from January 1, 2008.

### **Chapter 19. The Powers of the Budgetary Process at Federal Level**

#### **Article 164. Participants in the Budgetary Process at the Federal Level**

The following shall be the participants in the budgetary process at the federal level:

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 Ministry of Finance of the Russian Federation;  
the Federal Treasury;  
abrogated;  
the Central Bank of the Russian Federation;  
the Accounts Chamber of the Russian Federation;  
the Federal Service of Financial and Budgetary Supervision;  
managerial bodies of state extra-budgetary funds of the Russian Federation;  
chief managers, administrators and recipients of the federal budgetary funds;  
abrogated;  
chief administrators, administrators and recipients of budgetary resources of state extra-budgetary funds of the Russian Federation;  
chief administrators (administrators) of the federal budget revenues;  
chief administrators (administrators) of revenues of budgets of state extra-budgetary funds of the Russian Federation;  
chief administrators (administrators) of sources of financing the federal budget deficit;  
chief administrators (administrators) of sources of financing the deficit of budgets of state extra-budgetary funds of the Russian Federation.

**Article 165.** Budgetary Authorities of the Ministry of Finance of the Russian Federation

The Ministry of Finance of the Russian Federation shall have the following budgetary authorities:

to adopt normative acts in the established area of activities on the basis and in pursuance of this Code, other acts of the budgetary legislation of the Russian Federation, acts of the President of the Russian Federation and the Government of the Russian Federation;

to arrange drawing up and to draw up a draft federal budget, to introduce it to the Government of the Russian Federation, and to participate in development of draft budgets of state extra-budgetary funds of the Russian Federation;

to carry out methodological management in respect of drawing up and administration of budgets of the budgetary system of the Russian Federation;

to develop and submit to the Government of the Russian Federation basic guidelines of budget and tax policy;

To keep a register of expenditure obligations of the Russian Federation;

To devise a forecast of basic parameters of budgets of the budgetary system of the Russian Federation, in particular a forecast of the consolidated budget of the Russian Federation;

to receive from the federal executive power bodies, executive bodies of constituent entities of the Russian Federation, managerial bodies of state extra-budgetary funds of the Russian Federation and bodies (officials) of local administrations of municipal formations the materials which are necessary for drawing up a draft federal budget, a forecast of basic parameters of budgets of the budgetary system of the Russian Federation and a forecast of the consolidated budget of the Russian Federation;

to plan the limit volumes of budgetary appropriations in respect of chief administrators of federal budgetary funds and in respect of budgetary planning subjects;

to devise on the instructions of the Government of the Russian Federation the programme of state internal domestic borrowings of the Russian Federation, terms of issuance and placement of governmental loans of the Russian Federation, to act as the issuer of securities of the Russian Federation, to effect the state registration of the terms of issuance and circulation of state securities of constituent entities of the Russian Federation and of municipal securities;

to cooperate with international financial organisations by decision of the Government of the Russian Federation;

to devise, on the instructions of the Government of the Russian Federation, the programme of state foreign borrowings of the Russian Federation and to act as the federal executive power body authorized by the Government of the Russian Federation to make the programme of state domestic and foreign borrowings, to devise the programme of state guarantees of the Russian Federation in foreign currency and the programme of state guarantees of the Russian Federation in the currency of the Russian Federation;

to represent the Russian Federation in agreements related to granting state guarantees of the Russian Federation;

to represent the Government of the Russian Federation in talks related to granting state guarantees of the Russian Federation and to grant (issue) on behalf of the Russian Federation state guarantees of the Russian Federation;

to keep the State Debt Book of the Russian Federation;

to register the information about debt liabilities shown in the appropriate state debt books of constituent entities of the Russian Federation and in municipal debt books of municipal formations which is presented by the bodies engaged in keeping state debt books of constituent entities of the Russian Federation;

to manage the state debt and state financial assets of the Russian Federation on the basis of the authorities granted by the Government of the Russian Federation;

To arrange administration of the federal budget, to establish a procedure for drawing up and keeping the summary budget inventory of the

federal budget, budget inventories of chief administrators of federal budgetary funds and the cash plan of the federal budget administration;

to establish a procedure for drawing up and keeping budget estimates of federal budget institutions;

to establish a procedure for keeping the summary register of chief administrators, administrators and recipients of federal budgetary funds, chief administrators and administrators of federal budget revenues, chief administrators and administrators of the sources of financing the federal budget deficit;

to draw up and keep the summary budget inventory of the federal budget and to present it to the Federal Treasury;

to present to the Federal Treasury limit amounts of budgetary liabilities for chief administrators of the federal budgetary funds;

to establish uniform methods of budgetary classification of the Russian Federation and of budgetary reporting;

to approve the codes of the components of the budgetary classification of the Russian Federation which are uniform for all budgets of the budgetary system of the Russian Federation under this Code;

to devise draft methods of distribution, and a procedure for the provision, of inter-budget transfers from the federal budget to other budgets of the budgetary system of the Russian Federation (except for inter-budget transfers provided for by other chief administrators of the federal budgetary funds);

to send to financial bodies of constituent entities of the Russian Federation methods (draft methods) of distribution of inter-budget transfers from the federal budget to other budgets of the budgetary system of the Russian Federation (except for inter-budget transfers provided by other chief administrators of the federal budgetary funds);

to ensure the granting of budgetary credits within the limits of budgetary appropriations endorsed by the federal law on the federal budget in the procedure established by the Government of the Russian Federation;

to carry out methodological management of preparation, and to establish a procedure for providing by chief administrators of federal budgetary funds, and of substantiations of budgetary appropriations;

to establish a procedure for drawing up budget reports concerning the federal budget and state extra-budgetary funds of the Russian Federation, as well as budgetary reports of the Russian Federation, to submit to the Government of the Russian Federation budgetary reports of the Russian Federation;

to establish the chart of budget accounts and uniform budget accounting methods;

to carry out methodological management of bookkeeping and reporting of legal entities, regardless of their organisational-and-legal forms, if not otherwise provided for by the legislation of the Russian Federation;

to render normative and methodological support to the management of the resources of the Emergency Reserve Fund and the National Welfare Fund and to manage these assets in the procedure defined by the Government of the Russian Federation;

to enjoy the right to suspend the provision of inter-budget transfers in compliance with Article 130 of this Code;

to verify the principal's financial status and the liquidity (reliability) of granted security of discharge of the principal's liabilities which could arise in the future in connection with making by the guarantor that has discharged in full or in part obligations under the guarantee regressive claims against the principal;

to establish grounds and procedure for, and also terms of, writing off and restoration in accounts of debts on monetary obligations towards the Russian Federation or legal entities of the Russian Federation, municipal formations and legal entities;

to establish the procedure for placing, circulation, servicing, redemption, exchange and repayment of governmental loans of the Russian Federation, if not otherwise established by the Government of the Russian Federation;

to render normative and methodological support to the activity of exercising state (municipal) fiscal control by federal executive power bodies, executive power bodies of constituent entities of the Russian Federation and executive-administrative bodies (officials) of municipal formations;

to execute judicial acts issued on the basis of claims against the Russian Federation in the procedure provided for by this Code;

to exercise other authorities in compliance with this Code, other acts of the budgetary legislation of the Russian Federation and acts of the President of the Russian Federation and the Government 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 endorse the overall budget inventory of the federal budget;  
to amend the overall budget inventory of the federal budget;  
to endorse limit amounts of budgetary liabilities for chief administrators of the federal budgetary funds;

to amend the limit amount of budgetary liabilities;

to authorize the granting budgetary credits from the federal budget.

abrogated;

abrogated;

2. The minister of finance is empowered to ban for chief administrators of the federal budgetary funds to alter the purpose of budgetary appropriations and/or limit amount of budgetary liabilities, in particular on the basis of the proposal of the Audit Chamber of the Russian Federation or the Federal Service of Fiscal Supervision proving that the chief administrator of the federal budgetary funds has breached the budgetary legislation of the Russian Federation.

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 budgetary resources.

All the powers of the chief and ordinary manager and the receiver of the federal budgetary funds shall pass to the authorized representative for the federal budget.

4. The Minister of Finance of the Russian Federation shall have the right to prohibit a recipient of resources of the federal budget from making particular expenditures.

A representation of the Accounts Chamber of the Russian Federation or of the Federal Service of Financial and Budgetary Supervision which testifies to breaches of the budget legislation of the Russian Federation shall be the grounds for the enforcement of the said prohibition.

5. The minister of finance is empowered to issue orders in respect of improper budget administration (the budgetary process's organisation) to chief administrators of the federal budgetary funds and managerial bodies of state extra-budgetary funds of the Russian Federation to be followed by them without fail.

#### **Article 166.1. Budgetary Authorities of the Federal Treasury**

1. The Federal Treasury shall have the following budgetary authorities:

to distribute revenues from taxes, fees and other receipts subject to returns (offsets, specifications) of excessively paid or excessively recovered amounts, as well as to the amounts of interest for not making such returns in due time and to the interest charged for excessively paid amounts, to budgets of the budgetary system of the Russian Federation on the basis of the normative standards which are effective in the current financial year and established by this Code, the budget law (decision) and other municipal legal acts, and to remit them to single accounts of the appropriate budgets in the procedure established by the Ministry of Finance of the Russian Federation;

to transfer funds which are required for the return (set-off) of excessively paid or excessively recovered amounts of taxes, fees and other payments, as well as the amounts of interest for such an untimely return and of interest charged for excessively recovered amounts from single accounts of appropriate budgets to appropriate accounts of the Federal

Treasury intended for recording receipts and their distribution to budgets of the budgetary system of the Russian Federation in the procedure established by the Ministry of Finance of the Russian Federation;

to open with the Central Bank of the Russian Federation and credit organizations accounts for registration of funds of budgets of the budgetary system of the Russian Federation for which cash servicing is implemented by the Federal Treasury in compliance with this Code and other accounts for registration of funds provided for by the legislation of the Russian Federation, and to establish the mode of these accounts in compliance with this Code;

to send to an institution of the Central Bank of the Russian Federation and credit organisations proposals as to the suspension of operations in the currency of the Russian Federation on accounts opened for state-financed institutions with institutions of the Central Bank of the Russian Federation and credit organisations in defiance of the budgetary legislation of the Russian Federation in the procedure established by the Ministry of Finance of the Russian Federation;

to suspend operations on the personal accounts opened for chief administrators, administrators and recipients of federal budgetary funds with agencies of the Federal Treasury where it is provided for by the budgetary legislation of the Russian Federation in the procedure established by the Ministry of Finance of the Russian Federation;

to conduct the operation in assets kept on a single federal budget account in the procedure established by it;

to establish a procedure for cash servicing of administration of budgets of the budgetary system of the Russian Federation in compliance with this Code;

*Paragraph 9 of Item 1 of Article 166.1 of this Code shall enter into force as of January 1, 2009*

to open and keep in the procedure established by it personal accounts for registration of operations of administrators of budget revenues, chief administrators and administrators of the sources of financing the federal budget deficit, chief administrators, administrators and recipients of the federal budgetary funds, financial bodies of constituent entities of the Russian Federation (municipal formations), as well as on the instructions of the supreme executive state power body of a constituent entity of the Russian Federation (the local administration of a municipal formation) to open and keep in compliance with an agreement made personal accounts for registration of operations of chief administrators and administrators of the sources of financing the deficit, chief administrators, administrators and recipients of budgetary funds of constituent entities of the Russian Federation (local budgets);

*Paragraph 10 of Item 1 of Article 166.1 of this Code shall enter into force as of January 1, 2009*

to keep a summary register of chief administrators and administrators of the federal budget revenues, chief administrators, administrators and recipients of the federal budgetary funds;

*Paragraph 11 of Item 1 of Article 166.1 of this Code shall enter into force as of January 1, 2009*

to bring to chief administrators of the federal budgetary funds budgetary appropriations and limit amounts of budgetary obligations allocated by the Ministry of Finance of the Russian Federation;

to draw up and keep the cash plan of administration of the federal budget;

*Paragraph 13 of Item 1 of Article 166.1 of this Code shall enter into force as of January 1, 2009*

to bring to chief administrators of sources of financing the federal budget deficit budgetary appropriations allocated by the Ministry of Finance of the Russian federation;

*Paragraph 14 of Item 1 of Article 166.1 of this Code shall enter into force as of January 1, 2009*

to bring to administrators and recipients of the federal budgetary funds budgetary appropriations and limit amounts of budgetary obligations distributed by chief administrators (administrators) of the federal budgetary funds;

*Paragraph 15 of Item 1 of Article 166.1 of this Code shall enter into force as of January 1, 2009*

to bring to administrators of the sources of financing the federal budget deficit budgetary appropriations distributed by the chief administrator of the sources of financing the federal budget deficit;

to keep records of operations concerning cash servicing of the federal budget, to prepare and present to the Ministry of Finance of the Russian Federation information and the report on cash servicing of the federal budget in compliance with this Code and other legal acts regulating budgetary legal relations;

to receive from the chief administrators of the federal budgetary funds, chief administrators of the sources of financing the federal budget deficit, and chief administrators of the federal budget revenues the



materials which are necessary for drawing up budgetary report documents on the federal budget administration;

to draw up on the basis of the budgetary report documents presented by chief administrators of the federal budgetary funds, chief administrators of the federal budget revenues, chief administrators of the sources of financing the federal budget deficit budgetary report documents on administration of the federal budget and to present them to the Ministry of Finance of the Russian Federation;

to draw up and present to the Ministry of Finance of the Russian Federation the report on administration of the consolidated budget of the Russian Federation and budgets of state extra-budgetary funds on the basis of the report on administration of the federal budget, report documents and materials submitted by managerial bodies of state extra-budgetary funds of the Russian Federation and financial bodies of constituent entities of the Russian Federation;

to ensure within the limits of the balance of assets on accounts of budgets of the budgetary system of the Russian Federation making cash payments from budgets on behalf and on the instructions of administrators of budget revenues, administrators of sources of financing the budget deficit, financial bodies or recipients of budgetary funds whose personal accounts are opened with agencies of the Federal Treasury;

to authorize payments under pecuniary obligations of recipients of the federal budgetary funds and administrators of sources of financing the federal budget deficit whose personal accounts are opened with the Federal Treasury;

to exercise other budgetary authorities established by this Code and/or normative legal acts of the Government of the Russian Federation adopted in compliance with it.

**2.** Some functions of the financial bodies of constituent entities of the Russian Federation (of financial bodies of municipal formations) while administering relevant budgets may be exercised in the procedure established by the Federal Treasury on the basis of agreements made by them and supreme executive state power bodies of constituent entities of the Russian Federation (local administrations of municipal formations).

#### **Article 166.2.** Budgetary Authorities of the Federal Service of Fiscal Supervision

The Federal Service of Fiscal Supervision shall have the budgetary authorities established by this Code and the Government of the Russian Federation.

#### **Article 167.** Responsibility of the Ministry of Finance of the Russian Federation, the Minister of Finance of the Russian Federation and the Federal Treasury

1. The Ministry of Finance of the Russian Federation and the Federal Treasury shall be held responsible for the exercise of the budgetary authorities defined by this Code.

2. The minister of finance shall be held personally responsible for the exercise of the authorities established by Article 166 of this Code.

**Article 167.1.** Budgetary Authorities of the Audit Chamber of the Russian Federation

The Audit Chamber of the Russian Federation shall have all budgetary authorities established by the Federal Law on the Audit Chamber of the Russian Federation and by this Code.

**Article 168.** Imposition of the Functions Related to the Administration of Budgets of Constituent Entities of the Russian Federation and of Local Budgets upon Agencies of the Federal Treasury

The supreme executive state power bodies of constituent entities of the Russian Federation and local administration are entitled to administer appropriate budgets through agencies of the Federal Treasury on the basis of agreements.

With this, the authorities of agencies of the Federal Treasury shall extend to organisations (including credit organisations) engaged in operations in assets of appropriate budgets within the scope of available authorities as applied to the federal budgetary funds.

**Chapter 19.1. Implementation of the Budgetary Authority of the Bodies of State Power of the Subjects of the Russian Federation and the Bodies of Local Government under Interim Fiscal Administration**

**Article 168.1.** The Notion of the Interim Fiscal Administration

The interim fiscal administration is a federal body of executive power (executive body of state power of the subject of the Russian Federation) empowered by the Government of the Russian Federation (higher executive body of state power of the subject of the Russian Federation) to prepare and implement measures to restore the paying capacity of the subject of the Russian Federation (municipal formation), to render assistance to the federal bodies of state power (bodies of state power of the subjects of the Russian Federation) in the implementation of the individual budgetary authority of the bodies of state power of the subjects of the Russian Federation (bodies of local government), to implement and/or control the implementation of the individual budgetary authority of executive bodies of state power of the subjects of the Russian Federation (local administration).

**Article 168.2.** The Grounds and Procedure for Introduction of Interim Fiscal Administration

**1.** Interim fiscal administration in a subject of the Russian Federation (municipal formation) is introduced for up to one year by decision of an arbitration court within the framework of proceedings in the case of restoration of the solvency of the subject of the Russian Federation (municipal formation) according to the procedure specified in the federal law.

**2.** A request for the introduction of interim fiscal administration in the subject of the Russian Federation is submitted to the Higher Arbitration Court of the Russian Federation by the Government of the Russian Federation.

The request for the introduction of interim fiscal administration in the municipal formation is submitted to the arbitration court of the subject of the Russian Federation by the higher official of the subject of the Russian Federation (head of the higher executive body of state power of the subject of the Russian Federation) and/or representative body of the municipal formation, head of the municipal formation.

**3.** A decision of the Higher Arbitration Court of the Russian Federation on the introduction in the subject of the Russian Federation of interim fiscal administration is taken if for the moment of adoption of the given decision, the overdue debt in execution of the debt obligations in compliance with Article 112.1 of this Code and/or budgetary obligations of the subject of the Russian Federation having emerged as a result of decisions, actions or failure to act of the bodies of state power of the subject of the Russian Federation is greater than 30% of the volume of own incomes of the budget of the subject of the Russian Federation in the most recent reporting financial year under the condition of execution of the budgetary obligations of the federal budget to the budget of the subject of the Russian Federation.

The decision of the arbitration court of the subject of the Russian Federation on the introduction in the municipal formation of interim fiscal administration is taken if at the moment of adoption of the given decision, the overdue debt in execution of the debt obligations in compliance with Article 112.1 of this Code and/or budgetary obligations of the municipal formation having emerged as a result of decisions, actions or failure to act by the bodies of local government is greater than 30% of the volume of own incomes of the local budget in the most recent reporting year under the condition of execution of the budgetary obligations of the federal budget and the budget of the subject of the Russian Federation to the budget of the municipal formation.

**4.** Overdue arrears in respect of discharging budgetary obligations of a constituent entity of the Russian Federation (municipal formation) resulting from decisions, actions or omission to act of state power bodies of a constituent entity of the Russian Federation (bodies of local government) mean budgetary obligations of the constituent entity of the Russian Federation which are not discharged at the established time and which are

recognized as such by court and/or state power bodies of the constituent entity of the Russian Federation (bodies of local government), in particular when submitting budgetary report documents to the Ministry of Finance of the Russian Federation (executive state power bodies of a constituent entity of the Russian Federation).

5. The interim fiscal administration in the subject of the Russian Federation (municipal formation) may not be introduced within one year from the day of the beginning of the period of validity of the powers of the legislative (representative) body.

6. The procedure of assigning (dismissal from the position) of the head of the interim fiscal administration introduced in the subjects of the Russian Federation, endorsement of the structure and the manning table, as well as the financial support of the work of the mentioned interim fiscal administration, is specified by the Government of the Russian Federation.

The procedure of assigning (dismissal from the position) of the head of the interim fiscal administration introduced in municipal formations, endorsement of the structure and the manning table of the mentioned interim fiscal administration is specified by the higher executive body of state power of the subject of the Russian Federation.

### **Article 168.3. The Powers of the Interim Fiscal Administration and the Head of the Interim Fiscal Administration**

1. The interim fiscal administration introduced in the subject of the Russian Federation (municipal formation) shall implement the following authority:

arrange the checking (audit) of the budget of the subject of the Russian Federation (local budget) according to the procedure specified by the Government of the Russian Federation (supreme executive body of state power of the subject of the Russian Federation);

arrange the keeping of records of the overdue debt in execution of the debt and/or budgetary obligations of the subject of the Russian Federation (municipal formation) according to the procedure envisaged in the Federal Law;

work out the draft plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) in compliance with Article 168.4 of the present Code;

work out and submit to the bodies of state power of the subject of the Russian Federation (bodies of local government) draft normative legal acts of the bodies of state power of the subject of the Russian Federation (municipal legal acts of municipal entities) envisaged in the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) endorsed by the Higher Arbitration Court of the Russian Federation (arbitration court);

if a draft law of a constituent entity of the Russian Federation (a draft municipal legal act of the representative body of a municipal formation) on

amending the law (decision) on the appropriate budget for the current financial year (current financial year and planning period) or a draft law (draft decision) on the appropriate budget for the next financial year (next financial year and planning period) prepared by the provisional financial administration is not adopted within one month as of the date of submission thereof by the provisional financial administration to the legislative (representative) state power body of the constituent entity of the Russian Federation (the representative body of the municipal formation) or is adopted with amendments made thereto which are not coordinated with the head of the provisional financial administration, shall submit to the Government of the Russian Federation (the supreme executive state power body of the constituent entity of the Russian Federation) appropriate draft budgets for introduction thereof to the State Duma (the body of legislative (representative) power of a constituent entity of the Russian Federation) and for endorsement thereof by a federal law (a law of the constituent entity of the Russian Federation);

if the draft normative legal acts of executive bodies of state power of the subject of the Russian Federation (municipal legal acts) submitted by the interim fiscal administration are not adopted within 15 days from the day of their submission by the interim fiscal administration or adopted in a wording other than that coordinated with the head of the interim fiscal administration, adopt the mentioned draft normative legal acts (municipal legal acts of the local administration of municipal formations);

implement control over execution of the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) endorsed by the Higher Arbitration Court of the Russian Federation (arbitration court) and normative legal acts (municipal legal acts) envisaged in it;

implement control over the execution of the budget of the subject of the Russian Federation (local budget);

implement other authority envisaged in the present Code and other federal laws.

**2.** The head of the interim fiscal administration shall manage the activities of the interim fiscal administration and shall bear personal responsibility for the execution of the authority vested in it by the present Code.

The head of the interim fiscal administration shall implement the following authority:

during the period of implementation of the authority of the interim fiscal administration, represent the Russian Federation (subject of the Russian Federation) in the arbitration court in the case of restoration of the solvency of the subject of the Russian Federation (municipal formation);

introduce for consideration of the appropriate bodies of state power of the subject of the Russian Federation (bodies of local government) the draft

plan of restoration of solvency of the subject of the Russian Federation (municipal formation);

introduce for consideration of the bodies of state power of the subject of the Russian Federation (bodies of local government) draft normative legal acts (municipal legal acts) envisaged in the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation);

coordinate introduced amendments to the normative legal acts (draft normative legal acts) of the bodies of state power of the subjects of the Russian Federation (municipal legal acts (draft municipal legal acts) envisaged in the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation);

agree to the implementation of and/or implement the authority of the head of the fiscal body of the subject of the Russian Federation (municipal formation) according to the procedure envisaged in Article 168.6 of the present Code;

implement other authority envisaged in the present Code and other federal laws.

#### **Article 168.4.** Plan of Restoration of the Solvency of the Subject of the Russian Federation (Municipal Formation)

1. The draft plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) is worked out by the interim fiscal administration within two months from the day of entry into legal force of the decision of the arbitration court on the introduction of the interim fiscal administration in the subject of the Russian Federation (municipal formation).

2. The draft plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) must include:

the period of validity of the plan necessary for the full redemption of overdue expenditure obligations of the subject of the Russian Federation (municipal formation) not greater than five years;

the share of own incomes of the budget of the subject of the Russian Federation (municipal formation) allocated on an annual basis for the execution of overdue debt and/or budgetary obligations of the subject of the Russian Federation (municipal formation) not greater than 15%;

the volumes and terms for the attraction of borrowed resources for the refinancing of the state debt of the subject of the Russian Federation (municipal debt);

the schedule of execution of the overdue debt and/or budget obligations of the subject of the Russian Federation (municipal formation);

the measures of rehabilitation of state finance of the subject of the Russian Federation (municipal finance of the municipal formation) including the list of the normative legal acts of the bodies of state power of the

subject of the Russian Federation (municipal legal acts of bodies of local government) necessary for their implementation.

3. The draft plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) is coordinated by the parties participating in the proceedings in the case of restoration of the solvency of the subject of the Russian Federation (municipal formation).

**Article 168.5.** Procedure of Drawing up and Endorsement of the Budget of the Subject of the Russian Federation (Municipal Formation) under the Interim Fiscal Administration

1. Within 15 days from the day of endorsement by the arbitration court of the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation), the interim fiscal administration shall work out the draft law (decision) on the amendments to the law (decision) on the budget of the subject of the Russian Federation (municipal formation) for the current fiscal year (the current financial year and planning period) to bring the mentioned law (decision) into compliance with the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) and submit it to the legislative (representative) body of state power of the subject of the Russian Federation (representative body of the municipal formation).

The legislative (representative) body of state power of the subject of the Russian Federation (representative body of the municipal formation) shall examine the draft law (decision) on the amendments to the law (decision) on the budget of the subject of the Russian Federation (municipal formation) for the current fiscal year (the current financial year and planning period) according to an extraordinary procedure within 15 days from the day of its submission by the interim fiscal administration.

The changes to the law (decision) on the budget of the subject of the Russian Federation (municipal formation) for the current fiscal year (the current financial year and planning period) to bring the mentioned law (decision) into compliance with the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) may not be envisaged if the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) is endorsed by the arbitration court after the expiry of nine months of the current fiscal year.

2. Introduction by the higher executive body of state power of the subject of the Russian Federation (local administration) of the draft law of the subject of the Russian Federation on the budget of the subject of the Russian Federation (decision of the representative body of the municipal formation on the local budget) for the subsequent fiscal year (the next financial year and planning period), examination, adoption and entry into force of the mentioned law (decision) from the moment of introduction of the request for the proceedings on the case of restoration of the solvency of the subject of the Russian Federation and before the adoption by the

Higher Arbitration Court of the Russian Federation (arbitration court) of the decision on the refusal of introduction of the interim fiscal administration or decision on the endorsement of the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) is not permitted.

The interim fiscal administration shall work out in compliance with the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation) the draft law (decision) on the budget of the subject of the Russian Federation (municipal formation) for the subsequent fiscal year (the next financial year and planning period) or amendments to it and submit it to the legislative (representative) body of state power of the subject of the Russian Federation (representative body of the municipal formation) within the time limits specified by the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation).

The legislative (representative) body of state power of the subject of the Russian Federation (representative body of the municipal formation) shall examine the draft law (decision) submitted according to the procedure specified in the present Article on the budget of the subject of the Russian Federation (municipal formation) for the subsequent fiscal year (the next financial year and planning period) within one month after the day of its submission by the interim fiscal administration.

**3.** The head of the interim fiscal administration shall participate on a consultative basis in the sessions of the body of legislative (representative) power of the subject of the Russian Federation (representative body of the municipal formation) during examination of the draft laws (decisions) on the budget or on the amendments to the law (decision) on the budget of the subject of the Russian Federation (municipal formation) and may provide statements on all issues put forward for the vote.

**4.** When examining the draft law (decision) on the amendments to the law (decision) on the budget for the current fiscal year (the current financial year and planning period) or the draft law (decision) on the budget for the subsequent fiscal year (the next financial year and planning period), the legislative (representative) body of state power of the subject of the Russian Federation (representative body of the municipal formation) may not adopt amendments without a positive statement of the head of the interim fiscal administration.

**5.** If the draft law introduced according to the procedure specified in the present Article on the amendments to the law on the budget for the current fiscal year (the current financial year and planning period) or the draft law on the budget for the subsequent fiscal year (the next financial year and planning period) is not adopted by the legislative (representative) body of state power of the subject of the Russian Federation within the time limits mentioned in the present Article, as well as if the norms of Item 4 of the present Article are violated during its endorsement, the interim fiscal administration shall submit the appropriate draft budget to the Government



of the Russian Federation for introduction to the State Duma of the draft federal law on the budget of the subject of the Russian Federation. The State Duma shall examine the mentioned draft federal law according to an extraordinary procedure within 15 days from the day of its introduction.

If the draft decision introduced according to the procedure specified in the present Article on the amendments to the decision on the local budget for the current fiscal year (the current financial year and planning period) or the draft decision on the local budget for the subsequent fiscal year (the next financial year and planning period) is not adopted by the representative body of the municipal formation within the time limits mentioned in the present Article, as well as if the norms of Item 4 of the present Article are violated during its endorsement, the interim fiscal administration shall submit the appropriate draft local budget to the higher executive body of state power of the subject of the Russian Federation for introduction for consideration by the legislative (representative) body of state power of the subject of the Russian Federation as the draft law of the subject of the Russian Federation on the budget of the appropriate municipal formation. The legislative (representative) body of state power of the subject of the Russian Federation shall examine the draft law on the budget of the appropriate municipal formation according to an extraordinary procedure within 15 days from the day of its introduction.

**Article 168.6.** Procedure for Execution of the Budget of the Subject of the Russian Federation (Local Budget) and Control over Its Execution under the Interim Fiscal Administration

1. The interim fiscal administration shall provide for financial control over execution of the budget of the subject of the Russian Federation (local budget) including control over the use of budget resources by chief administrators, administrators and recipients of budgetary resources, as well as recipients of state (municipal) guarantees.

2. The sphere of reference of the head of the interim fiscal administration includes approving the following actions committed by the head of the financial body of the subject of the Russian Federation (municipal formation):

endorsement of the summary budget list of the budget of the subject of the Russian Federation (local budget);

endorsement of the limits of budgetary obligations for the chief administrators of resources of the budget of the subject of the Russian Federation (local budget);

borrowings;

granting budgetary credits from the budget of the subject of the Russian Federation (local budget);

use of incomes obtained during execution of the budget of the subject of the Russian Federation (local budget) in excess of those endorsed by the law (decision) on the budget;

reshuffling of allocations among the chief administrators of resources of the budget of the subject of the Russian Federation (local budget), among the sections, subsections, tied items, types of expenses of the functional and items of the economic classification of expenses of the budgets of the Russian Federation.

3. The head of the interim fiscal administration may prohibit the chief administrators of resources of the budget of the subject of the Russian Federation (local budget) from changing the tied designation of the budgetary resources within the budget estimate sheet if there are violations of the budgetary legislation of the Russian Federation by the chief administrator of the budgetary resources.

4. If there are violations of the budgetary legislation of the Russian Federation, the head of the interim fiscal administration may assign to the bodies of executive power of the subject of the Russian Federation (local administrations of municipal formations) and budget institutions financed from the budget of the appropriate subject of the Russian Federation (local budget) his representatives who assume all powers of the chief administrator, administrator and recipient of the budget resources.

5. Abrogated from January 1, 2008.

6. The head of the interim fiscal administration, together with the head of the financial body of the subject of the Russian Federation (municipal formation), shall apply enforcement measures envisaged in Article 284.1 of the present Code.

7. If the head of the financial body of the subject of the Russian Federation (municipal formation) creates obstacles in execution of the authority of the interim fiscal administration vested in it by the present Code and other federal laws, as well as if the head of the financial body of the subject of the Russian Federation (municipal formation) commits actions violating the rights and interests of the subject of the Russian Federation (municipal formation) and its creditors, budgetary legislation of the Russian Federation and/or the plan of restoration of the solvency of the subject of the Russian Federation (municipal formation), the head of the interim fiscal administration may appeal to the arbitration court to dismiss the head of the financial body of the subject of the Russian Federation (municipal formation) from his position and to vest his authority in the head of the interim fiscal administration.

## **Section VI. The Preparation of Draft Budgets**

### **Chapter 20. The Principles of the Preparation of Draft Budgets**

#### **Article 169. General Provisions**

1. A draft budget shall be drawn up on the basis of the forecast of social and economic development for the purpose of financing expenditure obligations.

2. A draft federal budget and draft budgets of state extra-budgetary funds of the Russian Federation shall be drawn up in the procedure established by the Government of the Russian Federation in compliance with the provisions of this Code.

A draft budget of a constituent entity of the Russian Federation and draft budgets of territorial state extra-budgetary funds shall be drawn up in the procedure established by the supreme executive state power body of the constituent entity of the Russian Federation in compliance with the provisions of this Code and laws of constituent entities of the Russian Federation adopted subject to the requirements thereof.

A draft local budget shall be drawn up in the procedure established by the local administration of a municipal formation in compliance with this Code and municipal legal acts of the representative body of a municipal formation adopted subject to the requirements thereof.

3. A draft federal budget and draft federal budgets of state extra-budgetary funds of the Russian Federation shall be drawn up and endorsed for a term of three years - for the next financial year and planning period.

4. A draft budget of a constituent entity of the Russian Federation and draft budgets of territorial state extra-budgetary funds (draft local budgets) shall be drawn up and endorsed for a term of one year (for the next financial year) or for a term of three years (the next financial year and planning period) in compliance with a law of the constituent entity of the Russian Federation (a municipal legal act of the representative body of a municipal formation), except for a budget law (decision).

If a draft budget of a constituent entity of the Russian Federation (a draft budget of a municipal region, a draft budget of an urban circuit) is drawn up and endorsed for the next financial year, the supreme executive state power body of the constituent entity of the Russian Federation (the local administration of a municipal region or urban circuit) shall develop and endorse a medium-term financial plan of the constituent entity of the Russian Federation (of the municipal region or urban circuit).

Where a draft budget of a residential settlement is drawn up and endorsed for the next financial year, a municipal legal act of the representative body of the residential settlement may provide for the development and endorsement of a medium-term financial plan of the residential settlement.

#### **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 and planning period.

## **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 supreme executive state power bodies of the subjects of the Russian Federation and the local administrations of municipal formations.

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.** Data Required for Drawing Up Draft Budgets

1. For the purpose of drawing up draft budgets of high quality and in due time, the appropriate financial authorities are entitled to obtain necessary data from other financial bodies, as well as from other state power bodies and bodies of local government.

2. The draft budget shall be based on the following:  
the Budget Message of the President of the Russian Federation;  
the forecast of social and economic development of appropriate territory;  
basic directions of budget and tax policy.

## **Article 173.** The Forecast of Socio-Economic Development

1. The forecast of socio-economic development of the Russian Federation, of a constituent entity of the Russian Federation and of a municipal region (urban circuit) shall be devised for a period of at least three years.

The forecast of socio-economic development of residential settlements shall be devised for the next financial year or for the next financial year and planning period.

2. The forecast of socio-economic development the Russian Federation, of a constituent entity of the Russian Federation and a municipal formation shall be devised in the procedure established by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation or the local administration, respectively.

The forecast of socio-economic development of a residential settlement may be devised by the local administration of a municipal region in compliance with an agreement made by the local administration of the residential settlement and the local administration of the municipal region.

3. The forecast of socio-economic development of the Russian Federation, of a constituent entity of the Russian Federation and municipal formation shall be approved accordingly by the Government of the Russian Federation, the supreme executive state power body of the constituent entity of the Russian Federation and local administration concurrently with

rendering the decision on introduction of a draft budget to the legislative (representative) body.

4. The forecast of socio-economic development for the next financial year and planning period shall be devised by way of specifying parameters of the planning period and of adding parameters of the second year of the planning period.

In an explanatory note to be attached to the forecast of socioeconomic development shall be given a substantiation of parameters of the forecast, in particular their comparison to previously approved parameters, with an indication of the reasons for, and factors of, forecast changes.

5. Changes in the forecast of socio-economic development of the Russian Federation, of a constituent entity of the Russian Federation and a municipal formation made in the course of drawing up and consideration of a draft budget shall entail changes in basic characteristics of the draft budget.

6. The forecast of socio-economic development of the Russian Federation, of a constituent entity of the Russian Federation and a municipal region (urban circuit) for the next financial year and planning period shall be devised by the federal executive power body, the state power body of a constituent entity of the Russian Federation and the body (official) of the local administration authorized accordingly by the Government of the Russian Federation, the supreme executive state power body of the constituent entity of the Russian Federation and the local administration.

**Article 174. A Medium-Term Financial Plan of a Constituent Entity of the Russian Federation (Municipal Formation)**

1. A medium-term financial plan of a constituent entity of the Russian Federation means the document containing basic parameters of the budget of the constituent entity of the Russian Federation (local budget).

2. A medium-term financial plan of a constituent entity of the Russian Federation (municipal formation) shall be devised on an annual basis according to the form and in the procedure established by the supreme executive state power body of the constituent entity (the local administration of the municipal formation) subject to the provisions of this Code.

A draft medium-term financial plan of a constituent entity of the Russian Federation (municipal formation) shall be endorsed by the supreme executive state power body of the constituent entity of the Russian Federation (the local administration of the municipal formation) and shall be presented to the legislative (representative) body concurrently with a draft budget.

The values of indices of a medium-term financial plan of a constituent entity of the Russian Federation (municipal formation) and basic indices of the appropriate draft budget must correspond.

**3.** An endorsed medium-term financial plan of a constituent entity of the Russian Federation (municipal formation) must contain the following parameters:

the forecast total amount of revenues and expenditures of the appropriate budget and of the consolidated budget of the constituent entity of the Russian Federation (municipal region);

amounts of budgetary appropriations in respect of chief administrators of budgetary funds according to sections, subsections, purpose items and kinds of expenditures of the classification of budget expenditures;

distribution in the next financial year and planning period to municipal formations of grants for leveling the budget supply to municipal formations;

normative rates of deductions of tax revenues to local budgets established (subject to establishment) by laws of the constituent entity of the Russian Federation (by municipal legal acts of representative bodies of municipal formations);

budget deficit (surplus);

upper limit of the state domestic debt of the constituent entity of the Russian Federation, the upper limit of the state foreign debt of the constituent entity of the Russian Federation (if any), the upper limit of the municipal debt as of January 1 of the year following the next financial year (the next financial year and each year of the planning period).

A medium-term financial plan of a constituent entity of the Russian Federation along with the said parameters shall include the forecast amount of revenues, expenditures and deficit (surplus) of the territorial state extra-budgetary fund.

The supreme executive state power body of a constituent entity of the Russian Federation (the local administration of a municipal formation) may provide for the approval of additional indices of a medium-term financial plan of the constituent entity of the Russian Federation (municipal formation).

**4.** Indices of a medium-term financial plan of a constituent entity of the Russian Federation (a municipal formation) are of an indicative nature and may be changed while devising and endorsing a medium-term financial plan of the constituent entity of the Russian Federation (municipal formation) for the next financial year and planning period.

**5.** A medium-term financial plan of a constituent entity of the Russian Federation (municipal formation) shall be devised by way of specifying parameters of the said plan and adding parameters for the second planning period.

In an explanatory note to a draft medium-term financial plan of a constituent entity of the Russian Federation (municipal formation) shall be

given the substantiation of parameters of the medium-term financial plan, in particular their comparison with previously endorsed parameters with an indication of the reasons for the planned changes therein.

#### **Article 174.1. Forecasting of Budget Revenues**

1. Budget revenues shall be predicted on the basis of the forecast of socio-economic development of a territory under the terms of the legislation on taxes and fees and the budgetary legislation of the Russian Federation effective on the date of introducing a draft law (decision) to a legislative (representative) body, as well as of the legislation of the Russian Federation, laws of constituent entities of the Russian Federation and municipal legal acts of representative bodies of municipal formations establishing non-tax revenues of budgets of the budgetary system of the Russian Federation.

2. The federal laws which provide for making amendments to the legislation of the Russian Federation on taxes and fees adopted after the introduction to the State Duma of a draft federal law on the federal budget for the next financial year and planning period and leading to changes in the revenues (expenditures) of budgets of the budgetary system of the Russian Federation shall contain provisions as to the entry into force of the said federal laws at the earliest on January 1 of the year following the next financial year.

The laws of a constituent entity of the Russian Federation which provide for making changes in the legislation of the constituent entity of the Russian Federation on taxes and fees which are adopted after the date of introduction to a legislative (representative) body of a draft budget law of the constituent entity of the Russian Federation for the next financial year (the next financial year and planning period) and which lead to changes in revenues (expenditures) of budgets of the budgetary system of the Russian Federation, shall contain provisions as to the entry into force of the said laws of the constituent entity of the Russian Federation at the earliest on January 1 of the year following the next financial year.

Normative legal acts of the representative body of a municipal formation which provide for making amendments to the normative legal acts of the representative body of the municipal formation on taxes and fees adopted after the date of introduction to a representative body a draft decision on the local budget for the next financial year (the next financial year and planning period) and leading to changes in revenues (expenditures) of budgets of the budgetary system of the Russian Federation shall contain provisions on the entry into force of the said normative legal acts of the representative body of the municipal formation at the earliest on January 1 of the year following the next financial year.

#### **Article 174.2. Planning of Budgetary Appropriations**

1. Budgetary appropriations shall be planned in the procedure and in compliance with the methods established by the appropriate financial body.

*Paragraph One of Item 2 of Article 174.2 of this Code shall enter into force as of January 1, 2009*

2. Budgetary appropriations shall be planned separately in respect of budgetary appropriations intended for the discharge of current and assumed obligations.

Budgetary appropriations intended for the discharge of effective expenditure obligations mean appropriations whose composition and/or amount are determined by laws, normative legal acts (municipal legal acts, contracts and agreements which are not proposed (not planned) to be changed in the current financial year, in the next financial year or in the planning period, to be declared invalidated or to be changed with an increase in the amount of budgetary appropriations intended for the discharge of appropriate obligations in the current financial year, including contracts and agreements made (to be made) by recipients of budgetary funds in pursuance of the said laws and normative legal acts (municipal legal acts).

Budgetary appropriations for the discharge of assumed obligations mean appropriations whose composition and/or amount are determined by laws, normative legal acts (municipal legal acts), contract and agreements proposed (planned) for adoption or modification in the current financial year, in the next financial year or planning period, for adoption or modification with an increase of the amount of budgetary appropriations intended for the discharge of appropriate obligations in the current financial year, including contracts and agreements to be made by recipients of budgetary funds in pursuance of the said laws and normative legal acts (municipal legal acts).

*Item 3 of Article 174.2 of this Code shall enter into force as of January 1, 2009*

3. Budgetary appropriations for rendering state (municipal) services to natural persons and legal entities shall be planned subject to the state (municipal) task for the next financial year (next financial year and planning period), as well as its implementation in the reporting financial year and the current financial year.

**Article 175.** The Summary Financial Balance of the Russian Federation

1. The summary financial balance sheet of the Russian Federation represents the document describing the amount and use of financial resources of the Russian Federation (the gross domestic disposable revenues) and sectors of the economy.

2. The summary financial balance of the Russian Federation is drawn up for the purpose of assessment of the amount of financial resources



when devising the forecast of socio-economic development of the Russian Federation and a draft federal budget for the next financial year and planning period, as well as of the impact of federal policy in respect of economic development upon indices of the forecast of socio-economic development of the Russian Federation.

**3.** A procedure for devising the summary financial balance sheet of the Russian Federation shall be determined by the Government of the Russian Federation.

**Article 176.** Abrogated.

**Article 177.** Abrogated.

**Article 178.** Abrogated.

*Federal Law No. 63-FZ of April 26, 2007 reworded Article 179 of this Code. The new wording of the Article shall enter into force from January 1, 2009*

**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 budgetary resources or state extra-budgetary fund resources, shall contain:

a feasibility study;

a forecast of expected socio-economic (ecological) results of the realization of said programme;

the name of the customer of said programme;

information about the distribution of the volumes and sources of financing by years;

other documents and materials needed for its approval;

**4.** A body 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, respectively.

**Article 179.1.** Federal Purpose Investment Programme

Budgetary investments into capital construction projects on account of the federal budgetary funds shall be made in compliance with the federal purpose investment programme for which a procedure for forming and implementation shall be established by the Government of the Russian Federation.

**Article 179.2. The Investment Fund of the Russian Federation**

1. The Investment fund of the Russian Federation represents the part of the federal budgetary funds to be used for the purpose of implementation of investment projects carried out on the basis of principles of state and private partnership.

2. The budgetary appropriations of the Investment Fund of the Russian Federation which are not used in the current financial year shall be allocated for an increase in the amount of the Investment Fund of the Russian Federation in the next financial year and planning period.

3. A procedure for forming and using budgetary appropriations of the Investment Fund of the Russian Federation shall be established by the Government of the Russian Federation.

**Article 179.3. Departmental Purpose Programmes**

The federal budget, the budget of a constituent entity of the Russian Federation and the local budget may provide for budgetary appropriations for implementation of departmental purpose programmes, whose development, endorsement and the implementation shall be carried out in the procedure established by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and the local administration, respectively.

**Article 180.** Abrogated.

**Article 181.** Abrogated.

**Article 182.** Abrogated.

**Article 183.** Abrogated.

**Article 184. Procedure for, and Time of, Drawing up Draft Budgets**

1. A procedure for, and time of, drawing up a draft federal budget and draft budgets of state extra-budgetary funds of the Russian Federation shall be established by the Government of the Russian Federation subject to the requirements established by this Code.

Indices of socio-economic development of the Russian Federation, of budget projecting for the next financial year and planning period and indices of the summary financial balance sheet of the Russian Federation

shall be coordinated by the commission set up in the procedure established by the Government of the Russian Federation.

The Ministry of Finance of the Russian Federation shall introduce a draft federal law on the federal budget and the authorised body shall introduce draft federal laws on budgets of state extra-budgetary funds of the Russian Federation to the Government of the Russian Federation at the latest 15 days before the date of the introduction of the said laws to the State Duma.

2. A procedure for, and time of, drawing up budgets of constituent entities of the Russian Federation and draft budgets of territorial state extra-budgetary funds shall be established by the supreme executive state power bodies of constituent entities of the Russian Federation subject to the requirements established by this Code and laws of constituent entities of the Russian Federation.

3. A procedure for, and time of, drawing up local budgets shall be established by local administration subject to the requirements established by this Code and municipal legal acts of representative bodies of municipal formations.

#### **Article 184.1. General Provisions**

1. The law (decision) on a budget has to contain the basic characteristics of a budget, which include the total amount of budget revenues, the total amount of budget expenditures and the budget deficit (surplus).

2. The law (decision) on a budget has to contain normative standards of distribution of revenues to budgets of the budgetary system of the Russian Federation, if they are not established by the budgetary legislation of the Russian Federation.

3. The law (decision) on a budget shall establish the following:  
list of chief administrators of budget revenues;  
list of chief administrators of sources of financing the budget deficit;  
distribution of budgetary appropriations according to sections, subsections, purpose articles and kinds of expenditures of the classification of budget expenditure in the departmental structure of expenditures for the next financial year (the next financial year and planning period);

total amount of budgetary appropriations allocated for the discharge of public normative obligations;

amount of inter-budget transfers received from other budgets and/or granted to other budgets of the budgetary system of the Russian Federation in the next financial year (the next financial year and planning period);

total amount of expenditures which are conventionally endorsed (are to be endorsed) in the event of approval of the budget for the next financial year and planning period in the volume of at least 2,5 per cent of the total sum of budget expenditures for the first year of the planning period and in

the volume of at least 5 per cent of the total sum of budget expenditures for the second year of the planning period;

sources of financing the budget deficit established by Articles 94 (in the event of adoption of the federal budget with a deficit) and 95 and 96 of this Code for the next financial year (the next financial year and planning period);

upper limit of the state (municipal) domestic debt and/or the state foreign debt as of January 1 of the year following the next financial year (the next financial year and each year of the planning period) with an indication, among other things, of the upper limit of the debt on state and municipal guarantees;

other indices of the federal budget and budgets of state extra-budgetary funds of the Russian Federation, the budget of a constituent entity of the Russian Federation, budgets of territorial state extra-budgetary funds and the local budget established accordingly by this Code, a law of the constituent entity of the Russian Federation and a municipal legal act of the representative body of the municipal formation.

**4.** In the event of endorsement of a budget for the next financial year and planning period, a draft law (decision) on the budget shall be endorsed by way of modification of parameters of the planning period of the approved budget and of addition to them of parameters of the second year of the planning period of the draft budget.

Parameters of the planning period of the federal budget and budgets of state extra-budgetary funds of the Russian Federation shall be modified in compliance with this Code.

Parameters of the planning period of the budget of a constituent entity of the Russian Federation and of the budget of a territorial state extra-budgetary fund shall be modified in compliance with a law of the constituent entity of the Russian Federation, and parameters of the planning period of a local budget shall be modified in compliance with a municipal legal act of the representative body of the municipal formation.

Indices of the departmental structure of the budget expenditures of a constituent entity of the Russian Federation, of the budget of a territorial state extra-budgetary fund and local budget shall be modified by way of increasing or reducing approved budgetary appropriations or by way of inclusion into the departmental structure of expenditures of budgetary appropriations according to additional targeted items and/or kinds of expenditures of the appropriate budget.

**5.** Expenditures which are to be endorsed (are conditionally endorsed) mean budgetary appropriations which are distributed in the planning period according to sections, subsections, purpose articles and kinds of expenditures in the departmental structure of budget expenditures.

**6.** The law (decision) on a budget may provide for using budget revenues according to individual types (sub-types) of non-tax revenues proposed for introduction (for showing in the budget) starting from the next

financial year for the purposes established by the law (decision) on the budget in excess of appropriate budgetary appropriations and/or the total amount of budget expenditures.

**Article 184.2. Documents and Materials to Be Submitted Concurrently with a Draft Budget**

The following shall be submitted to a legislative (representative) body together with a draft budget (decision) on a budget:

basic guidelines of budget and tax policy;

preliminary results of socio-economic development of the appropriate territory for the expired period of the current financial year and predictable results of socio-economic development of the appropriate territory for the current financial year;

forecast of socio-economic development of the appropriate territory;

forecast of basic characteristics (total amount of revenues, total amount of expenditures and of budget deficit (surplus) of the consolidated budget of the appropriate territory for the next financial year and planning period or a draft medium-term financial plan;

an explanatory note to the draft budget;

methods (draft methods) and estimate of distribution of inter-budget transfers;

upper limit of the state (municipal) debt as of the end of the next financial year (as of the end of the next financial year and as of the end of each year of the planning period);

draft programmes of state (municipal) domestic borrowings for the next financial year (the next financial year and planning period);

draft programme of state foreign borrowings for the next financial year (next financial year and planning period);

draft programmes of state (municipal) guarantees for the next financial year (the next financial year and planning period);

draft programme of granting budgetary credits for the next financial year (the next financial year and planning period);

assessment of predictable administration of the budget for the current financial year;

draft laws on budgets of state extra-budgetary funds;

Draft budget estimates of legislative (representative) bodies, bodies of the judicial system, bodies of state (municipal) fiscal control established by legislative (representative) bodies proposed by the said bodies which shall be submitted, if there is disagreement with a financial body in respect of the said budget estimates;

Other documents and materials.

**Section VII. The Consideration and Approval of Budgets**

## **Chapter 21. The Principles of the Consideration and the Approval of Budgets**

**Article 185.** Introduction of a Draft Budget Law (Decision) to a Legislative (Representative) Body for Consideration

1. The Government of the Russian Federation, the supreme executive state power bodies of constituent entities of the Russian Federation and local administrations of municipal formations shall introduce to the respective legislative (representative) body a draft federal law on the federal budget for the next financial year and planning period and draft federal laws on budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period at the time established by the law of a constituent entity of the Russian Federation but at the latest on October 15 of the current year, a draft decision on the local budget at the time established by a municipal legal act of the representative body of a municipal formation but at the latest on November 15 of the current year.

2. The documents and materials in compliance with Article 184.2 of this Code shall be submitted to the legislative (representative) body together with a draft budget.

**Article 186.** Abrogated.

**Article 187.** Procedure for Consideration of a Draft Law (Decision) on the Budget, on the Budget of a State Extra-Budgetary Fund and for Endorsement Thereof

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 and budgets of state extra-budgetary funds of the Russian Federation, by the present Code;

for the budget of a constituent entity of the Russian Federation and budgets of territorial state extra-budgetary funds, by a law of the constituent entity of the Russian Federation in compliance with the requirements of this Code;

for the local budget, by the municipal legal act of the representative body of a municipal formation in compliance with the requirements of this Code.

2. A procedure for consideration of a draft law (decision) on a budget and for its approval determined by the law of a constituent entity of the Russian Federation or the municipal legal act of the representative body of a municipal formation have to provide for entry into force of the law (decision) on the budget from January 1 of the next financial year, as well as the endorsement by the said law (decision) of indices and characteristics (annexes) in compliance with Article 184.1 of this Code.

**Article 188.** Abrogated from January 1, 2008.

**Article 189.** Abrogated from January 1, 2008.

**Article 190.** Temporary Budget Management

1. If the law (decision) on a budget has not entered into force from the start of the current financial year:

the financial body is empowered to bring on an annual basis to chief administrators of budgetary funds budgetary appropriations and limit amounts of budgetary liabilities at the rate of at the most one twelfth of budgetary appropriations and limit amounts of budgetary liabilities in the reporting financial year;

other indices defined by the law (decision) on a budget shall apply at the rates (subject to normative standards) and in the procedure which were established by the law (decision) on the budget for the reporting financial year;

procedure for distribution and/or provision of inter-budget transfers to other budgets of the budgetary system of the Russian Federation shall be preserved in the form determined for the reporting 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 financial body shall arrange the budget administration with the observance of the conditions defined by Item 1 of this Article.

In this case the financial body shall have no right:

to bring limit amounts of budgetary obligations and budgetary appropriations to make budgetary investments and subsidies to legal entities and natural persons established by this Code;

to provide budgetary credits;

abrogated;

to effect withdrawals in the amount of over one-eighth of the volume of withdrawals of the previous financial year per quarter;

to form reserve funds.

3. The restrictions specified in Items 1 and 2 of this Article shall not extend to the expenditures connected with the discharge of public normative obligations, servicing and repayment of the state (municipal) debt and implementation of international treaties.

**Article 191.** Making Amendments to the Law (Decision) on a Budget upon Termination of the Time Period for the Budget Management

1. If the law (decision) on a budget comes into force after the start of the current financial year and the budget is administered before the date of the said law's (decision's) entry into force in compliance with Article 190 of this Code, the executive power body (local administration) within one month as of the date of the said law's (decision's) entry into force shall submit to the legislative (representative) body for consideration and

endorsement a draft law (decision) on making amendments to the law (decision) on the budget specifying the budget indices subject to the budget administration within the period of the budget temporary management.

2. The said draft law (decision) shall be considered and endorsed by the legislative (representative) body within at the most 15 days as of the date of submission thereof.

## **Chapter 22. The Consideration and Approval of a Federal Law on the Federal Budget**

**Article 192.** Introduction of a Draft Federal Law on the Federal Budget for the Next Financial and Planning Period to the State Duma

1. The Government of the Russian Federation shall introduce to the State Duma for consideration and endorsement a draft federal law on the federal budget for the next financial year and planning period at the latest on August 26 of the current year.

2. A draft federal law on the federal budget for the next financial year and planning period shall specify indices of the approved federal budget of the planning period and shall endorse indices of the second year of the planning period of the budget being drawn up.

3. The specification of parameters of the planning period of the federal budget being endorsed shall provide for the following:

endorsement of specification of the indices which are the subject matter of a draft federal law on the federal budget for the next financial year and planning period in the first and second reading;

endorsement on an increase in, or reduction of, the approved indices of the departmental structure of the federal budget expenditures or inclusion therein of budgetary appropriations according to additional purpose items and/or kinds of the federal budget expenditures.

4. A draft federal law on the federal budget for the next financial year or planning period shall be introduced to the State Duma with the following documents and materials attached thereto:

basic guidelines of budget and tax policy for the next financial year and planning period;

preliminary results of socio-economic development of the Russian Federation for the expired period of the current financial year and predictable results of socio-economic development of the Russian Federation for the current financial year;

forecast of socio-economic development of the Russian Federation for the next financial year and planning period;

assessment of the predictable administration of the federal budget for the current financial year;



the forecast of basic parameters of the budgetary system of the Russian Federation, including the consolidated budget of the Russian Federation for the next financial year and planning period;

an explanatory note to a draft federal law on the federal budget for the next financial year and planning period;

estimations concerning items of the classification of revenues of the federal budget and sources of financing the federal budget deficit for the next financial year and planning period;

*Paragraph nine of Item 4 of Article 192 of this Code shall enter into force from January 1, 2009*

the register of expenditure obligations to be discharged on account of the federal budgetary funds, in particular on account of grants to budgets of constituent entities of the Russian Federation;

*Paragraph ten of Item 4 of Article 192 of this Code shall enter into force from January 1, 2009*

the list of public normative obligations to be discharged on account of the federal budgetary funds and estimations in respect of them for the next financial year and planning period;

methods (draft methods) and estimations of distribution of inter-budget transfers to constituent entities of the Russian Federation in the next financial year and planning period;

basic indices of the state defence order;

*Paragraph thirteen of Item 4 of Article 192 of this Code shall enter into force from January 1, 2009*

reports on implementation of long-term purpose programmes;

*Paragraph fourteen of Item 4 of Article 192 of this Code shall enter into force from January 1, 2009*

federal purpose investment programme;

the upper limit of the state foreign debt of the Russian Federation as of the end of the next financial year and each year of the planning period according to kinds of debt liabilities and with a break-down for individual states;

the upper limit and a draft structure of the state domestic debt of the Russian Federation as of the end of the next financial year and each year of the planning period;

the draft programme of granting state financial and state export credits for the next financial year and planning period;

the draft programmes of state domestic and foreign borrowings of the Russian Federation for the next financial year and planning period;

the draft programme of state guarantees of the Russian Federation in foreign currency and draft programme of state guarantees in the currency of the Russian Federation for the next financial year and planning period;

estimates as to the minimum rate of wages and the rate of allowances, as well as estimates as to the procedure for indexation of wages of employees of federal state-financed institutions, cash allowances of (monetary payments to) federal civil servants in the next financial year and planning period;

estimates in respect of predictable use of oil-and-gas revenues of the federal budget, resources of the Emergency Reserve Fund and the Fund for Future Generations, the predicted amount of resources of the Emergency Reserve Fund and the National Welfare Fund as of the start and the end of the next financial year and each year of the planning period.

**5.** The Government of the Russian Federation, concurrently with a draft federal law on the federal budget for the next financial year and planning period, shall introduce to the State Duma draft federal laws:

on endorsing reports on the administration of the federal budget and budgets of state extra-budgetary funds of the Russian Federation in the reporting financial year;

on budgets of state extra-budgetary funds of the Russian Federation for the next financial year and planning period;

on insurance tariffs of obligatory social insurance against industrial accidents and professional illnesses for the next financial year and planning period.

**6.** If in the next financial year and planning period the total amount of expenditures is insufficient for financing the expenditure obligations established by the legislation of the Russian Federation, the Government of the Russian Federation shall introduce to the State Duma draft federal laws on changing the time of entry into force (suspension) in the next financial year and planning period of some provisions of the federal laws which are provided with sources of financing in the next financial year and/or planning period.

**7.** The Central Bank of the Russian Federation before August 26 of the current year shall introduce to the State Duma draft basic guidelines of the uniform state monetary policy for the next financial year and planning period.

Preliminarily, the said project shall be sent to the President of the Russian Federation and to the Government of the Russian Federation.

**Article 193.** Abrogated.

**Article 194.** Taking over by the State Duma for Consideration a Draft Federal Law of the Federal Budget for the Next Financial Year and Planning Period

1. A draft federal law on the federal budget on the next financial year and planning period 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 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 and planning period 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 and planning period or that it returns the draft federal law to the Government of the Russian Federation for putting the finishing touches to it. 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 Distribution of Functions as to Consideration of a Draft Federal Law on the Federal Budget for the Next Financial Year and Planning Period in the State Duma

A draft federal law on the federal budget for the next financial year and planning period introduced subject to the requirements of this Code shall be sent within three days by the Council of the State Duma or during a parliamentary recess by the Chairman of the State Duma to the Federal Council, to other subjects of the right of legislative initiative and to committees of the State Duma for making observations and proposals, as well as to the Audit Chamber of the Russian Federation for issuance of an opinion in respect of it.

The Council of the State Duma shall send a draft federal law on the federal budget for the next financial year and planning period to the Budget Committee and shall appoint co-executive committees for consideration of some sections and subsections of the draft federal law (hereinafter referred to as co-executive committees).

As a co-executive committee when considering basic characteristics of the federal budget shall be deemed the committee held responsible for consideration of the forecast of socio-economic development of the Russian Federation for the next financial year and planning period.

**Article 196.** Procedure for Consideration of a Draft Federal Law on the Federal Budget for the Next Financial Year and Planning Period

The State Duma shall consider the draft federal law on the federal budget for the next financial year and planning period in three readings.

**Article 197.** Abrogated.

**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 and planning period 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 of a Draft Federal Law on the Federal Budget for the Next Financial Year and Planning Period

1. When considering by the State Duma a draft federal law on the federal budget for the next financial year and planning period in the first reading, its conception shall be discussed, as well as the forecast of socio-economic development of the Russian Federation, including the predictable gross domestic product and inflation rate used as a basis for forming basic characteristics of the federal budget and basic directions of budget and tax policy cited in the federal law on the federal budget.

2. As the subject-matter of consideration of a draft federal law on the federal budget for the next financial year and planning period in the first reading shall be deemed basic characteristics of the federal budget, including the following:

the total amount of revenues predicted for the next financial year and planning period, showing separately the predicted amount of oil-and-gas revenues of the federal budget;

the annex to the federal law on the federal budget for the next financial year and planning period establishing normative standards of distribution of revenues to budgets of the budgetary system of the Russian Federation for the next financial year and planning period, if they are not endorsed by this Code;

the total amount of expenditures in the next financial year and planning period;

preliminarily endorsed expenditures in the amount of at least 2.5 per cent of the total amount of expenditures of the federal budget for the first year of the planning period and at least 5 per cent of the total amount of expenditures of the federal budget for the second year of the planning period;

the amount of oil-and-gas transfer in the next financial year and planning period;

the upper limit of the state domestic and foreign debt of the Russian Federation as of the end of the next financial year and each year of the planning period;

the normative amount of the Emergency Reserve Fund for the next financial year and planning period;

deficit (surplus) of the federal budget.

When endorsing basic characteristics of the federal budget for the next financial year and planning period, the gross domestic product and inflation rate (rate of consumer prices) (as of December in comparison with December of the previous year) predicted in the appropriate financial year shall be cited.

**Article 200.** Procedure for the Preparation for Consideration in the First Reading of a Draft Federal Law on the Federal Budget for the Next Financial Year and Planning Period 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 and planning period, the State Duma Committees shall prepare and then send to the Budget Committee their opinions of 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 entities with power to legislate, the Budget Committee shall prepare its conclusion on said bill, and also a draft resolution of the State Duma on the adoption (or rejection) in the first reading of the draft federal law on the federal budget for the next financial year and planning period and on the main characteristics of the federal budget for the next financial year and planning period and shall submit them for the consideration of 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 and Planning Period

In the process of the examination of the draft federal law on the federal budget for the next financial year and planning period in the first reading, the State Duma shall hear the Government Report, the

supplementary reports of the Budget Committee and the co-executive committee responsible for consideration of the forecast of socio-economic development of the Russian Federation for the next financial year and planning period, and also the report by the Chairman of the Accounts Chamber of the Russian Federation and shall adopt a decision on the acceptance or the rejection of said bill. If the State Duma accepts the 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 Budget for the Next Financial Year and Planning Period in the First Reading

If a draft federal law on the federal budget for the next financial year and planning period is rejected in the first reading, the State Duma may:

pass 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 and planning period 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 said bill to the Government of the Russian Federation for putting the finishing touches to it;

call 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 and Planning Period

**1.** In the event of rejection of a draft federal law on the federal budget for the next financial year and planning period in the first reading and transfer thereof to the conciliatory committee, the said committee within 10 days shall devise a version of basic characteristics of the federal budget for the next financial year and planning period.

**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 for 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 approved.

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 and planning period 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 and planning period 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 planning period and on the main characteristics of the federal budget for the next financial year and planning period.

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 and planning period 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 and planning period 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 calls 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 for the Next Financial Year and Planning Period 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 planning period 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 second specialized committee responsible for consideration of the subject-matter of the first reading, and shall submit the polished-up bill for the repeated consideration of the State Duma in the first reading. In the 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 and planning period, 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 and planning period within 30 days after it is formed.

**Article 205.** Consideration in the Second Reading of a Draft Federal Law of the Federal Budget for the Next Financial Year and Planning Period

1. The State Duma shall consider a draft federal law on the federal budget for the next financial year and planning period in the second reading within 35 days as of the date of adoption thereof in the first reading.

2. As the subject matter of a draft federal law on the federal budget for the next financial year and planning period in the second reading shall be deemed the following:

an annex to the federal law on the federal budget for the next financial year and planning period establishing a list of chief administrators of the federal budget revenues;

an annex to the federal law on the federal budget for the next financial year and planning period establishing a list of chief administrators of sources of financing the federal budget deficit;

budgetary appropriations (except for the expenditures to be conventionally endorsed (conventionally endorsed) in the first reading) according to sections, subsections, purpose items and kinds of expenditures of the classification of the federal budget expenditures for the next financial year and planning period within the limits of the total amount of expenditures of the federal budget for the next financial year and planning period endorsed in the first reading in compliance with Item 2 of Article 192 of this Code;

an annex to the federal law on the federal budget for the next financial year and planning period establishing distribution to constituent entities of the Russian Federation of inter-budget transfers for the next financial year and planning period;

a programme of granting state financial and state export credits for the next financial year and planning period (annex to the federal law on the federal budget for the next financial year and planning period);



a programme of state internal borrowings of the Russian Federation for the next financial year and planning period (an annex to the federal law on the federal budget for the next financial year and planning period);

a programme of state foreign borrowings of the Russian Federation for the next financial year and planning period (an annex to the federal law on the federal budget for the next financial year and planning period);

a programme of state guarantees of the Russian Federation in the currency of the Russian Federation for the next financial year and planning period (an annex to the federal law on the federal budget for the next financial year and planning period);

*Paragraph eleven of Item 2 of Article 205 of this Code shall enter into force as of January 1, 2009*

an annex to the federal law on the federal budget for the next financial year and planning period in respect of long-term purpose programmes with an indication of the budgetary appropriations allocated for financing the said programmes within the next financial year and planning period.

text articles of a draft federal law on the federal budget for the next financial year and planning period.

**3.** Subjects of the right of legislative initiative shall send amendments concerning the subject-matter of the second reading to the Budget Committee.

The Budget Committee within 10 days shall prepare summary tables of amendments according to the sections, subsections, purpose items and kinds of expenditures of the classification of expenditures of the federal budget to be considered in the second reading and shall send the said tables to the appropriate specialized committees and to the Government of the Russian Federation.

**4.** Amendments concerning the subject-matter of the second reading according to the sections, subsections, purpose items and kinds of the classification of expenditures of budgets of the Russian Federation shall be considered by the Budget Committee and the appropriate specialised committee.

The specialized committee shall consider the tables of amendments send thereto by the Committee and shall present the results of the amendments' consideration to the Budget Committee which shall consider the said materials, render a decision, form summary tables of amendments recommended for adoption or rejection and shall introduce them to the State Duma for consideration.

A procedure for interaction of committees of the State Duma while considering a draft federal law on the federal budget for the next financial year and planning period, as well as a procedure for settlement of

differences between them shall be defined by the Rules of Procedure of the State Duma.

Amendments concerning inter-budget transfers to budgets of state extra-budgetary funds of the Russian Federation shall be only considered by the Budget Committee after their preliminary consideration by the Budget Committee of the Federation Council.

5. Amendments of the subjects of the right of legislative initiative providing for changes in budgetary appropriations intended for implementation of federal purpose programmes and for making budgetary investments into state property units of the Russian Federation, as well as the inclusion into a draft federal budget of budgetary appropriations intended for implementation of federal purpose programmes and for making budgetary investments in state property units of the Russian Federation which are not included into the said draft federal budget, changes in the amount of inter-budget transfers to budgets of some constituent entities of the Russian Federation (municipal formations) and allocation of the federal budgetary funds to specific legal entities shall not be considered without issuance of an opinion by the Government of the Russian Federation.

**Article 206.** Abrogated.

**Article 207.** Consideration in the Third Reading of a Draft Federal Law on the Federal Budget for the Next Financial Year and Planning Period

1. The State Duma shall consider in the third reading a draft federal law on the federal budget for the next financial year and planning period within 15 days as of the date of adoption of the said draft law in the second reading.

When considering it in the third reading in compliance with distribution of budgetary appropriations according to the sections, subsections, purpose items and kinds of expenditures of the classification of expenditures of the federal budget provided for by individual annexes to the federal law on the federal budget adopted in the second reading, the departmental structure of the federal budget expenditures for the next financial year and the departmental structure of the federal budget expenditures for the first and second years of the planning period in compliance with Item 2 of Article 192 of this Code shall be endorsed. When considered in the third reading, a draft federal law shall be proposed for voting as a whole.

2. The federal law on the federal budget for the next financial year and planning period adopted by the State Duma shall be transferred within five days of the date of adoption thereof to the Federation Council for consideration.

**Article 208.** The Consideration of the Federal Law on the Federal Budget for the Next Financial Year and Planning Period by the Federation Council

1. The Federation Council shall consider the federal law on the federal budget for the next financial year and planning period 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 and planning period 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 and planning period, 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 and planning period, the said federal law shall be passed to a conciliatory commission in order to resolve the existing 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 and planning period.

The State Duma shall consider for the second time the federal law on the federal budget for the next financial year and planning period in one reading.

4. The federal law on the federal budget for the next financial year and planning period 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 and planning period 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 chambers of the Federal Assembly of the Russian Federation. Materials to secret federal budget items shall be considered solely by the Chairmen of the chambers 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 at the proposal of the President of the Russian Federation.

3. Abrogated.

**Article 210.** The Consideration by the Federal Assembly Chambers of the Federal Law on the Federal Budget for the Next Financial Year and

## Planning Period in the Event of Its Rejection by the President of the Russian Federation

In the event of the rejection by the President of the Russian Federation of the federal law on the federal budget for the next financial and planning period the said law shall be passed by the representative of the President of the Russian Federation to a consolidation commission.

Subsequently said law shall be considered in the order established by Article 208 of this Code.

**Article 211.** Abrogated.

## **Chapter 23. The Introduction of Amendments to the Federal Law on the Federal Budget**

### **Article 212.** Making Amendments to the Federal Law on the Federal Budget for the Current Financial Year and Planning Period

1. The Government of the Russian Federation shall devise and submit to the State Duma draft federal laws on amending the federal law on the federal budget for the current financial year and planning period concerning all the matters which constitute the subject of legal regulation of the said federal law.

The Government of the Russian Federation concurrently with a draft law of the said federal law shall submit the following documents and materials:

predictable results of socio-economic development in the current financial year and specified forecast of socio-economic development within the planning period;

data on administration of the federal budget for the expired reporting period of the current financial year;

assessment of the predicted administration of the federal budget in the current financial year;

an explanatory note containing the substantiation of proposed amendments to be made to the federal law on the federal budget for the current financial year and planning period;

2. Subjects of the right of legislative initiative under the Constitution of the Russian Federation may introduce draft federal laws on amending the federal law on the federal budget for the current financial year and planning period, as regards modification of basic characteristics and departmental structure of the federal budget revenues in the current financial year, in the event of excess of the total amount of revenues without taking into account oil-and-gas revenues of the federal budget and revenues from managing the resources of the Emergency Reserve Fund and the National Welfare Fund endorsed by the federal law on the federal budget for the current financial year and planning period by more than 10 per cent on condition that the Government of the Russian Federation has not introduced to the

State Duma the appropriate draft law within 10 days as of the date of consideration by the State Duma of the report on the administration of the federal budget for the period when the said excess took place.

**Article 213.** Consideration and Endorsement of a Federal Law on Amending the Federal Law on the Federal Budget

1. A draft federal law on amending the federal law on the federal budget for the current financial year and planning period shall be considered by the State Duma out of turn in three readings within 25 days.

2. The first reading of a draft federal law on amending the federal law on the federal budget for the current financial year and planning period shall be held at the latest in five days as of the date of introduction of the said draft law to the State Duma. When considering the said draft law in the first reading, the report of the Government of the Russian Federation and the report of the Audit Chamber of the Russian Federation on the revenues and borrowed funds received by the federal budget shall be heard.

While considering the said draft law in the first reading, the State Duma shall endorse changes in the basic characteristics of the federal budget.

If the total amount of the federal budget revenues in the planning period has increased (except for oil-and-gas revenues of the federal budget and revenues from managing funds of the Emergency Reserve Fund and the National Welfare Fund), the said increase shall be classified as the following:

reduction of the federal budget deficit, if the federal budget for the next financial year and planning period is endorsed with a deficit;

appropriate increase in conventionally endorsed expenditures.

In the event of reduction of the total amount of the federal budget revenues in the planning period (except for oil-and-gas revenues of the federal budget and revenues from managing funds of the Emergency Reserve Fund and the National Welfare Fund), the amount of conventionally endorsed expenditures is subject to the appropriate reduction.

3. The second reading of a draft federal law on amending the federal law on the federal budget for the current financial year and planning period shall be held at the latest in 15 days as of the date of adoption of the said draft law in the first reading. When considering the said draft law in the second reading, amendments to the provisions and indices specified in Item 2 of Article 205 of this Code shall be endorsed.

4. The third reading of a draft federal law on amending the federal law on the federal budget for the current financial year and planning period shall be held at the latest in five days as of the date of adoption of the said draft law in the second reading. When considering the said draft law in the third reading, changes in the departmental structure of the federal budget

expenditures as a whole shall be endorsed. In the third reading the said draft law shall be proposed for voting as a whole.

**5.** The federal law on amending the federal law on the federal budget for the current financial year and planning period adopted by the State Duma shall be considered by the Federation Council within fourteen working days after the introduction thereof by the State Duma.

In the event of rejection by the Federation Council of the said federal law, conciliatory procedures in compliance with Article 208 of this Code shall be carried out.

**Article 214.** Abrogated from January 1, 2008.

## **Section VIII. The Execution of Budgets**

### **Chapter 24. The Principles of the Execution of Budgets**

**Article 215.** Abrogated from January 1, 2008.

#### **Article 215.1.** Fundamentals of Execution of the Budget

The administration of the federal budget and budgets of state extra-budgetary funds of the Russian Federation, the budget of a constituent entity of the Russian Federation and the budget of a territorial state extra-budgetary fund and local budget shall be ensured accordingly by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and the local administration of a municipal formation.

The organisation of the budget administration shall be imposed on the appropriate financial body (the managerial body of an extra-budgetary fund). The budget administration shall be organized on the basis of the summary budget inventory and cash budget.

The budget is executed on the basis of monetary integrity and agency affiliation of expenses.

By agreement with the executive body of state power of the subject of the Russian Federation, the authority of the Federal Treasury in cash services of the execution of the budget of a subject of the Russian Federation, ~~budgets of the territorial state extra-budgetary funds of a subject of the Russian Federation and~~ the budgets of municipal formations forming the subject of the Russian Federation may be handed over to the executive bodies of state power of the subject of the Russian Federation on condition of financial support of the mentioned authority at the expense of own incomes of the budget of the subject of the Russian Federation and availability in possession (use, control) of the subject of the Russian Federation of the property necessary for their execution.

For cash servicing of the administration of budgets of the budgetary system of the Russian Federation, the Federal Treasury shall open with the

Central Bank of the Russian Federation accounts subject to the provisions of Articles 38.2 and 156 of this Code through which all cash operations related to budget administration by the Federal Treasury or the state power body of a constituent entity of the Russian Federation shall be made in compliance with the agreement provided for by Part Five of this Article.

**Article 216.** Abrogated from January 1, 2008.

**Article 217. Summary Budget Inventory**

1. A procedure for drawing up and keeping the summary budget inventory shall be established by the appropriate financial body.

The summary budget inventory and amendments thereto shall be endorsed by the head of the financial body.

2. A procedure for drawing up and keeping the summary budget inventory of budgets of state extra-budgetary funds shall be established by the managerial body of a state extra-budgetary fund.

3. The endorsed indices of the summary budget inventory have to comply with the law (decision) on the budget.

In the event of adoption of the law (decision) on amending the law (decision) on the budget, the head of the financial body (of the managerial body of a state extra-budgetary fund) shall endorse the appropriate amendments to be made to the summary budget inventory.

In the course of the budget administration indices of the summary budget inventory may be changed in compliance with decisions of the head of the financial body (the head of the managerial body of a state extra-budgetary fund) without amending the law (decision) on the budget:

in the event of insufficiency of budgetary appropriations for the discharge of public normative obligations - in excess of the total amount of the said appropriations within the limit of 5 per cent of the total amount of budgetary appropriations endorsed by the law (decision) on the budget for their discharge in the current financial year;

in the event of changes to the composition or powers (functions) of chief administrators of budget funds (of state-financed institutions subordinate to them), entry into force of the laws providing for the exercise of authorities of state power bodies of constituent entities of the Russian Federation (of local government bodies) on account of grants from other budgets of the budgetary system of the Russian Federation, execution of judicial acts which provide for levying execution against budgetary funds of the budgetary system of the Russian Federation, use of resources of reserve funds and of those reserved in some other way within the endorsed budgetary appropriations, distribution of budgetary appropriations to recipients of budgetary funds on a competitive basis and for other reasons connected with the specifics of administration of budgets of the budgetary system of the Russian Federation, redistribution of budgetary appropriations among chief administrators of budgetary resources

established by the budget law (decision) - within the limits of the amount of budgetary appropriations;

in the event of redistribution of budgetary appropriations between the current financial year and planning period - within the limits of budgetary appropriations for rendering state (municipal) services and the total amount of budgetary appropriations according to the relevant sections, subsections, purpose articles and kinds of expenditures for the current financial year and planning period provided for by the law (decision) on the budget for the next financial year and planning period to the chief administrator of budgetary funds for the appropriate financial year;

in the event of an increase in budgetary appropriations according to individual sections, subsections, purpose articles and kinds of budget expenditures as a result of saving budgetary appropriations for rendering state (municipal) services to be used in the current financial year - within the limits of the total amount of budgetary appropriations stipulated for the chief administrator of budgetary funds in the current financial year for rendering state (municipal services) on condition that the increase in budgetary appropriations in respect of the appropriate kind of expenditures does not exceed 10 per cent;

in the event of restructuring of the state (municipal) debt in compliance with this Code;

in the event of redistribution of budgetary funds among kinds of sources of financing the budget deficit as a result of their saving in the course of the budget administration within the limits of the total amount of budgetary appropriations in respect of sources of financing the budget deficit which are provided for the appropriate financial year.

In the event of changes in the indices of the summary budget inventory in respect of the expenditures endorsed in compliance with the departmental structure of expenditures, it is not allowable to reduce the budgetary appropriations provided for the discharge of public normative obligations and servicing of the state (municipal) debt for the purpose of increasing other budgetary appropriations without making amendments to the law (decision) on the budget.

**4.** A procedure for drawing up and keeping the summary budget inventory may provide for the endorsement of indices of the summary budget inventory according to the codes of expenditures of the classification of operations of the public administration sector, in particular differentially for various kinds of budget expenditures and/or chief administrators of budgetary funds.

The said indices may be changed in the course of budget administration if there are changes in indices of the summary budget inventory which are endorsed in compliance with the departmental structure of expenditures, as well as on the proposal of the chief administrator of budgetary funds in the event of saving budgetary funds to be used for rendering state (municipal) services within the limits



established by a procedure for drawing up and keeping the summary budget inventory.

5. The endorsed indices of the summary budget inventory in respect of expenditures shall be brought to chief administrators of budgetary funds prior to the start of the next financial year, except for the cases provided for by Articles 190 and 191 of this Code.

A procedure for drawing up and keeping the summary budget inventory has to fix the deadlines for making amendments to the summary budget inventory, in particular differentially for various kinds of reasons specified in this Article.

6. The summary budget inventory shall include budgetary appropriations in respect of sources of financing the budget deficit.

7. In the course of administration of the federal budget indices in the summary budget inventory may be changed in compliance with decisions of the Minister of Finance of the Russian Federation without making amendments to the federal law on the federal budget:

in the event of making payments which reduce debt liabilities in compliance with Article 94 of this Code, as well as on account of resources of the Emergency Reserve Fund;

on the basis of the results of using funds of state foreign borrowings of the Russian Federation, as well as in the event of incomplete disbursements of funds pertaining to credits (loans) of international financial organisations and of the funds, intended for co-financing the projects, implemented at the expense of credits from international financial organisations.

#### **Article 217.1. Cash Budget**

1. The cash budget means the forecast of cash receipts of a budget and cash payments from the budget in the current financial year.

2. The financial body shall establish a procedure for drawing up and keeping the cash budget, as well as the composition and time of submission by chief administrators of budgetary funds, chief administrators of budget revenues and chief administrators of sources of financing the budget deficit of the data which are necessary for drawing up and keeping of the budget plan.

The cash plan shall be drawn up and kept by the financial body or the authorised executive power body (local administration).

#### **Article 218. Administration of Budgets in Respect of Revenues**

The administration of budgets in respect of revenues provides for the following:

entering to the single budget account revenues from distribution of taxes, fees and other receipts of the budgetary system of the Russian Federation to be distributed according to the normative rates effective in the current financial year which are established by this Code, the law

(decision) on the budget and other laws of constituent entities of the Russian Federation and municipal legal acts adopted in compliance with the provisions of this Code from accounts of the Federal Treasury and other budgetary receipts;

return of excessively paid or excessively recovered amounts, as well as of the amount of interest for such untimely return and the amount of interest charged on the amounts recovered in excess;

set-off of excessively paid or excessively recovered amounts in compliance with the legislation of the Russian Federation on taxes and fees;

specification by the administrator of budget revenues of payments to budgets of the budgetary system of the Russian Federation;

remittance by the Federal Treasury of funds required for the return (set-off) of excessively paid or excessively recovered amounts of taxes, fees and other payments, as well as of the amounts of interest for such untimely return and of interest charged for excessively paid amounts from single accounts of appropriate budgets to appropriate accounts of the Federal Treasury intended for registration of receipts and their distribution to budgets of the budgetary system of the Russian Federation in the procedure established by the Ministry of Finance of the Russian Federation.

#### **Article 219.** Administration of the Budget in Respect of Expenditures

1. The budget shall be administered in respect of expenditures in the procedure established by the appropriate financial body subject to the requirements of this Code.

2. The budget administration in respect of expenditures shall include the following:

adoption of budgetary obligations;

confirmation of monetary obligations;

authorization of payment in compliance with monetary obligations;

confirmation of the discharge of monetary obligations.

3. The recipient of budgetary funds shall assume budgetary obligations within the limits of budgetary obligations brought to the notice of it in the current financial year (current financial year and planning period).

The recipient of budgetary funds shall assume budgetary obligations by way of making state (municipal) contracts, other contracts with natural persons and legal entities, as well as individual businessmen, or in compliance with a law, other legal act or agreement.

4. The recipient of budgetary funds shall confirm his duty to make the payment in respect of monetary obligations on account of budgetary funds in compliance with the payment and other documents which are required for authorization of their payment, and in the cases involving operational search measures in compliance with payment documents.

**5.** Payments concerning monetary obligations shall be authorized in the form of making an authorization note (acceptance) after checking the availability of the documents provided for by the procedure for the authorization of making payments concerning monetary obligations which are established by the financial body in compliance with the provisions of this Code.

Payments concerning monetary obligations (except for monetary obligations in respect of public normative obligations) shall be made within the limits of budgetary obligations brought to the notice of the recipient of budgetary funds.

*Paragraph 3 of Item 5 of Article 219 of this Code shall enter into force from January 1, 2009*

Payments in respect of monetary obligations concerning public normative obligations may be made within the limits of the budgetary appropriations brought to the notice of the recipient of budgetary funds.

**6.** The discharge of monetary obligations shall be confirmed on the basis of payment documents which prove that monetary funds are written off from the single budget account to the benefit of natural persons or legal entities, budgets of the budgetary system of the Russian Federation, international law subjects, as well as on the basis of verification of other documents which prove making non-cash operations as to the discharge of monetary obligations of budgetary funds' recipients.

#### **Article 219.1. Budget Inventory**

**1.** A procedure for drawing up and keeping budget inventories of chief administrators (administrators) of budgetary funds, in particular for making amendments thereto, shall be established by the appropriate financial body.

Budget inventories of chief administrators of budgetary funds shall be drawn up in compliance with the budgetary appropriations endorsed by the summary budget inventory and the limits of budgetary obligations endorsed by a financial body.

Budget inventories of administrators of budgetary funds shall be drawn up in compliance with the budgetary appropriations and the limits of budgetary obligations brought to their notice.

**2.** The budget inventory shall be endorsed and amended by the chief administrator (administrator) of budgetary funds.

Indices of the budget inventory in respect of revenues shall be brought to subordinate administrators and/or recipients of budgetary funds prior to the start of the next financial year, except for the cases provided for by Articles 190 and 191 of this Code.

**3.** A procedure for drawing up and keeping budget inventories may establish the right or duty of the chief administrator (administrator) of

budgetary funds to specify the indices endorsed by the budget inventory in respect of expenditures according to the codes of the classification of operations of the public administration sector.

4. It shall not be allowable to change the indices endorsed by the budget inventory in respect of expenditures of the chief administrator of budgetary funds in compliance with indices of the summary budget inventory without making appropriate amendments in the summary budget inventory.

It shall not be allowable to change the indices endorsed by the budget inventory in respect of expenditures of the administrator of budgetary funds in compliance with indices of the budget inventory of the chief administrator of budgetary funds without making appropriate amendments to the budget inventory of the chief administrator of budgetary funds.

#### **Article 219.2.** Administration of the Budget in Respect of Sources of Financing the Budget Deficit

The budget in respect of sources of financing the budget deficit shall be administered by chief administrators and administrators of sources of financing the budget deficit in compliance with the summary budget inventory in the procedure established by the financial body in compliance with the provisions of this Code.

Payments concerning monetary obligations to be discharged on account of budgetary appropriations in respect of sources of financing the budget deficit shall be authorized in the procedure established by the financial body.

#### **Article 220.** Abrogated from January 1, 2008.

#### **Article 220.1.** Personal Accounts for Registration of Operations Related to Budget Administration

Operations related to budget administration which are made by participants in the budgetary process within the scope of their budget authorities shall be registered on personal accounts opened in conformity with the provisions of this Code with the Federal Treasury or the financial body of a constituent entity of the Russian Federation (municipal formation).

Personal accounts to be opened with the Federal Treasury shall be opened and kept in the procedure established by the Federal Treasury.

Personal accounts to be opened with the financial body of a constituent entity of the Russian Federation (municipal formation) shall be opened and kept in the procedure established by the financial body of a constituent entity of the Russian Federation (municipal formation).

#### **Article 221.** Budget Estimate

1. The budget estimate of a state-financed institution shall be drawn up, endorsed and kept in the procedure defined by the chief administrator of budgetary funds which the budget institution is subordinate to, in compliance with the general requirements established by the Ministry of Finance of the Russian Federation.

The budget estimate of the budget institution being the chief administrator of budgetary funds shall be endorsed by the head of the chief administrator of budgetary funds.

2. Endorsed indices of the budget estimate of a budget institution must correspond to the limits of budgetary obligations brought to the notice of it in respect the assumption and/or discharge of budgetary obligations related to ensuring the exercise of the functions of the budget institution.

In the budget estimate of a budget institution may be additionally endorsed other indices provided for by a procedure for drawing up and keeping the budget estimate of the budget institution.

Indices of the budget estimate of the budget institution whose head is vested with the right of its endorsement in compliance with the procedure for endorsement of the budget estimate of a budget institution may be specified according to codes of items (subitems) of the appropriate groups (items) of the classification of operations of the public administration sector within the limits of budgetary obligations brought thereto.

**Article 222.** Abrogated from January 1, 2008.

**Article 223.** Abrogated from January 1, 2008.

**Article 224.** Abrogated from January 1, 2008.

**Article 225.** Abrogated from January 1, 2008.

**Article 226.** Abrogated from January 1, 2008.

**Article 226.1.** Limit Amounts of Financing

1. In the cases and in the procedure established by a financial body may be provided, when arranging the administration of budgets in respect of expenditures, the endorsement and bringing to the notice of chief administrators, administrators and recipients of budgetary funds the limit amount of payment in respect of monetary obligations within the appropriate period of the current financial year (limit amounts of financing).

2. The limit amounts of financing shall be established on the whole in respect of the chief administrator, administrator and recipient of budget funds on a monthly or quarterly basis as a progressive total from the start of the current financial year or for the appropriate quarter on the basis of applications for financing filed by the chief administrators, administrators and recipients of budgetary funds.

**Article 227.** Abrogated from January 1, 2008.

**Article 228.** Abrogated from January 1, 2008.

**Article 229.** Abrogated from January 1, 2008.

**Article 230.** Abrogated from January 1, 2008.

**Article 231.** The Blocking of Budget Expenditures

1. The blocking of budget expenditures means the reduction of limits of budgetary obligations as compared with budgetary appropriations or the refusal to confirm the accepted budgetary obligations, if budgetary appropriations were made under a law or decision on the budget to the chief disposer of budgetary resources (a subject of the Russian Federation, a municipal entity or any other receiver of budgetary resources) for the fulfilment of definite conditions, but by the time of compiling budgetary obligations or of confirming the accepted budgetary 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 budgetary 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 budgetary legislation if there were no cases of the unfounded use of budgetary 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 budgetary resources or any other receiver of budgetary resources only after the fulfilment by the latter of the conditions whose non-performance has involved the blocking of expenditures.

**Article 232.** Disposal of Revenues Which Are Actually Received in Excess of Those Endorsed by the Budget Law (Decision) When Administering the Budget

1. The revenues actually received when administering a budget in excess of the total amount of revenues endorsed by the federal law on the federal budget for the current financial year and planning period (less oil-

and-gas revenues and revenues from managing resources of the Emergency Reserve Fund and the National Welfare Fund) may be allocated by the Ministry of Finance of the Russian Federation without amending the federal law on the federal budget for the current financial year and planning period for substitution of state borrowings, repayment of the state debt of the Russian Federation, as well as for the discharge of state normative obligations of the Russian Federation in case of insufficiency of the budgetary appropriations provided for their discharge in the amount stipulated by Item 3 of Article 217 of this Code.

**2.** The revenues actually received when administering the budget of a constituent entity of the Russian Federation (the local budget) in excess of the total amount of revenues endorsed by the law (decision) on the budget may be allocated by the appropriate financial body without amending the law (decision) on the budget for the current financial year (the current financial year and planning period) for substitution of state (municipal) borrowings, repayment of the state (municipal) debt, as well as for the discharge of public normative obligations of the constituent entity of the Russian Federation (municipal formation) in case of insufficiency of the budgetary appropriations provided for their discharge in the amount stipulated by Item 3 of Article 217 of this Code.

The subsidies and subventions actually received when administering the budget of a constituent entity of the Russian Federation and a local budget in excess of the revenues endorsed by the law (decision) on the budget shall be allocated to increase expenditures according to the aims of granting the subsidies and subventions along with making amendments to the summary budget inventory without amending the law (decision) on the budget for the current financial year (the current financial year and planning period).

**Article 233.** Abrogated from January 1, 2008.

**Article 234.** Abrogated from January 1, 2008.

**Article 235.** Abrogated from January 1, 2008.

**Article 236.** Inadmissible Placement of Budgetary Resources on Bank Deposits and Transfer of Budgetary Resources on Trust Management

**1.** It shall be inadmissible to place budgetary resources on bank deposits, to receive additional revenues in the process of the budget implementation at the expense of the placement of budgetary sources on bank deposits and to transfer the received revenues in trust management, except for the cases provided for by this Code.

**2.** The action of the present Article shall not extend to the Russian Federation and to the subjects of the Russian Federation that do not receive any donations for levelling out the budgetary provision for the

budgets of the subjects of the Russian Federation. The procedure for the placement of budgetary funds onto the bank deposits shall be determined, respectively, by the Government of the Russian Federation and by the higher executive bodies of state power of the subjects of the Russian Federation in conformity with the legislation of the Russian Federation.

3. The federal executive power bodies and the executive power bodies of the subjects of the Russian Federation are held responsible for ensuring the return of funds, respectively, to the federal budget and to the budgets of the subjects of the Russian Federation.

**Article 237.** Abrogated from January 1, 2008.

**Article 238.** Abrogated from January 1, 2008.

**Article 239.** Budget Immunity

1. The immunity of budgets of the budgetary system of the Russian Federation is a legal regime in which the levy of execution on the funds of budgets of the budgetary system of the Russian Federation takes place only under a court judgement , except for the cases cited by Articles 93.3, 93.4, 142.2, 142.3, 166.1, 218 and 242 of this Code.

2. The levy of execution on funds of budgets of the budgetary system of the Russian Federation by the bailiff service shall not take place, except for the cases established by the present Code.

3. The levy of execution on funds of budgets of the budgetary system of the Russian Federation under court judgements shall take place in accordance with Chapter 24.1 of the present Code.

**Article 240.** Abrogated from January 1, 2008.

**Article 241.** Specifics of Budget Administration Established by Federal Laws

1. The provisions of this Code regulating budget administration shall apply subject to the specifics established by this Article and/or the federal law cited in it.

2. In the event of initiating bankruptcy proceedings in respect of debtors concerning the pecuniary obligations and obligatory payments defined in compliance with Federal Law No. 127-FZ of October 26, 2002 on Insolvency (Bankruptcy) with regard to budgets of the budgetary system of the Russian Federation, the time, ways and procedure for the discharge of these obligations, as well as the amount of interest charged on the amount of claims in respect of these obligations, the rate of fines and penalties for failure to discharge these obligations shall be determined in compliance with the said Federal Law.



3. The administration of budgets of the budgetary system of the Russian Federation shall be organized subject to the requirements established in compliance with Law of the Russian Federation No. 5485-I of July 21, 1993 on the State Secret.

4. The budget administration in respect of the expenditures provided for by the Central Election Commission of the Russian Federation, election commissions of constituent entities of the Russian Federation, territorial election commissions and budget commissions of municipal formations shall be effected subject to the specifics established by the legislation of the Russian Federation on elections and referendums.

5. The budget administration in respect of expenditures related to operational search activity allocated to the federal executive power bodies authorized to exercise it shall be organized subject to the specifics established in compliance with Federal Law No. 144-FZ of August 12, 1995 on Operational Search Activity.

6. The chief administrator of the federal budgetary funds or of the budget of a constituent entity of the Russian Federation may be authorized to exercise the functions of the chief administrator of resources of the appropriate budget in respect of state-financed institutions established in compliance with a federal law, a law of a constituent entity of the Russian Federation or a normative legal act of the President of the Russian Federation, the Government of the Russian Federation or the supreme executive state power body of a constituent entity of the Russian Federation.

7. Military administration bodies, associations, forces and military units shall exercise the authority of administrators and recipients of the federal budgetary funds in compliance with the provisions of this Code.

8. The State Atomic Power Corporation Rosatom shall exercise the functions of the chief manager of budgetary funds, the recipient of budgetary funds, the chief administrator of budget revenues and the administrator of budget revenues in compliance with the provisions of this Code within the transition period established by Article 38 of the Federal Law on the State Atomic Power Corporation Rosatom.

9. A procedure for spending budgetary appropriations on the implementation of special secret programmes shall be established by the President of the Russian Federation. Control over spending funds when implementing special secret programmes shall only be exercised by the bodies which are entrusted with it by the President of the Russian Federation. The results of revision of spending funds on special secret programmes shall be presented exclusively to the President of the Russian Federation, chairmen of chambers of the Federal Assembly of the Russian Federation and to the chamber's commissions.

**Article 241.1.** Fundamentals of Cash Servicing of the Administration of Budgets of the Budgetary System of the Russian Federation

**1. When effecting cash servicing of budgets administration:**

operations with budgetary funds shall be recorded on single budget accounts opened in compliance with this Code for the Federal Treasury agencies with institutions of the Central Bank of the Russian Federation separately for each budget;

funds on single accounts of budgets shall be managed by financial bodies or other authorised bodies in compliance with normative legal acts of the Russian Federation, constituent entities of the Russian Federation and with municipal legal acts;

cash payments from the budget shall be made by the Federal Treasury agency on the basis of payment documents submitted to the Federal Treasury agency in the priority order of their submission and within the limits of actually available balance of funds on a single budget account;

all operations concerning budget cash receipts and budget cash payments on a single budget account shall be made and recorded by the Federal Treasury agency according to codes of the budgetary classification of the Russian Federation;

the Federal Treasury agencies shall supply to financial bodies information about cash operations related to the administration of appropriate budgets, as well as information about cash operations related to administration of other budgets forming part of the consolidated budget of the appropriate territory.

**2.** In the event of a transfer to the Federal Treasury Agency of some functions of a constituent entity of the Russian Federation (a municipal formation) concerning the administration of budgets thereof in compliance with an agreement on the exercise of these functions made subject to the provisions of Article 168 of this Code, the specifics of cash servicing of such budgets shall be established by the Federal Treasury in compliance with the provisions of Item 1 of this Article.

If the authority of the Federal Treasury related to the cash servicing of the administration of the budget of a constituent entity of the Russian Federation, budgets of territorial state extra-budgetary funds and budgets of municipal formations forming part of the constituent entity of the Russian Federation is exercised by the executive state power body of the constituent entity of the Russian Federation in compliance with an agreement made under Article 215.1 of this Code, this body is obliged to supply to the Federal Treasury agency cited in the agreement information about all cash operations made by it when administering all the budgets serviced by it which are registered according to codes of the budgetary classification of the Russian Federation.

*Federal Law No. 63-FZ of April 26, 2007 reworded Article 242 of this Code. The new wording of the Article shall enter into force from January 1, 2008*

*See the Article in the previous wording*

**Article 242. The Completion of the Current Financial Year**

1. Operations related to the budget administration shall be ended on December 31, except for the operations cited in Item 2 of this article.

Operations related to the budget administration in the current financial year shall be completed in the procedure established by the financial body in compliance with the requirements of this Article.

2. The Federal Treasury agencies shall complete operations related to distribution of receipts of the reporting financial year to budgets of the budgetary system of the Russian Federation and to their entry to the appropriate budgets in compliance with Article 40 of this Code within the first five working days of the current financial year. The said operations shall be shown in the report documents on administration of budgets of the reporting financial year.

3. Budgetary appropriations, limit amounts of budgetary obligations and limit amounts of financing of the current financial year shall be available till December 31.

Up to the last working day of the current financial year inclusive the body which is in charge of cash servicing of the budget administration is obliged to make payments related the budgetary obligations which are authorized in the established procedure within the limits of the balance of funds kept on a single budget account.

4. The balance of budgetary funds which are not kept on a single budget account and are not used by recipients of budgetary funds are subject to remittance to recipients of budgetary funds onto a single budget account at the latest within the two last working days of the current financial year.

5. Inter-budget transfers received in the form of subventions and subsidies which are not used in the current financial year are subject to disposal in the next financial year for achieving the same goals.

Where the appropriate chief administrator of budgetary funds wherefrom inter-buget transfers have been provided finds that there is no need for them, the balance of the said inter-budget transfers is subject to return to the revenues of the budget wherefrom they have been provided.

If the balance of inter-budget transfers received in the form of subventions and subsidies which have not been used is not remitted to the revenues of the appropriate budget, the said funds are subject to recovery for remittance to the revenues of the budget wherefrom they have been provided in the procedure defined by the appropriate financial body subject to the general requirements established by the Ministry of Finance of the Russian Federation.

Inter-budget transfers provided from the federal budget which have not been used shall be recovered in the procedure established by the Ministry of Finance of the Russian Federation.

6. The financial body shall establish a procedure for providing recipients of budgetary funds upon termination of the current financial year with cash required for the exercise of their activities during public holidays in the Russian Federation on January of the current financial year.

**Article 242.1.** Abrogated from January 1, 2008.

## **Chapter 24.1. Executing Court Judgements on Levy of Execution on Funds of Budgets of the Budgetary System of the Russian Federation**

### **Article 242.1. General Provisions**

1. The execution of court judgements on levy of execution on funds of budgets of the budgetary system of the Russian Federation shall take place in accordance with the present Code under documents of execution (writ of execution, court order) with an indication of the amounts subject to levy of execution in the Russian currency and also in compliance with the requirements established by the legislation of the Russian Federation as applicable to documents of execution, the term for presenting documents of execution, a break in the term for presenting documents of execution, reinstatement in the event of laches in terms of presenting documents of execution.

2. The following shall be attached to an execution document (except a court order) sent by a court on a request of a debt collector or by the collector proper: a copy of the court judgement under which the document has been issued as appropriately authenticated by the court, the collector's application with an indication of the particulars of the collector's bank account to which the collectable funds are to be remitted.

An application shall be signed by the recoverer or by a representative thereof with a letter of attorney, or a copy of a letter of attorney, or other document certifying the representative's authority attached thereto.

A duplicate of the writ of execution shall be forwarded for execution together with a copy of the court ruling proving issuance thereof certified by a court in a proper way.

3. Below are the grounds for returning the documents received for execution to the collector:

failure to submit any of the documents mentioned in Item 2 of the present Article;

the non-compliance of the documents specified in Items 1 and 2 of the present Article with the requirements established by the Civil Procedural Code of the Russian Federation, the Arbitration Procedural Code of the Russian Federation and Federal Law No. 119-FZ of July 21, 1997 on Execution Proceedings (hereinafter referred to as "the Federal Law on Execution Proceedings");

a breach of the term established by the legislation of the Russian Federation for presenting the execution document for execution;

the fact that the collector has presented an application for withdrawal of the execution document.

**3.1.** The following shall be deemed a ground for the return to a court of received court orders subject to execution:

filing by the court an application (or a judicial act) for withdrawal of the court order;

filing by the debtor, or the recoverer, or the court a document recalling the judicial act subject to execution;

impossibility of returning to the recoverer received documents which are subject to execution.

In the event of return to a court of court orders for the reasons cited in Paragraphs Two and Three of this item, the recoverer shall be sent a notice attaching thereto all the documents received from him.

**4.** The return of an execution document to the collector shall not obstruct a new submittal of the said document for execution within the term counted in accordance with the legislation of the Russian Federation.

**5.** An action (omission) of the bodies executing court judgements in the procedure defined in the present chapter or a refusal to commit such actions is subject to appeal by the collector in accordance with the legislation of the Russian Federation.

**Article 242.2.** Executing Court Judgements on Actions versus the Russian Federation, a Subject of the Russian Federation, a Municipal Formation for Indemnification of a Harm Inflicted to a Citizen or Legal Entity as a Result of Illegal Actions (Omissions) of State Bodies, Local Self-Government Bodies or of Officials Thereof

**1.** For the purpose of executing court judgements on claims to the Russian Federation for indemnification of a harm inflicted by illegal actions (omissions) of state bodies of the Russian Federation or their officials, in particular, as a result of enactment by state bodies of the Russian Federation of acts that are inconsistent with a law or another normative legal act, and also court judgements on other claims for collection of funds on the account of the treasury of the Russian Federation (except for court judgements on collection of funds in line of the vicarious liability of chief managers of federal budgetary funds) the documents specified in Item 2 of Article 242.1 of the present Code shall be sent for execution to the Ministry of Finance of the Russian Federation.

**2.** A chief manager of federal budgetary funds who has been representing in a court the interests of the Russian Federation under Item 3 of Article 158 of the present Code shall send to the Ministry of Finance of the Russian Federation information on the results of hearing the case in the court within ten days after the entry (making) of the court's judgement in the final form.

If a court enters a judgement for the plaintiff or satisfies other claims versus the Russian Federation that are satisfied on the account of the

treasury of the Russian Federation the chief manager of federal budgetary funds which represented the interests of the Russian Federation in the court also informs the Ministry of Finance of the Russian Federation of existence of grounds for appealing against the court's judgement.

If grounds exist for appealing against the court's judgement, the chief manager of federal budgetary funds shall provide information to the Ministry of Finance of the Russian Federation on the results of the appeal within one month after the court's judgement becomes final.

**3.** For the purposes of executing judicial acts on claims against constituent entities of the Russian Federation for indemnification of harm inflicted by illegal actions (omissions to act) of state bodies of the constituent entities of the Russian Federation or officials thereof, in particular, as a result of the enactment by state bodies of constituent entities of the Russian Federation of acts inconsistent with a law or other normative legal act, as well as of judicial acts on other claims for recovery of monetary funds on account of the treasury of a constituent entity of the Russian Federation (except for judicial acts on recovery of monetary funds by way of subsidiary liability of chief administrators of budgetary funds of a constituent entity of the Russian Federation), the documents specified in Item 2 of Article 242.1 of the present Code shall be sent for execution to the financial body of the constituent entity of the Russian Federation.

The chief administrator of budgetary funds of a constituent entity of the Russian Federation representing in a court the interests of the constituent entity of the Russian Federation in compliance with Item 3 of Article 158 of this Code is obliged to provide the financial body of the constituent entity of the Russian Federation with information about the results of trying the case in court within ten days after issuing (adopting) the final version of the judicial act.

If a court allows plaintiff's claims or other demands against a constituent entity of the Russian Federation to be satisfied on account of the treasury of the constituent entity of the Russian Federation, the chief administrator of budgetary funds of the constituent entity of the Russian Federation that represented the interests of the constituent entity of the Russian Federation in court shall likewise inform the financial body of the constituent entity of the Russian Federation that there are grounds for appealing against the judicial act.

Where there are grounds for appealing against a judicial act, the chief administrator of budgetary funds of a constituent entity of the Russian Federation is obliged to provide the financial body of the constituent entity of the Russian Federation with information about the results of the appeal at the latest in one month as of the date of entry of the judicial act into force.

**4.** For the purposes of executing judicial acts on claims against municipal formations for indemnification for harm inflicted by illegal actions (omissions to act) of local government bodies or officials thereof, in

particular, as a result of enactment by local government bodies of acts inconsistent with a law or other normative legal act, as well as of judicial acts on other claims for recovery of monetary funds on account of the treasury of a municipal formation (except for judicial acts on the recovery of monetary funds by way of subsidiary liability of chief administrators of local budgetary funds), the documents specified in Item 2 of Article 242.1 of the present Code shall be sent for execution to the financial body of the constituent entity of the Russian Federation.

The chief administrator of budgetary funds of a municipal formation representing in court the interests of the municipal formation in compliance with Item 3 of Article 158 of this Code is obliged to provide the financial body of the municipal formation with information about the results of trying the case in the court within 10 days after issuing (adopting) the final version of a judicial act.

If a court allows plaintiff's claims or other demands against a constituent entity of the Russian Federation to be satisfied on account of the treasury of the constituent entity of the Russian Federation, the chief administrator of budgetary funds of the municipal formation that represented the interests of the municipal formation in the court shall likewise inform the financial body of the municipal formation that there are grounds for appealing against the judicial act.

Where there are grounds for appealing against a judicial act, the chief administrator of budgetary funds of a municipal formation of the Russian Federation is obliged to provide the financial body of the municipal formation with information about the results of the appeal at the latest in one month as of the date of entry of the judicial act into force.

**5.** The execution of court judgements shall take place with the appropriations envisaged for these purposes by a law (decision) on the budget. Where court judgements are executed within a scope exceeding the appropriation amount confirmed for these purposes by a law (decision) on the budget relevant amendments shall be made to the consolidated budget sheet.

**6.** The execution of court judgements shall take place within three months after the receipt of documents of execution for execution.

A stay of execution of court judgements may be granted in accordance with the legislation of the Russian Federation.

**7.** The bodies executing court judgements (the Ministry of Finance of the Russian Federation, the financial bodies of subjects of the Russian Federation, the financial bodies of municipal formation) shall keep record of, and store the documents of execution and other documents relating to the execution thereof.

**Article 242.3. Executing Court Judgements on Levy of Execution on Federal Budget Funds for Monetary Obligations of Federal Budget Institutions**

1. An execution document on levy of execution on federal budget funds for monetary obligations of a federal budget institution being a debtor shall be sent by the court on a request of the collector or by the collector proper together with the documents specified in Item 2 of Article 242.1 of the present Code to the federal treasury body at the place where personal accounts have been opened for the debtor as a beneficiary of federal budgetary funds for the purpose of keeping records of operations concerning the administration of expenditures as well as funds received from entrepreneurial and other income-producing activity (hereinafter referred to in the present article as "the debtor's personal accounts").

2. Within five working days after the receipt of the execution document, the federal treasury body shall send to the debtor a notice of receipt of the execution document and of the date of receipt thereof for execution together with a copy of the court judgement and the collector's application.

If the grounds specified in Items 3 and 4 of Article 242.1 of the present Code exist then the federal treasury body shall return the execution documents with all received annexes thereto to the collector without execution within five working days after the receipt thereof, together with an indication of the reason for the return.

3. Within ten working days after the receipt of the notice the debtor shall present information on the source of the indebtedness (an activity funded with federal budgetary funds or an entrepreneurial activity or other income producing activity) and on the Russian Federation budget classification codes to be used to make the federal budget expenditures in order to execute the execution document according to the budget classification of the Russian Federation of the current financial year.

For the purpose of executing the execution document with federal budgetary funds the debtor - when sending the said information - shall simultaneously present a payment document to the federal treasury body for remittance of an amount of money to execute in full or in part the execution document within the limit of the balance of amounts of funding of the expenses shown on his personal account of a beneficiary of federal budgetary funds according to relevant Russian Federation budget classification codes.

Where there is a lack of, or insufficiency of, pertinent limits on budgetary obligations and/or amounts of funding of expenses for the purpose of execution in full of the execution document the debtor shall do the execution within the term specified in the present item with funds received from entrepreneurial and other income-producing activity within the total balance of funds recorded on his personal account for keeping record of funds received from an entrepreneurial activity or another income-producing activity.

For the purposes of executing the execution document in respect of an indebtedness resulting from the debtor's having carried out an



entrepreneurial activity or other income-producing activity the debtor shall submit payment instructions to the federal treasury body within the term defined by the present item for remittance of funds within the limit of the total balance of funds recorded on his personal account for keeping record of funds received from an entrepreneurial activity or another income-producing activity.

If the debtor has violated the requirements established by the present item the federal treasury body shall suspend, until the elimination of the violation, the transactions of spending of funds on all the debtor's personal accounts, including personal accounts of its structural (set-apart) units opened with a given agency of the Federal Treasury (except for the transactions of executing execution documents), with the notification of the debtor and its structural (set-apart) subdivisions.

4. If disbursements for execution of an execution document take place on a regular basis, the debtor shall provide information on the date of monthly disbursements for the execution document together with the documents specified in Item 3 of the present Article.

In this case if a chief manager (a manager) of federal budgetary funds is specified by the debtor in the execution document, it is entitled to instruct a federal budget institution subordinated thereto to execute the document as involving the transfer of copies of the documents specified in Item 2 of the present Article for the purposes of making payment under the execution document in keeping with the present Article and the limits on budgetary obligations (budgetary appropriations) and/or amounts of funding of expenditures that have been brought to its notice, and also the simultaneous sending to the federal treasury body of an appropriate notice of the fact that responsibility for executing the execution document is vested in the federal budget institution.

If the federal budget institution defaults on the execution of the execution document handed over to it in accordance with the requirements established by the present Article the federal treasury body shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending of funds on all its personal accounts, including personal accounts of its structural (set-apart) units opened with a given agency of the Federal Treasury (except for the transactions of execution of execution documents), with the federal budget institution and the relevant chief manager (the manager) of federal budgetary funds being notified accordingly.

5. If there is a lack of, or insufficiency of, the pertinent limits on budgetary obligations and/or the amount of funding of expenditures, and of the balance of funds received by the debtor from an entrepreneurial or other income producing activity for the execution of the execution document in full the debtor shall send an inquiry-request to its superior chief manager (the manager) of federal budgetary funds asking for additional limits on budgetary obligations (budgetary appropriations) and/or on the amount of funding of expenditures for the purposes of executing the

execution document with an indication of the date of receipt thereof by the federal treasury body.

6. Within three months after the receipt of the execution document by the federal treasury body, the chief manager (the manager) of federal budgetary funds shall make sure limits on budgetary obligations (budgetary appropriations) and/or the amount of funding of expenditures are allocated as requested by the inquiry-request.

7. Not later than the next working day after the receipt in the established procedure of the limits on budgetary obligations (budgetary appropriations) and/or the amount of funding of expenditures under the relevant codes of the budget classification of the Russian Federation in keeping with Paragraph 1 of Item 3 of the present Article and/or funds received from an entrepreneurial activity or another income-producing activity the debtor shall submit to the federal treasury body a payment document for remittance of funds in the established procedure for the purpose of executing the execution document in full or in part.

If the debtor fails to meet the requirements established by the present item the federal treasury body shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending funds on all the debtor's personal accounts, including personal accounts of its structural (set-apart) units opened with a given agency of the Federal Treasury (except for the transactions of execution of execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

8. In the event of a default within three months after the receipt of the execution document by the federal treasury body, and also in the event of the debtor's being in breach of the payment term indicated by the debtor in keeping with Item 4 of the present Article in respect of the execution document containing a provision for disbursements being made on a regular basis the federal treasury body shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending of funds on all the debtor's personal accounts, including personal accounts of its structural (set-apart) units opened with a given agency of the Federal Treasury (except for the transactions of execution of execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

Operations on the debtor's personal accounts shall not be suspended, if the debtor presents to the Federal Treasury body the document, confirming the execution of the court order, the document on the postponement of, on putting onto an instalment basis or on laying off the execution of the court acts, or the document, cancelling or suspending the execution of the court act, on whose ground the court order was issued.

If within three months after the receipt of the execution document by the federal treasury body the debtor has defaulted on executing it, then the federal treasury body shall inform the collector accordingly within ten days.

9. Where the federal treasury body receives an execution document recall application from the collector, this body shall return the execution document that has not been fully or partially executed, together with an accompanying letter with the reasons for the non-execution thereof.

If the execution document has been partially executed by the debtor the document shall be returned to the collector with an annotation stating the amount of money remitted.

If the recoverer's application for withdrawal of an execution document is received by the Federal Treasury agency during the suspension of operations related to spending funds kept on the debtor's personal accounts (except for operations related to the observance of execution documents), the said agency shall notify the debtor of the cancellation of the suspension of operations on the debtor's personal accounts, while the execution document shall be returned to the recoverer in the procedure defined by Paragraphs One and Two of this Item.

10. If the court turns out a judgement for the collector according to which funds are to be collected from a chief manager of federal budgetary funds in line of vicarious liability or the partially outstanding execution document on the monetary obligations of the beneficiary of federal budgetary funds subordinated thereto then the execution document on collection of funds from the chief manager of federal budgetary funds shall be sent to the federal treasury body at the place where a personal account has been opened for the chief manager of federal budgetary funds as a beneficiary of federal budgetary funds, for execution in the procedure established by the present Code.

11. If the execution document has been executed in full, the federal treasury body shall send it as bearing an annotation stating the remitted sum to the court that has issued it.

12. The federal treasury body shall keep record of, and store execution documents and the other documents relating to the execution thereof, in the procedure established by the Federal Treasury.

13. If accounts have been opened for the debtor at an institution of the the Central Bank of the Russian Federation or with a credit organisation, then the execution of the execution document shall be governed by the Federal Law on Execution Proceedings.

**Article 242.4. Executing Court Judgements on Levy of Execution on Funds of the Budget of a Subject of the Russian Federation for Monetary Obligations of Budget Institutions of the Subject of the Russian Federation**

1. An execution document on levy of execution on funds of the budget of a subject of the Russian Federation for monetary obligations of its budget institution being a debtor shall be sent by the court on the collector's request or by the collector proper together with the documents specified in Item 2 of Article 242.1 of the present Code to the body that opens and keeps the personal accounts of budget institutions of the subject

of the Russian Federation at the place where personal accounts have been opened for the debtor as a beneficiary of funds of the budget of the subject of the Russian Federation to keep records of operations related to spending of funds of the budget of the subject of the Russian Federation as well as funds received from an entrepreneurial and other income producing activity (hereinafter referred to as "the debtor's personal accounts").

2. Within five working days after the receipt of the execution document the body responsible for the opening and keeping of the personal accounts of budget institutions of the subject of the Russian Federation shall send a notice to the debtor of the receipt of the execution document and of the date of acceptance thereof for execution together with a copy of the court judgement and the collector's application.

If the grounds specified in Items 3 and 4 of Article 242.1 of the present Code exist the body responsible for the opening and keeping the personal accounts of budget institutions of the subject of the Russian Federation shall return execution documents with all received annexes thereto to the collector without execution within five working days after the receipt thereof, together with an indication of the reason for the return.

3. Within ten working days after the receipt of the notice, the debtor shall present information to the body responsible for opening and keeping the personal accounts of budget institutions of the subject of the Russian Federation on the source of the indebtedness (an activity funded with funds of the budget of the subject of the Russian Federation or an entrepreneurial activity or another income-producing activity) and of the Russian Federation budget classification codes to be used for the expenditures of the budget of the subject of the Russian Federation to execute the execution document according to the budget classification of the Russian Federation of the current year.

If the disbursements made in line of execution of the execution document take place regularly the debtor shall submit - simultaneously with the information specified in Paragraph 1 of the present Item - information to the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation on the date of monthly disbursements under the execution document.

For the purpose of executing the execution document with funds of the budget of the subject of the Russian Federation the debtor shall send - simultaneously with the information specified in Paragraph 1 of the present Item - payment instructions to the body responsible for opening and keeping personal accounts of budget institutions of the subject of the Russian Federation for remittance of a sum equal to, or less than, the amount of execution of the execution document within the limit of the balance of amounts of funding of expenditures shown on its personal account of beneficiary of funds of the budget of the subject of the Russian Federation under the relevant codes of the budget classification of the Russian Federation.

In the event of a lack of, or insufficiency of, pertinent limits on budget obligations and/or the amount of funding of expenditures for execution of the execution document in full the debtor shall carry out execution on the dates defined by the present item with funds received from entrepreneurial and other income-producing activity within the limit of the total balance of funds recorded on the debtor's personal account for keeping record of funds received from entrepreneurial and other income-producing activity.

For the purposes of executing the execution document for indebtedness incurred as a result of the debtor's carrying out entrepreneurial activity or other income-producing activity the debtor shall submit payment instructions on the dates defined by the present item to the body responsible for the opening and keeping of personal account of budget institutions of the subject of the Russian Federation for remittance of funds within the limit of the total balance of funds recorded on the debtor's personal account for keeping record of funds received from entrepreneurial and other income-producing activity.

If the debtor is in breach of the requirements established by the present Article the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation shall suspend - until the elimination of the breach - the carrying out of transactions of spending funds on all the debtor's personal accounts, including personal accounts of structural (set-apart) units thereof opened with a given agency, opening and keeping the personal accounts for the budgetary institutions of the subjects of the Russian Federation (except for transactions of executing execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

**4.** In the event of a lack of, or insufficiency of, pertinent limits on budgetary obligations (budgetary appropriations) and/or the amounts of funding of expenditures and the balance of funds received by the debtor from entrepreneurial and other income-producing activity the debtor shall send an inquiry request to the debtor's superior chief manager (manager) of funds of the budget of the subject of the Russian Federation for the purpose of executing the execution document in full, asking for additional limits on budget obligations (budgetary appropriations) and/or amounts of funding of expenditures to execute the execution document together with the date of its receipt by the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation.

**5.** Within three months after the receipt of the execution document by the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation the chief manager (a manager) of funds of the budget of the subject of the Russian Federation shall make sure the limits on budget obligations (budgetary appropriations) and/or amounts of funding of expenditures are allocated as required by the inquiry-request.

6. The debtor shall submit payment instructions to the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation for the remittance in the established procedure of funds for execution of the execution document in full or in part not later than the next working day after the receipt in the established procedure of the limits on budget obligations (budgetary appropriations) and/or amounts of funding of expenditures under relevant codes of the budget classification of the Russian Federation in keeping with Paragraph 1 of Item 3 of the present Article and/or funds received from an entrepreneurial and another income-producing activity.

If the debtor does not observe the requirements established by the present item the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending of funds on all the debtor's personal accounts, including personal accounts of structural (set-apart) units thereof opened with a given agency, opening and keeping the personal accounts for the budgetary institutions of the subjects of the Russian Federation (except for transactions of executing execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

7. If within three months after the receipt of the execution document by the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation the debtor has defaulted, and also if the debtor has not honoured the disbursement due date specified by the debtor in keeping with Item 3 of the present Article in respect of the execution document containing a provision for disbursements on a regular basis this body shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending of funds on all the debtor's personal accounts, including personal accounts of structural (set-apart) units thereof opened with a given agency, opening and keeping the personal accounts for the budgetary institutions of the subjects of the Russian Federation (except for transactions of executing execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

Operations on the debtor's personal accounts shall not be suspended, if the debtor presents to the body, opening and keeping the personal accounts of the budgetary institutions of the subject of the Russian Federation, the document confirming the execution of the court orders, the document on the postponement of, on putting onto an instalment basis or on delaying the execution of the court acts, or the document cancelling or suspending the execution of the court act on the grounds of which the court order was issued.

If the debtor defaulted on execution of the execution document within three months after its receipt by the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the

Russian Federation, this body shall notify the collector accordingly within ten days.

**8.** When the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation receives a collector's application recalling an execution document, this body shall return to the collector the execution document executed in full or in part, with the reason for the non-execution thereof being indicated in a letter attached thereto.

In the event of a partial execution by a debtor of an execution document, the document shall be returned to the collector as bearing an annotation stating the sum remitted.

If the recoverer's application for withdrawal of an execution document is received by the agency engaged in opening and keeping personal accounts of state-financed institutions of a constituent entity of the Russian Federation during the suspension of operations related to spending funds kept on the debtor's personal accounts (except for operations related to the observance of execution documents), the said agency shall notify the debtor of cancellation of the suspension of operations on the debtor's personal accounts, while the execution document shall be returned to the recoverer in the procedure defined by Paragraphs One and Two of this Item.

**9.** If a court returns a judgement for a collector to have funds collected from the chief manager of funds of the budget of a subject of the Russian Federation in line of vicarious liability on the basis of an execution document that has not been executed in full or in part for the monetary obligations of a beneficiary of funds of the budget of the subject of the Russian Federation subordinated thereto, then the execution document on collection of funds from the chief manager of funds of the budget of the subject of the Russian Federation shall be sent to the body where a personal account has been opened for the chief manager of funds of the budget of the subject of the Russian Federation as a beneficiary of funds of the budget of the subject of the Russian Federation, for execution in the procedure established by the present Code.

**10.** Where an execution document has been executed in full the body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation shall send the execution document to the court that has issued it as bearing an annotation stating the sum remitted.

**11.** The body responsible for the opening and keeping of personal accounts of budget institutions of the subject of the Russian Federation shall keep record of, and store execution documents and the other documents relating to the execution thereof, in the procedure established by itself.

**12.** If accounts have been opened for the debtor at an institution of the Central Bank of the Russian Federation or a credit organisation the

execution document shall be executed in accordance with the Federal Law on Execution Proceedings.

**Article 242.5. Executing Court Judgements on Levy of Execution on Funds of a Local Budget for Monetary Obligations of Municipal Budget Institutions**

1. An execution document on levy of execution on funds of a local budget for monetary obligations of its budget institution being a debtor shall be sent by the court on the collector's request or by the collector proper together with the documents specified in Item 2 of Article 242.1 of the present Code to the body responsible for the opening and keeping of personal accounts of municipal budget institutions, at the place of opening personal accounts of the debtor or receiver of funds from the local budget for keeping records of operations related to administration of expenditures and of funds received from entrepreneurial and other income-producing activity.

2. Within five working days after the receipt of the execution document the body, opening and keeping the accounts of municipal budgetary institutions, shall send a notice to the debtor acknowledging the receipt of the execution document and the date of acceptance thereof for execution together with a copy of the court judgement and the collector's application.

If the grounds specified in Items 3 and 4 of Article 242.1 of the present Code exist, the body, opening and keeping the accounts of municipal budgetary institutions, shall return the execution documents with all received annexes thereto to the collector without execution within five working days after the receipt thereof together with an indication of the reasons for the return.

3. Within ten working days after the receipt of the notice the debtor shall present to the body, opening and keeping the accounts of municipal budgetary institutions, information on the source of the indebtedness (an activity funded by the local budget or entrepreneurial activity or other income-producing activity) as well as the Russian Federation budget classification codes to be used to effectuate the local budget expenditures for executing the execution document according to the budget classification of the Russian Federation of the current year.

If disbursements in line of execution of the execution document take place on a regular basis, the debtor shall provide the body, opening and keeping the accounts of municipal budgetary institutions, with information - simultaneously with the information specified in Paragraph 1 of the present Item - on the date of monthly disbursement under the execution document.

For the purposes of executing the execution document with funds of the local budget the debtor shall submit to the body, opening and keeping the accounts of municipal budgetary institutions, - simultaneously with the information specified in Paragraph 1 of the present Item - payment instructions for remittance of funds in an amount equal to, or less than, the



amount of the execution document within the balance of amounts of funding of expenditures shown on the personal account of the debtor as a beneficiary of funds of the local budget, under the relevant codes of the budget classification of the Russian Federation.

In the event of a lack of, or insufficiency of, pertinent limits on budget obligations and/or amounts of funding of expenditures for the execution of the execution document in full then the debtor shall carry out the execution on the date defined by the present item with funds received from entrepreneurial and other income-producing activity within the limit of the total balance of funds recorded on the debtor's account for keeping record of funds received from entrepreneurial and other income-producing activity.

For the purposes of executing the execution document for indebtedness as a result of the debtor's having pursued entrepreneurial and other income-producing activity the debtor shall submit on the date defined by the present item to the body, opening and keeping the accounts of municipal budgetary institutions, payment instructions for remittance of funds within the limit of the total balance of funds recorded on the debtor's personal account for keeping record of funds received from entrepreneurial and other income-producing activity.

If the debtor does not observe the requirements established by the present item the body, opening and keeping the accounts of municipal budgetary institutions, shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending funds on all the debtor's personal accounts, including personal accounts of structural (set-apart) units thereof opened with a given agency, opening and keeping the personal accounts of municipal budgetary institutions (except for transactions of executing execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

**4.** In the event of a lack of, or insufficiency of, pertinent limits on budget obligations (budgetary appropriations) and/or the amounts of funding of expenditures and the balance of funds received by the debtor from entrepreneurial and other income-producing activity the debtor shall send an inquiry request for the purposes of executing the execution document in full to its superior chief manager (manager) of funds of the local budget asking for additional limits on budget obligations (budgetary appropriations) and/or amounts of funding of expenditures for the purposes of carrying out the execution document with an indication of the date of receipt thereof by the body, opening and keeping the accounts of municipal budgetary institutions.

**5.** Within three months after the receipt of the execution document by the body, opening and keeping the accounts of municipal budgetary institutions, the chief manager (the manager) of local budget funds shall make sure limits on budget obligations (budgetary appropriations) and/or amounts of funding of expenditures are allocated as requested by the inquiry-request.

**6.** The debtor shall submit to the body, opening and keeping the accounts of municipal budgetary institutions, payment instructions for remittance in the established procedure of funds for the purpose of executing the execution document in full or in part, not later than on the next working day after the date of receipt in the established procedure of the limits on budget obligations (budgetary appropriations) and/or amounts of funding of expenditures according to the relevant codes of the budget classification of the Russian Federation in keeping with Paragraph 1 of Item 3 of the present Article and/or funds received from entrepreneurial and other income-producing activity.

If the debtor does not observe the requirements established by the present item the body, opening and keeping the accounts of municipal budgetary institutions, shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending funds on all the debtor's personal accounts, including personal accounts of structural (set-apart) units thereof opened with a given agency, opening and keeping the personal accounts of budgetary institutions (except for transactions of executing execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

**7.** If within three after the receipt of the execution document by the body, opening and keeping the accounts of municipal budgetary institutions the debtor is in default, and also if the debtor does not honour the disbursement date indicated thereto in accordance with Item 3 of the present Article in respect of the execution document containing a provision for disbursements on a regular basis this body shall suspend - until the elimination of the irregularity - the carrying out of transactions of spending of funds on all the debtor's personal account, including personal accounts of structural (set-apart) units thereof opened with a given body, opening and keeping the personal accounts of budgetary institutions (except for transactions of executing execution documents), with the debtor and its structural (set-apart) subdivisions being notified accordingly.

Operations on the debtor's personal accounts shall not be suspended if the debtor presents to the body, opening and keeping the accounts of the budgetary institutions of the subject of the Russian Federation, the document confirming the execution of the court order, the document on the postponement of, on putting onto an instalment basis or delaying the execution of the court acts, or the document, cancelling or suspending the execution of the court act, on the grounds of which the court order was issued.

If the debtor defaults on the execution of the execution document within three months after the receipt thereof by the body, opening and keeping the personal accounts of municipal budgetary institutions, then the said body shall notify the collector accordingly within ten days.

**8.** If the body, opening and keeping the accounts of municipal budgetary institutions, receives the collector's application for recall of the

execution document the said body shall return to the collector the execution document that has not been executed in full or in part together, with the reasons for the non-execution being indicated in a letter attached thereto.

If the debtor has partially executed the execution document the said document shall be returned to the collector as bearing an annotation stating the sum remitted.

In the event of receiving the recoverer's application for withdrawal of an execution document by the body engaged in opening and keeping personal accounts of municipal budgetary institutions, during the period when operations related to spending of funds kept on the debtor's personal accounts are suspended (except for operations related to implementation of execution documents), the said body shall notify the debtor on the cancellation of suspension of operations on the debtor's personal account, while the execution document shall be returned to the recoverer in the procedure determined by Paragraphs One and Two of this Item.

**9.** If the court returns a judgement for the collector to have funds collected from the chief manager of funds of the local budget in line of vicarious liability on the basis of the execution document that has not been executed in full or in part for the monetary obligations of the beneficiary of funds of the local budget subordinated thereto then the execution document on levy of execution on funds against the chief manager of funds of the local budget shall be sent to the body with which a personal account has been opened for the chief manager of funds of the local budget as a beneficiary of funds of the local budget, for execution in the procedure established by the present Code.

**10.** If the execution document has been executed in full the body, opening and keeping the accounts of municipal budgetary institutions, shall send it to the court that has issued it, as bearing an annotation stating the sum remitted.

**11.** The body, opening and keeping the accounts of municipal budgetary institutions, shall keep record of, and store execution documents and the other documents relating to the execution thereof, in the procedure established by it.

**12.** If accounts for the debtor have been opened in an institution of the Central Bank of the Russian Federation or in a credit organisation the execution document shall be executed in accordance with the Federal Law on Execution Proceedings.

## **Chapter 25. The Execution of the Federal Budget**

Abrogated from January 1, 2008.

### **Section VIII.1. Drawing Up, External Auditing, Consideration and Endorsement of Budget Reporting**

## **Chapter 25.1. Fundamentals of Drawing Up, External Auditing, Consideration and Endorsement of Budget Reporting**

### **Article 264.1. Fundamentals of Budget Accounting and Budget Reporting**

1. Uniform methods and standards of budget accounting and budgetary reporting shall be established by the Ministry of Finance of the Russian Federation in compliance with the provisions of this Code.

2. Budgetary reporting represents an ordered system of collection, registration and generalization of information in monetary terms about the status of financial and non-financial assets and obligations of the Russian Federation, constituent entities of the Russian Federation and municipal entities, as well as about operations causing changes in the said assets and obligations.

Budgetary accounting shall be effected in compliance with the chart of accounts incorporating the budgetary classification of the Russian Federation.

The chart of accounts for budgetary accounting and instructions as to application thereof shall be endorsed by the Ministry of Finance of the Russian Federation.

3. Budgetary reporting shall include the following:

- 1) the report on the budget administration;
- 2) the balance sheet of the budget administration;
- 3) the report on financial results of activities;
- 4) the report on movement of monetary funds;
- 5) an explanatory note.

4. The report on the budget administration shall contain data on the budget administration in respect of revenues, expenditures and sources of financing the budget deficit in compliance with the budgetary classification of the Russian Federation.

The balance sheet of the budget administration contains data on non-financial and financial assets, obligations of the Russian Federation, constituent entities of the Russian Federation and municipal formations as of the first and last day of the reporting period in compliance with accounts of the chart of accounts for budgetary accounting.

The report on financial results of activities shall contain data on the financial result of activities in the reporting period and shall be drawn up according to classification codes of operations of the public administration sector.

The report on movement of monetary funds shall show operations on accounts of budgets according to classification codes of operations of the public administration sector.

An explanatory note shall contain the analysis of budget administration and budgetary reporting, as well as data on implementation of the state (municipal) task and/or other results of disposal of budgetary

appropriations by chief administrators (administrators, recipients) of budgetary funds in the reporting financial year.

5. Chief administrators of budgetary funds (recipients of budgetary funds) may apply departmental (internal) acts which specify financial information subject to the uniform methods and standards of budgetary accounting and budgetary reporting.

#### **Article 264.2. Drawing Up Budgetary Reporting**

1. Chief administrators of budgetary funds, chief administrators of budget revenues, and chief administrators of sources of financing the budget deficit (hereinafter referred to chief administrators of budgetary funds) shall draw up the summary budgetary report documents on the basis of the budgetary report documents submitted to them by subordinate recipients (administrators) of budgetary funds, administrators of budget revenues and administrators of sources of financing the budget deficit.

Chief administrators of the federal budgetary funds, of the budget of a constituent entity of the Russian Federation and local budget shall submit the summary budgetary report documents to the Federal Treasury, financial bodies of constituent entities of the Russian Federation and financial bodies of municipal entities, respectively, at the time established by them.

2. Budgetary reports of the Russian Federation, of constituent entities of the Russian Federation and municipal formations shall be drawn up accordingly by the Federal Treasury, financial bodies of constituent entities of the Russian Federation and financial bodies of municipal formations on the basis of summary budgetary report documents of appropriate chief administrators of budgetary funds.

3. Budgetary reports of the Russian Federation, of constituent entities of the Russian Federation and municipal formations shall be drawn up on an annual basis. The report on the budget administration shall be drawn up on a quarterly basis.

4. Budgetary report documents of the Russian Federation, of constituent entities of the Russian Federation and municipal formations shall be submitted by the appropriate financial authorities to the Government of the Russian Federation, the supreme executive state power body of constituent entities of the Russian Federation and local administration.

5. The report on administration of the federal budget, the budget of a constituent entity of the Russian Federation and local budget for the the first quarter, six months and nine months of the current financial year shall be endorsed by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation, and the local administration, respectively, and shall be sent to the appropriate legislative (representative) body and to the state (municipal) fiscal body established by it.

Annual reports on the administration of the federal budget, the budget of a constituent entity of the Russian Federation and local budgets are subject to endorsement by a federal law, the law of the constituent entity of the Russian Federation and a municipal legal act of the representative body of a municipal formation, respectively.

**Article 264.3.** Forming of Report Documents on the Administration of the Consolidated Budget and Budgets of State Extra-Budgetary Funds

1. Financial bodies of urban and rural settlements shall submit budgetary report documents to the financial body of the municipal region.

The financial body of the municipal region shall submit budgetary report documents on the administration of the summary budget of the municipal region to the financial body of a constituent entity of the Russian Federation.

The financial body of an urban circuit or of an intra-urban territory of a city of federal importance shall submit budgetary report documents to the financial body of a constituent entity of the Russian Federation.

2. Managerial bodies of territorial state extra-budgetary funds shall submit budgetary report documents to the financial body of a constituent entity of the Russian Federation.

3. The financial body of a constituent entity of the Russian Federation shall submit budgetary report documents on the administration of the summary budget of the constituent entity of the Russian Federation and budgets of territorial state extra-budgetary funds to the Federal Treasury.

Managerial bodies of state extra-budgetary funds of the Russian Federation shall submit budgetary report documents on the administration of budgets of state extra-budgetary funds of the Russian Federation to the Federal Treasury.

4. The Federal Treasury shall submit budget report documents on the administration of the summary budget of the Russian Federation and budgets of state extra-budgetary funds to the Ministry of Finance of the Russian Federation.

**Article 264.4.** External Auditing of an Annual Report on Budget Administration

1. An annual report on budget administration, prior to consideration thereof by a legislative (representative body), is subject to external auditing which includes external auditing of budgetary report documents of chief administrators of budgetary funds and preparation of an opinion in respect of the annual report on the budget administration.

2. External auditing of an annual report on the administration of the federal budget shall be effected by the Audit Chamber of the Russian Federation in the procedure established by this Code.

External auditing of an annual report on the budget administration of a constituent entity of the Russian Federation shall be effected by the state

fiscal body of the constituent entity of the Russian Federation established by the legislative (representative) state power body of the constituent entity of the Russian Federation in the procedure established by a law of the constituent entity of the Russian Federation subject to the requirements of this Code.

External auditing of an annual report on the administration of local budget shall be effected by the municipal fiscal body formed at municipal elections or by the representative body of a municipal formation in the procedure established by a municipal legal act of the representative body of the municipal formation subject to the requirements of this Code.

On the basis of an application of the representative body of a residential settlement, external auditing of an annual report on the administration of the budget of a residential settlement may be effected by the control authority of the municipal region or the state fiscal body of a constituent entity of the Russian Federation established by the representative body of the municipal region or the legislative (representative) power body of the constituent entity of the Russian Federation, respectively.

**3.** The supreme executive state power body of a constituent entity of the Russian Federation shall submit the report on administration of the budget of the constituent entity of the Russian Federation for preparation of an opinion in respect of it at the latest on April 15 of the current year. An opinion in respect of an annual report on the administration of the budget of a constituent entity of the Russian Federation shall be prepared within at the most 1.5 months.

The local administration shall submit the report on administration of the local budget for preparation of an opinion in respect of it at the latest on April 1 of the current year. An opinion in respect of an annual report on administration of the local budget shall be prepared within at the most one month.

**4.** The state (municipal) fiscal body shall prepare an opinion in respect of a report on the budget administration on the basis of data of external auditing of annual budgetary report documents of chief administrators of budgetary funds.

**5.** An opinion in respect of an annual report on budget administration shall be submitted by the state (municipal) fiscal body to the legislative (representative) body concurrently with its sending accordingly to the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and local administration.

#### **Article 264.5. Submission, Consideration and Endorsement of an Annual Report on Budget Administration by a Legislative (Representative) Body**

**1.** A procedure for submission, consideration and endorsement of an annual report on budget administration shall be established by the

appropriate legislative (representative) body in compliance with the provisions of this Code.

2. Concurrently with an annual report on budget administration shall be submitted a draft law (decision) on the budget administration, other budgetary report documents on the administration of the appropriate budget, budgetary report documents on the administration of the appropriate consolidated budget and other documents provided for by the budgetary legislation of the Russian Federation.

3. On the basis of the results of consideration of an annual report on the budget administration, a legislative (representative) body shall render a decision on the endorsement or rejection of the law (decision) on the budget administration.

In the event of rejection by a legislative (representative) body of the law (decision) on budget administration it shall be returned for the removal of data which are unreliable or are not shown in full within one month at the most.

4. An annual report on the administration of the budget of a constituent entity of the Russian Federation shall be submitted to the legislative (representative) state power body of the constituent entity of the Russian Federation at the latest on June 1 of the current year.

An annual report on administration of the local budget shall be submitted to the representative body of a municipal formation at the latest on May 1 of the current year.

#### **Article 264.6. Law (decision) on Budget Administration**

The law (decision) on budget administration shall endorse a report on the budget administration for the reporting financial year with an indication of the total amount of revenues, expenditures and the budget deficit (surplus).

Separate annexes to the law (decision) on budget administration for the reporting financial year shall endorse the following indices:

of budget revenues according to codes of the classification of budgetary revenues;

of budget revenues according to codes of kinds of revenues, subtypes of revenues, and the classification of operations of the public administration sector pertaining to budget revenues;

budget expenditures according to the departmental structure of expenditures of the appropriate budget;

budget expenditures according to sections and subsections of the classification of budget expenditures;

Sources of financing the federal budget deficit according to classification codes of sources of financing budgets deficits;

sources of financing the budget deficit according to codes of groups, subgroups, items, kinds of sources of financing deficits of budgets of the



classification of operations of the public administration sector pertaining to the sources of financing deficits of budgets.

The law (decision) on budget administration shall likewise endorse other indices established respectively by the Code, a law of a constituent entity of the Russian Federation, a municipal legal act of the representative body of a municipal formation for the law (decision) on budget administration.

## **Chapter 25.2. Drawing Up, External Auditing, Consideration and Endorsement of Budgetary Reporting of the Russian Federation**

### **Article 264.7. Drawing Up and Submission of Budgetary Report Documents of the Russian Federation**

1. The Federal Treasury shall draw up and submit to the Ministry of Finance of the Russian Federation budgetary report documents of the Russian Federation.

Budgetary report documents of the Russian Federation shall be submitted by the Ministry of Finance of the Russian Federation to the Government of the Russian Federation.

2. A report on the administration of the federal budget for the first quarter, six months and nine months of the current financial year shall be endorsed by the Government of the Russian Federation and shall be sent to the State Duma, the Federation Council and the Audit Chamber of the Russian Federation.

An annual report on the administration of the federal budget is subject to consideration by the State Duma and endorsement by a federal law.

### **Article 264. Federal Law on Administration of the Federal Budget**

The federal law on administration of the federal law shall endorse a report on the administration of the federal budget for the reporting financial year with an indication of the total amount of revenues, expenditures and the federal budget deficit (surplus).

Separate annexes to the federal law on the administration of the federal budget for the reporting financial year shall endorse the following indices:

revenues of the federal budget according to codes of the classification of budget revenues;

revenues of the federal budget according to codes of kinds of revenues, sub-types of revenues of the classification of operations of the public administration sector pertaining to budget revenues;

expenditures of the federal budget according to the departmental structure of the federal budget revenues;

expenditures of the federal budget according to sections and subsections of revenues, and of the classification of operations of the public administration sector pertaining to budget revenues;

expenditures of the federal budget according to the departmental structure of the federal budget expenditures;

The federal budget expenditures according to sections and subsections of the classification of budget expenditures;

Sources of financing the federal budget deficit according to classification codes of sources of financing budgets deficits;

Sources of financing the federal budget deficit according to codes of groups, subgroups, items, sources of financing budgets deficits of the classification of operations of the public administration sector pertaining to the sources of financing budgets deficits.

#### **Article 264.9.** External Auditing of an Annual Report on the Federal Budget Administration

1. An annual report on the federal budget administration, prior to its consideration by the State Duma, is subject to external auditing by the Audit Chamber of the Russian Federation.

2. Chief administrators of the federal budgetary funds, at the latest on April 1 of the current financial year, shall submit annual budgetary report documents to the Audit Chamber of the Russian Federation for external auditing.

The results of external auditing of annual report documents of chief administrators of the federal budgetary funds shall be legalized in the form of opinions in respect of each chief administrator of the federal budget funds prior to June 1 of the current financial year.

3. The Government of the Russian Federation shall send at the latest on June 15 of the current financial year to the Audit Chamber of the Russian Federation an annual report on administration of the federal budget and other documents which are subject to submission to the State Duma simultaneously with the annual report on the federal budget administration.

The Audit Chamber of the Russian Federation shall prepare on the basis of external auditing of annual budgetary report documents of chief administrators of the federal budgetary funds an opinion in respect of an annual report on administration of the federal budget and at the latest on September 15 of the current financial year shall submit it to the State Duma, as well as shall send it to the Government of the Russian Federation.

#### **Article 264.10.** Submission of an Annual Report on the Federal Budget Administration to the State Duma

1. An annual report on the federal budget administration shall be submitted to the Government of the Russian Federation simultaneously with a draft federal budget for the next financial year and planning period.

2. Simultaneously with an annual report on the federal budget administration the Government of the Russian Federation shall submit the following:

1) a draft federal law on administration of the federal budget for the reporting financial year;

2) the balance sheet of the federal budget administration;

3) a report on the financial results of activities;

4) a report on the movement of monetary funds;

5) an explanatory note;

6) reports on the disposal of allocations of reserve funds, on granting and repayment of budgetary credits (loans), whose balance records are kept by the Ministry of Finance of the Russian Federation, on the status of the state foreign and domestic debt of the Russian Federation as of the start and the end of the reporting financial year, on implementation of annexes to the federal law on the federal budget for the reporting financial year;

7) report documents on the administration of the summary budget of the Russian Federation and budgets of state extra-budgetary funds for the reporting financial year;

8) other report documents provided for by the budgetary legislation of the Russian Federation.

#### **Article 264.11. Consideration and Endorsement of an Annual Report on the Administration of the Federal Budget by the State Duma**

1. When considering a report on the administration of the federal budget, the State Duma shall hear the following:

a report of the minister of finance on the federal budget administration;

a report of the Chairman of the Audit Chamber of the Russian Federation on the opinion of the Audit Chamber of the Russian Federation in respect of the annual report on the federal budget administration.

The Procurator General of the Russian Federation, 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 on the proposal of the Chairman of the State Duma or on their own initiative may make speeches or submit reports containing the analysis of cases tried within the reporting financial year which are connected with budget disputes and breaches of the budgetary legislation of the Russian Federation.

2. On the basis of the results of consideration of an annual report on the federal budget administration, the State Duma shall adopt or reject the federal law on the federal budget administration.

## **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**

**1.** The legislative (representative) bodies 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 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 shall provide for the right of these bodies of:

the receipt from the executive bodies or local administrations of municipal formations of necessary accompanying materials for the approval of the budget;

the receipt from financial bodies of day-to-day information about the administration of appropriate budgets;

the approval or non-approval of a report on the appropriate budget execution;

the creation of their own control bodies (the Accounts Chamber of the Russian Federation, control chambers, other agencies of the legislative, (representative) bodies);

the evaluation of the activity of budget-implementing bodies.

**3.** The executive bodies and local administration of municipal formations shall be obliged to submit all information needed for parliamentary control to the legislative (representative) bodies 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 Bodies and Local Administrations of Municipal Formations**

**1.** Financial control to be supervised by the executive bodies and bodies (officials) of local administrations of municipal formations shall be exercised by the Federal Service of Financial and Budgetary Supervision, the Federal Treasury, the finance bodies of the subjects of the Russian

Federation and municipal entities and/or bodies authorized by them, the chief and ordinary disposers of budgetary resources.

2. The forms and procedure of financial control exercised by the executive and bodies (officials) of local administrations of municipal formations shall be established by this Code, other pieces of budget legislation and the normative legal acts of the Russian Federation, its subjects and municipal legal acts of local selfgovernment bodies.

#### **Article 267. Financial Control Exercised by the Federal Treasury**

The Federal Treasury shall exercise control to ensure that:

the limits of budget obligations distributed by chief managers (ordinary managers) of the federal budgetary resources to the subordinate ordinary managers and recipients of the federal budgetary resources did not exceed the approved limits of budget obligations;

the budgetary appropriations distributed by chief administrators of sources of financing the federal budget deficit to administrators of sources of financing the federal budget deficit did not exceed the budgetary appropriations endorsed for them;

the cash expenditures made by recipients of the federal budget resources did not exceed the limits of budget obligations and/or budgetary appropriations brought to their notice;

the cash payments made by administrators of sources of financing the federal budget deficit did not exceed the budgetary appropriations brought to their notice;

the content of an operation being conducted matched the code of the budgetary classification of the Russian Federation stated in the payment document submitted to the Federal Treasury by the recipient of the federal budgetary resources;

a recipient of the federal budgetary resources possessed the documents confirming his pecuniary obligations in compliance with the procedure for authorization of revenues established by the Ministry of Finance of the Russian Federation.

#### **Article 268. Financial Control Exercised by the Federal Service of Financial and Budgetary Supervision**

1. The Federal Service of Financial and Budgetary Supervision exercises financial control over the use of the federal budgetary resources and resources of the state extra-budgetary funds of the Russian Federation, including the use of subventions, inter-budgetary subsidies, other subsidies and budgetary credits granted from the said budgets.

2. The Federal Service of Fiscal Supervision shall exercise control over the observance by the bodies of state (municipal) fiscal control established by executive power bodies (local administrations of municipal formations) of the legislation of the Russian Federation on fiscal control and supervision.

**Article 269.** Financial Control Exercised by Chief Administrators of Budgetary Funds, Chief Administrators of Budget Revenues and Chief Administrators of Sources of Financing Budget Deficit

1. Chief administrators of budgetary funds shall exercise financial control over administrators (recipients) of budgetary funds subordinate to them, as regards the ensuring of rightful, purposes and efficient disposal of the budgetary funds.

Chief administrators of budgetary funds shall exercise control over the use of subsidies and subventions by recipients thereof in compliance with the terms and goals defined when granting the said funds from the budget.

Chief administrators of budgetary funds are entitled to inspect administrators (recipients) and state (municipal) unitary enterprises subordinate to them.

2. Chief administrators of budget revenues shall exercise financial control over the administrators of budget revenues subordinate to them, as regards their exercise of the functions of revenue administration.

3. Chief administrators of sources of financing the budget deficit shall exercise financial control over the making by the administrators of sources of financing the budget deficit subordinate to them budget cash payments to cancel sources of financing the budget deficit.

Chief administrators of sources of financing the budget deficit are entitled to inspect subordinate administrators of sources of financing the budget deficit.

**Article 270.** Financial Control Exercised by the Controlling and Financial Bodies of Constituent Entities of the Russian Federation and Municipal Entities

The controlling and financial bodies of constituent entities of the Russian Federation and municipal entities exercise financial control over operations in budgetary resources by recipients of funds of appropriate budgets, over resources of administrators of sources of financing budget deficit and also over the observance by recipients of budget credits, budgetary investments and the state and municipal guaranties of the terms and conditions of allocation, obtaining, target use and repayment of budgetary resources.

**Article 270.1.** Internal Financial Audit

The executive power bodies (bodies of local administration) are entitled to establish internal financial audit (internal control) bodies engaged in the development and control over the observance of internal standards of, and procedures for, budget drawing up and administration, for drawing up budgetary report documents and keeping budgetary records, as well as engaged in the preparation and arrangement of activities aimed at

improving the results (enhancing the effectiveness and efficiency) of the use of budgetary funds.

**Article 271.** Abrogated from January 1, 2008.

**Article 272.** Abrogated from January 1, 2008.

**Article 273.** Abrogated from January 1, 2008.

## **Chapter 27. The Preparation, Expenditures and Approval of the Report on the Federal Budget Execution**

Abrogated from January 1, 2008.

## **Part IV. The Responsibility for Breaking the Budgetary Legislation of the Russian Federation**

### **Chapter 28. General Provisions**

**Article 281.** Breaches of the Budgetary 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 the budget system of the Russian Federation shall be deemed a breach of the budgetary legislation of the Russian Federation that involves the application of coercive measures to lawbreakers.

The enforcement measures applicable to a person being in breach of the budgetary legislation that has been subjected by an arbitration court to bankruptcy proceedings shall apply to the extent in which they remain consistent with the Federal Law on Insolvency (Bankruptcy).

**Article 282.** Measures to Be Applicable Against the Violators of the Budgetary Legislation

The following measures may be applied against the violators of the budgetary legislation:

- a warning about the improper performance of the budgetary process;
- the blocking of expenditure;
- the withdrawal of budgetary 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.** Grounds for Taking Enforcement Measures for a Breach of the Budgetary Legislation of the Russian Federation

Below are the grounds for taking enforcement measures for a breach of the budgetary legislation of the Russian Federation:

- non-observance of a law (decision) on a budget;
- use of budgetary funds for purposes different from their intended purpose;
- non-remittance of budgetary funds to beneficiaries of budgetary funds;
- incomplete remittance of budgetary funds to beneficiaries of budgetary funds;
- late remittance of budgetary funds to beneficiaries of budgetary funds;
- late remittance of budgetary funds to accounts of beneficiaries of budgetary funds;
- late provision of reports and other information relating to the performance of a budget;
- late budget appropriation notification of beneficiaries of budgetary funds;
- late budget obligation limit notification of beneficiaries of budgetary funds;
- non-compliance of a budget sheet with the law (decision) on the budget;
- non-compliance of notices of budgetary appropriations, notices of limits on budget obligations with the expenditures and budget sheet confirmed;
- non-observance of the compulsory character of entering budget revenues, revenues of the budgets of non-state budgetary funds and other revenues in the budgetary system of the Russian Federation;
- late execution of payment documents for remittance of funds subject to crediting to accounts of a budget and of a state extra-budgetary fund;
- later submittal of draft budgets and of reports on the performance of budgets;
- refusal to confirm assumed budget obligations, except for the grounds established by the present Code;
- late confirmation of budget obligations, late effectuation of payments on confirmed budget obligations;
- funding expenses not included in the budget sheet;
- funding expenses in amounts exceeding those specified in the budget sheet or exceeding confirmed limits on budget obligations;
- non-observance of financial cost rates for the provision of state or municipal services;
- non-observance of the caps on budget deficit, state or municipal debt and the expenditures for servicing the state or municipal debt established by the present Code;



opening budget accounts in credit organisation if there are institutions of the Bank of Russia on the territory in question capable of servicing the accounts of budgets of the budgetary system of the Russian Federation;

non-observance by the chief manager of federal budgetary funds which has represented the interests of the Russian Federation in a court of the term established by Item 2 of Article 242.2 of the present Code for provision of information to the Ministry of Finance of the Russian Federation on the results of a court hearing;

late or incomplete execution of a court's judgement on levy of execution on funds of a budget of the budgetary system of the Russian Federation;

other grounds in keeping with the present Code and federal laws.

**Article 284.** Powers of the Federal Executive Authorities in the Area of Application of Coercive Measures for Breaking the Budgetary Legislation of the Russian Federation

1. Heads of federal executive authorities and of their territorial bodies shall have the following rights in the area of application of coercive measures for breaking the budgetary legislation of the Russian Federation, in accordance with contracts (agreements) on provision of resources from the federal budget:

to deduct in the extra-judicial procedure the amounts of budget resources granted to them on repayable basis, if the term of their repayment has expired;

to deduct in the extra-judicial procedure the interest (payment for the use of) the federal budgetary resources granted on repayable basis, which due date has lapsed;

to collect in the extra-judicial procedure the penalty fees for late repayment of the federal budgetary resources granted on repayable basis, the arrears of interest on the federal budgetary resources granted on repayable basis, in the amount of one-three-hundredth of the effective rate of refinancing of the Central Bank of the Russian Federation per each day of delay;

to deduct in the extra-judicial procedure the amounts of subsidies, inter-budgetary subsidies, subventions, budgetary investments granted to them, and utilized by their recipients for non-authorized purposes.

2. Heads of the Federal Service of Financial and Budgetary Supervision and of its territorial bodies in the procedure established by this Code and other regulatory legal acts, subject to availability of the grounds established by Article 283 of this Code shall:

take decisions to deduct (recover) in the extra-judicial procedure the amounts of subsidies, subventions, budgetary investments granted from the federal budget that were utilized by their recipients for non-authorized purposes;

administer a warning of improper performance of the budgetary process, in particular of reimbursement of funds to heads of executive authorities, local self-government bodies and to recipients of the budget resources;

hold administratively responsible in accordance with the Russian Federation Code of administrative offences.

**3.** Heads of the Federal Treasury, its territorial bodies (in accordance with their powers) have the right in the cases envisaged by the budgetary legislation of the Russian Federation to suspend, in the procedure established by the Russian Federation Government operations on personal accounts opened with bodies of the Federal Treasury for chief managers, ordinary managers and recipients of the federal budget resources, and accounts opened for recipients of the federal budget resources with credit organisations.

**4.** Actions of federal executive authorities in the area of application of coercive measures for breaking the budgetary legislation of the Russian Federation specified in Items 1-3 of this Article and of their officials can be appealed in the standard procedure.

Officials of federal executive authorities named in Items 1-3 of this Article shall be subject to criminal, administrative, disciplinary responsibility established by law in the case of unlawful application of coercive measures for breaking the budgetary legislation of the Russian Federation.

#### **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:

deduct under enforceable procedure the amounts of budgetary resources used other than earmarked as well as in other cases provided for in the present part of the Code;

deduct under the enforceable procedure the overdue amounts of budget resources refundable for the benefit of the budget;

deduct under the enforceable procedure the due amounts of interest (fee) for the use of budgetary resources which have been granted on repayment terms;

collect under the enforceable procedure a penalty for late repayment of budgetary resources granted on repayment terms, arrears on interest for the use of budgetary resources granted on repayment terms, at a rate of

one three hundredth of the effective refinancing rate of the Central Bank of the Russian Federation per deferment day;

issue warnings to the heads of bodies of executive power, local self-government bodies and beneficiaries of budgetary funds as to an improper performance of the budgetary process;

compile reports to serve as the basis for the imposition of fines;

collect under enforceable procedure a penalty from credit organisations for late performance under payment documents relating to entry or remittance of budgetary funds, at the rate of one three hundredth of the effective refinancing rate of the Central Bank of the Russian Federation per deferment day.

**3.** Appeal can be made against 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.** Abolished from January 1, 2005.

**Article 286.** Abolished from January 1, 2006.

**Article 287.** Abolished from January 1, 2006.

**Article 288.** Abolished from January 1, 2005.

**Article 289.** The Improper Use of Budgetary Resources

The improper use of budgetary resources, which finds expression in their use for purposes that do not correspond to the conditions of the receipt of said resources determined by the approved budget, the budget schedule, the notification about budgetary 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 budgetary resources in accordance with the Code of Administrative Offences of the Russian Federation, the withdrawal of budgetary 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.

**Article 290.** The Non-return or the Untimely Return of Budgetary Resources Received on a Repayable Basis

Upon the expiry of the time fixed for the return of budgetary resources, the non-return or the untimely return of these budgetary resources received on a repayable basis shall entail the imposition of fines on the managers of the receivers of budgetary resources in keeping with the Code of Administrative Offences of the Russian Federation, and also the withdrawal in the extra-judicial procedure of budgetary resources received on a repayable basis, and of interest (charge) for the use of

budgetary resources, the recovery of penalty fees for the untimely return of budgetary resources, given on a repayable basis, in the amount of one-three hundredth of the effective rate of refinancing of the Central Bank of the Russian Federation for each day of delay. The non-return of budgetary 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 Budgetary Resources Granted on a Repayable Basis

The non-transfer or untimely transfer of interest (charge) for the use of budgetary resources granted on a repayable basis shall involve the imposition of fines on the managers of the receivers of budgetary resources in accordance with the Code of Administrative Offences of the Russian Federation, and also the withdrawal in the extra-judicial procedure of interest (charge) for the use of budgetary resources received on a repayable basis, the recovery of penalty fees for the delayed payment of interest (charge) for the use of said budgetary resources in the amount of one-three hundredth of the effective rate of refinancing of the Central Bank of the Russian Federation 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 budgetary 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 Budgetary Resources to the Receivers of Budgetary Resources

The non-transfer of budgetary resources to their receivers, the transfer of budgetary resources in lesser amounts than provided for by the notice of budgetary appropriations, or the untimely transfer of budget resources to the receivers of budgetary 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 budgetary 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 Budgetary Appropriations and Limits of Budget Obligations to the Notice of Receivers of Budgetary Resources

The untimely bringing of information about budgetary 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 Budgetary 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 budgetary 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 budgetary 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 Budgetary Credit and Budgetary Loans with a Violation of the Established Order

The extension of budgetary credits 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 extrajudicial procedure of the amounts of the granted budgetary 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 Budgetary Investments with a Violation of the Established Code

The granting of budgetary 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 extrajudicial procedure of the amounts of the given budgetary 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, calling to account in compliance with the legislation of the Russian Federation on 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 budgetary 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 budgetary 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 budgetary 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 Central Bank of the Russian Federation.

**Article 305.** The Untimely Execution of Payment Documents on the Transfer of Budgetary Resources to the Personal Accounts of Receivers of Budgetary Resources

The untimely execution of payment documents on the transfer of budgetary resources subject to placement on the personal accounts receivers of budgetary 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 Central Bank of the Russian Federation for each day of delayed payment.

**Article 306.** The Untimely Effecting of Payments Under the Acknowledged Obligations

The untimely effecting of payments under acknowledged obligations, the refusal to confirm the accepted budget obligations, except for on 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 Budgetary Code of the Russian Federation.

Currently such a federal law has not been adopted.

President of the Russian Federation

Boris Yeltsin

Moscow, the Kremlin