

**FEDERAL LAW NO. 63-FZ OF APRIL 26, 2007 ON AMENDING THE  
BUDGET CODE OF THE RUSSIAN FEDERATION, AS REGARDS THE  
REGULATION OF BUDGETARY PROCESS, AND ON BRINGING SOME  
LEGISLATIVE ACTS OF THE RUSSIAN FEDERATION INTO ACCORD  
WITH THE BUDGETARY LEGISLATION OF THE RUSSIAN  
FEDERATION** (with the Amendments and Additions of October 18,  
November 2, 8, December 1, 2007)

Adopted by the State Duma on April 13, 2007

Endorsed by the Federation Council on April 18, 2007

Article 1

The following amendments shall be made to the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1998, No. 31, Article 3823; 2000, No. 32, Article 3339; 2001, No. 33, Article 3429; 2002, No. 22, Article 2026; No. 28, Article 2790; No. 30, Article 3021, 3027; 2003, No. 28, Article 2886, 2892; No. 46, Article 4443, 4444; No. 50, Article 4844; No. 52, Article 5036, 5038; 2004, No. 34, Article 3526, 3535; No. 52, Article 5278; 2005, No. 1, Article 8, 21; No. 19, Article 1756; No. 27, Article 2717; No. 42, Article 4214; No. 52, Article 5572, 5589; 2006, No. 1, Article 8, 9; No. 2, Article 171; No. 6, Article 636; No. 43, Article 4412; No. 45, Article 4627; No. 50, Article 5279; No. 52, Article 5503; 2007, No. 1, Article 28):

1) in Item 1 of Article 1:

a) in Paragraph Two the words "at all levels" and the words "and of budgets of state extra-budgetary funds" shall be deleted;

b) in Paragraph Three the words "of all levels" shall be deleted and the words ", of budget accounting, of drawing up, consideration and endorsement of budget reports" shall be added to it;

2) Articles 2 and 3 shall be stated in the following wording:

"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 off-budget 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 off-budget funds, municipal legal acts of representative bodies of municipal entities on local budgets (hereinafter referred to as 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 and 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, 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 the 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.";

3) Articles 5 and 6 shall be stated in the following wording:

### "Article 5. The Operation of Budget Law (Decision) in Time

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

The budget decision is subject to official publication at 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 the 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 off-budget funds) without the account taken of interbudget 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 off-budgetary funds, based on economic relations and the state structure of the Russian Federation and regulated by the 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 the 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 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 budget reports;

consolidated budget inventory means the document which is drawn up and kept by a financial body (the managerial body of a state off-budget 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 the document which is drawn up and kept by the chief administrator of budget 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 budget 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), from guarantees for obligations of third persons, 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 law entity (of the Russian Federation, a constituent entity of the Russian Federation or a municipal formation) or of a state-financed institution acting of behalf of it to grant funds from the appropriate budget to natural persons or legal entities, to other public law 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 law 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 budget funds to enter to the budget or to pay to a natural person and 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 budget 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 budget 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 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 mean 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 off-budget 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 budget 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 the 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 budget funds allocated for creation or increase on account of budget funds of the cost of the 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 administration of local budgets (financial bodies of municipal entities);

chief administrator of budget funds (chief administrator of funds of an appropriate budget) mean the state power body (the state body), the managerial body of a state off-budget 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 budget funds, if not otherwise established by this Code;

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

The recipient of budget funds (the recipient of funds of an appropriate budget) - the state power body (the state body), the managerial body of a state off-budget funds, the local self-government body, the body of local administration, the budget institution subordinate to the chief administrator (administrator) of budget funds which have the right to assume and/or discharge budgetary obligations on account of the appropriate budget 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 budget obligations of a state-financed institution in compliance with the classification of expenditures of budgets;

departmental structure of budget expenditures means the distribution of the budgetary appropriations provided for by the budget law (decision) for the appropriate year which is effected by the chief administrator of budget 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 off-budget 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 off-budget 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's deficit) means the state power body (state body), local self-government body, body of local administration, managerial body of a state off-budget fund or other organisation empowered under this Code to make 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, organ of local administration, managerial body of a state offbudget 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 budget obligations means the extent of rights in monetary terms of a state-financed institution to assume budget 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 cash payment from a budget which are forecast for a certain period of the current financial year.";

4) in the title of Chapter 2 the words "the Bodies of State Power and Bodies of Local Government" shall be replaced by the words "the Russian Federation, Constituent Entities of the Russian Federation and Municipal Entities";

5) Article 7 shall be stated in the following wording:

"Article 7. The Budget Powers of the Russian Federation

The budget powers of the Russian Federation include the following:

establishing the general principles of organisation and operation of the budgetary system of the Russian Federation, the fundamentals of 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 administrating 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 off-budget funds, for endorsement and



administration of the federal budget and budgets of state off-budget funds of the Russian Federation, for monitoring the administration thereof, for drawing up, external monitoring, consideration and approval of reports on administration of the federal budget and budgets of state off-budget 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 off-budget funds, approving and administering the federal budget and budgets of state off-budget funds of the Russian Federation, monitoring the administration thereof, drawing up, external monitoring, considering and approving reports on administration of the federal budget and budgets of state off-budget 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 setting expenditure obligations of public law entities;

establishing a procedure for 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 the 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 interbudget 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 interbudget transfers from the federal budget;

granting inter-budget 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 a 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 off-budget 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 budget 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 - some budgetary powers of state power bodies of constituent entities of the Russian Federation (local self-government bodies);

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

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

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

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

6) in Article 8:

a) in the title thereof the words "state power bodies" shall be deleted;

b) in Part One:

Paragraph One shall be stated in the following wording:

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

in Paragraph Seven the words "to local budgets from federal and(or) regional taxes and fees, taxes provided for by special tax regimes" shall be replaced by the words "revenues to local budgets from federal taxes and

fees, in particular from taxes provided for by special tax regimes and(or) other regional taxes";

in Paragraph Eleven the words "a subject of the Russian Federation, management of the state debt of a subject of the Russian Federation" shall be replaced by the words "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";

Paragraph Twelve shall be stated in the following wording:

"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 off-budget funds;";

in Paragraph Fifteen the words "and other federal laws" shall be deleted;

c) Part Two shall be stated in the following wording:

"The budget powers of the constituent entities of the Russian Federation - the cities of federal importance Moscow and SaintPetersburg shall include the following, apart from the aforesaid budget powers:

defining by the laws of the said constituent entities of the Russian Federation the sources of revenues for budgets of intraurban municipal entities of the cities of federal importance Moscow and SaintPetersburg. 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 SaintPetersburg 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 Saint-Petersburg;

establishing rates of revenues' deduction to budgets of intraurban municipal entities of the cities of federal importance Moscow and SaintPetersburg 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 Saint-Petersburg in compliance with this Code and the legislation on taxes and fees;

defining the extent of, and procedure for, provision of interbudget transfers to budgets of intraurban municipal entities, in particular defining a procedure for establishment within the budgets of the constituent entities of the Russian Federation - cities of federal importance Moscow and Saint-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 a procedure for discharging, expenditure obligations of interurban municipal entities of the cities of federal importance Moscow and Saint-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 Saint-Petersburg;

defining a procedure for keeping a register of expenditure obligations of intraurban municipal entities of the cities of federal importance Moscow and Saint-Petersburg.";

7) in Article 9:

a) in the title thereof the words "Bodies of Local Government" shall be replaced by the words "Municipal Entities";

b) in Item 1:

Paragraph One shall be stated in the following wording:

"1. The budget powers of municipal entities shall include the following:";

in Paragraph Six after the words "borrowings," shall be added the words "granting municipal guarantees, granting budgetary credits," and the words "and municipal assets' management" shall be added hereto;

Paragraph Seven shall be stated in the following wording:

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

in Paragraph Eight the word "normative" shall be replaced by the word "municipal" and the words "of the bodies of local government" shall be deleted;

in Paragraph Nine the words "and other federal laws" shall be deleted;

c) in Item 2:

Paragraph One shall be stated in the following wording:

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

in Paragraph Two after the words "normatives of deductions" shall be added the words "of revenues", the words "federal, regional and local taxes and fees, taxes envisaged in special tax regimes" shall be replaced by the words "federal taxes and fees, in particular from taxes provided for by special tax regimes, from regional and local taxes";

d) in Item 3 the words "and other federal laws" shall be deleted;

e) Item 4 with the following content shall be added hereto:

"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.";

8) Articles 10-15 shall be stated in the following wording:

"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 off-budget funds of the Russian Federation;

budgets of constituent entities of the Russian Federation and budgets of territorial state off-budget 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 off-budget 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 off-budget 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.

#### 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 Off-Budget Funds of the Russian Federation

The federal budget and budgets of state off-budget 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 interbudget 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 Off-Budget Fund

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

The budget of a constituent entity of the Russian Federation (regional budget) and the budget of a territorial state off-budget 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 the 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 the 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 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 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 interbudget 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 interbudget 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 the urban and rural residential settlements.";

9) Articles 16 and 17 shall be declared invalidated;

10) Articles 18-21 shall be stated in the following wording:

#### "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 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 budgets' revenues;

classification of budgets' expenditures;

classification of sources of financing budgets' deficit;

classification of operations of public law entities (hereinafter referred to as classification of operations of the public administration sector).

#### Article 20. Classification of Budgets' 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 budgets' 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 budgets' 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 nontax 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 organizations;
  - gratuitous receipts from supranational organizations;
  - other gratuitous receipts.

5. The revenues cited in Paragraphs Two, Three (as regards 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 uniform social tax, appropriate penalties and fines), Paragraphs Eleven-Twenty of Subitem 1 of Item 4 of this article shall be deemed nontax 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 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 intraurban municipal entities of the cities of federal importance Moscow and Saint-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 offbudget 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 off-budget 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 Budgets' Expenditures

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

- 1) code of the chief administrator of budget funds;
- 2) code of section, subsection, purpose item and type of expenditure;

3) classification code of operations of the public administration sector pertaining to budgets' expenditures.

2. A list of chief administrators of the federal budget funds, of the budget of a constituent entity of the Russian Federation, budgets of state off-budget 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 budgets' 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 the state and municipal debt;

reserve funds;

applied research in respect of nation-wide 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 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) interbudget 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 (interbudget subsidies);  
subventions to budgets of constituent entities of the Russian  
Federation and municipal entities;  
other interbudget transfers;  
interbudget transfers to budgets of state off-budget 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 interbudget 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 interbudget 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.";

11) Article 22 shall be declared invalidated;

12) Article 23 shall be stated in the following wording:

"Article 23. Classification of Sources of Financing Budgets' 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 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 budget 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.";

13) Article 23.1 with the following contents shall be added hereto:

"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 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 the 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 the 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 the 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. A 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.";

14) Articles 24-27 shall be declared invalidated;

15) in Article 28:

a) in Paragraph Three the words "and expenditures between the levels" shall be replaced by the words ", expenditures and sources of financing budgets' deficits between budgets";

b) Paragraph Six shall be stated in the following wording:

"the full reflection of revenues, expenditures and sources of financing deficits of budgets;

c) Paragraph Eight shall be stated in the following wording:

"the effective and efficient use of budget resources";

d) Paragraph Ten shall be stated in the following wording:

"transparency (openness)";

e) paragraphs with the following content shall be added hereto:

"jurisdiction for budgets' expenditures;

cash unity.";

16) in Article 29 the words "documentation and reports" shall be replaced by the words "documentation and budget reports", the words "reports of the budgets" shall be replaced by the words "drawing up budget reports on the budgets";

17) Articles 30, 31, 31.1 and 32 shall be stated in the following wording:

#### "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 off-budget funds as to forming of budgets' 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 off-budget funds are not entitled to impose upon legal entities and natural persons financial and 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 budget resources;

the right and duty of state power bodies and bodies of local government to implement independently the budget 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);

inadmissibility of 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 and 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 budget resources for discharging expenditure obligations established by other state power bodies and bodies of local government solely in the form of interbudget transfers;

inadmissibility of putting into force during the current fiscal year, by the bodies of state power and the 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 the Budget Rights of Constituent Entities of the Russian Federation and Municipal Formations

The principle of equality of budget rights of constituent entities of the Russian Federation and municipal formations means defining the budget 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-budget 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 Budgets' 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 budgets' revenues, expenditures and sources of financing deficits thereof shall be shown on an obligatory basis and in full in the appropriate budgets.";

18) in Part One of Article 33 the words "from the sources" shall be replaced by the words "of the sources" and the words "reduced by the amount of payments from the budget connected with the sources of financing the budget's deficit and changes in the balance of accounts for registration of budgets' funds" shall be added hereto;

19) in Article 34 the words "the effective and economical use" shall be replaced by the words "effectiveness and efficiency" and the words "the authorized bodies and budget resources recipients" shall be replaced by the words "participants in the budgetary process within the framework of the budget authority established for them";

20) Articles 35 and 36 shall be stated in the following wording:

#### "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's 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 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 selfgovernment 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 an (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 yeas (next financial year and planning period).

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

21) Article 38 shall be stated in the following wording:

#### "Article 38. The Principle of Specific Use and Purpose Nature of Budget Resources

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

22) Articles 38.1 and 38.2 with the following content shall be added to Chapter 5:

#### "Article 38.1. The Principle of Jurisdiction for Budget Expenditures

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

Chief administrators (administrators) of budget funds are not entitled to distribute budgetary apprpriations and limit amounts of budget

obligations to administrators and recipients of budget funds which are not included into the list of administrators and recipients of budget funds subordinate to them in compliance with Article 158 of this Code.

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

The jurisdiction of the chief administrator (administrator) of budget funds with respect to a recipient of budget 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 budget funds as an institution by the chief administrator of budget funds on behalf of accordingly the Russian Federation, a constituent entity of the Russian Federation or a municipal formation.;

#### 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 accordingly of the Russian Federation, a constituent entity of the Russian Federation and a municipal entity, as well as for operations made in compliance with the currency legislation of the Russian Federation.";

23) Articles 39-42 shall be stated in the following wording:

#### "Article 39. Forming Budgets' Revenues

Budgets' 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 budgets' 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 offbudget 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 payment by the appropriate administrator of budget revenues, according to the instruction (notice) presented by him.

The Federal Treasury agencies at 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 Budgets' Revenues

1. Tax revenues, nontax revenues and gratuitous receipts shall pertain to budgets' 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 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 nontax 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 (interbudget subsidies);

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

other interbudget 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, administering budgets and drawing up reports/statements on administration thereof shall be included into budgets' revenues subject to the provisions of Item 3 of this Article.

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

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

revenues received in the form of rent or other payment 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 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 at 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 or 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.";

24) Article 43 shall be declared invalidated;

25) Article 46 shall be stated in the following wording:

#### "Article 46. Fines and Other Amounts of Compulsory Charge

1. Amounts received as a result of imposing monetary sanctions (fines) for violation 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 legalisation (laundering) of incomes derived in a criminal way and against financing of terrorism, on the traffic of drugs and psychotropic substances, on inland sea waters, territorial sea, continental shelf, on 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 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 the 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 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 off-budget funds and on specific types of obligatory social insurance, in particular as regards state off-budget funds, - to budgets of the appropriate off-budget funds according to the normative standard of 100 per cent;

4) for violating the forestry legislation detected in the land plots which are under federal ownership, under ownership of constituent entities of the Russian Federation and under municipal ownership - accordingly to the federal budget, the budget of a constituent entity of the Russian Federation and local budget 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 - accordingly to the federal budget, the budget of a constituent entity of the Russian Federation or local budget - 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 Saint-Petersburg, state off-budget funds of the Russian Federation, territorial state off-budget 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 Saint-Petersburg, budgets of state off-budget funds of the Russian Federation and budgets of territorial state off-budget 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 and 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 have 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 Saint-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 Saint-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 Saint-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 Saint-Petersburg, state offbudget funds of the Russian Federation, territorial state off-budget 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.";

26) in Article 47:

a) the words ", laws of constituent entities of the Russian Federation and municipal legal acts of representative bodies of municipal entities" shall be added to Paragraph Three;

b) in Paragraph Four the words "and non-repayable transfers" shall be replaced by the word "transfers" and the words "from the Federal Compensation Fund and/or regional compensation funds" shall be deleted;

27) in Article 51:

a) in Item 1:

in Paragraph One the figures "41-46" shall be replaced by the words "41, 42 and 46";

Paragraph Two shall be stated in the following wording:

"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;

new Paragraph Four with the following content shall be added hereto:

"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.";

Paragraphs Four-Nine shall be deemed accordingly Paragraphs Five-Ten;

Paragraph Ten shall be deemed Paragraph Eleven and in it after the words "bodies of water" shall be added the words "held under federal ownership";

Paragraphs Eleven-Fourteen shall be deemed accordingly Paragraphs Twelve-Fifteen;

Paragraph Fifteen shall be deemed Paragraph Sixteen and it shall be stated in the following wording:

"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.";

b) in Paragraph Two of Item 2 the words "the Bank of Russia remaining" shall be replaced by the words "the Central Bank of the Russian Federation remaining";

28) Article 53 shall be stated in the following wording:

"Article 53. The Authority of the Russian Federation as to Forming of Budgets' 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 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.";

29) Article 54 shall be declared invalidated;

30) in Article 56:

~~a) in Item 2:~~

~~in Paragraph One after the words "federal taxes and fees" shall be added the words ", in particular";~~

~~in Paragraph Seventeen the word "uniform" shall be deleted;~~  
~~new Paragraph Eighteen with the following content shall be added~~  
~~hereto:~~

~~"tax collected in the form of the patent's cost in connection with~~  
~~application of a simplified taxation system – at the 90 per cent normative;"~~;

~~Paragraph Eighteen shall be deemed Paragraph Nineteen;~~

~~Paragraph Nineteen shall be deemed Paragraph Twenty and in it the~~  
~~word "registration" shall be replaced by the words "state registration";~~

~~Paragraph Twenty shall be deemed Paragraph Twenty One;~~

~~new Paragraph Twenty Two with the following content shall be added~~  
~~hereto:~~

~~"for making notarial actions by notaries public in notary's offices and~~  
~~(or) by officials of executive power bodies authorized in compliance with~~  
~~legislative acts of the Russian Federation and (or) legislative acts of~~  
~~constituent entities of the Russian Federation to make notarial actions;"~~;

~~Paragraphs Twenty One – Twenty Four shall be deemed accordingly~~  
~~Paragraphs Twenty Three-Twenty Six;~~

~~Paragraph Twenty Five shall be deemed Paragraph Twenty Seven~~  
~~and in it the word "payment" shall be deleted;~~

~~Paragraphs Twenty Six and Twenty Seven shall be deemed~~  
~~accordingly Paragraphs Twenty Eight and Twenty Nine;~~

~~Paragraph Twenty Eight shall be deemed Paragraph Thirty and the~~  
~~words "and planning period" shall be added hereto;~~

b) in Paragraph Two of Item 4 after the word "otherwise" shall be  
added the words " by the federal law on the federal budget and";

31) in Article 57:

a) in Part One:

in Paragraph One the figures "41-43, 46" shall be replaced by the  
figures "41, 42, 46";

new Paragraphs Two - Four with the following content shall be added  
hereto:

"revenues from disposal of the 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 budgetfinanced 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 budgetfinanced ones - at 100 % normative;

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

Paragraph Two shall be deemed Paragraph Five and in it the word "specified" shall be replaced by the words "defined in the procedure established";

Paragraph Three shall be deemed Paragraph Six;

Paragraph Four shall be deemed Paragraph Seven and in it after the words "the forestry fund" shall be added the words ", as well as payment under a contract of purchase and sale of forest ranges to meet own needs";

Paragraph Five shall be deemed Paragraph Eight and declared invalidated;

Paragraph Six shall be deemed Paragraph Nine;

Paragraphs with the following content shall be added hereto:

"fees for issuing licences for retail sale of alcoholic products issued by executive power bodies of constituent entities of the Russian Federation - at 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 20% normative;

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

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

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

b) Part Two shall be stated in the following wording:

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

payment for making a negative impact upon the environment - at 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 Saint-Petersburg, as well as funds derived from selling the right to making contracts of lease of the said land plots - at 80% normative, of 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 Saint-Petersburg - at 100% normative, if not otherwise established by the legislation of the appropriate constituent entity of the Russian Federation.";

32) in Article 58:

a) the title thereof shall be stated in the following wording:

"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";

b) in Paragraph One of Item 1 the words "for the subsequent fiscal year" shall be deleted;

c) in Paragraph One of Item 2 the words "for the subsequent fiscal year" shall be deleted;

33) Article 59 shall be stated in the following wording:

"Article 59. The Authority of Constituent Entities of the Russian Federation as to 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 be entered 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).";

34) in Article 61:

a) in Item 2:

in Paragraph One after the words "federal taxes and fees, and" shall be replaced by the words "federal taxes and fees, in particular";

~~a paragraph with the following content shall be added hereto:~~

~~"state duty for making notarial actions by the officials of local self-government bodies authorised under legislative acts of the Russian Federation to make notarial actions at 100% normative.";~~

b) in Item 3 the words "and (or) regional taxes and fees, taxes envisaged in special tax regimes" shall be replaced by the words " taxes

and fees, included taxes provided for by special tax regimes and (or) regional taxes";

c) in Item 4 the words "regional and/or local taxes and fees, taxes envisaged in special tax regimes" shall be replaced by the words "taxes and fees, including taxes provided for by special tax regimes, regional and (or) local taxes";

35) in Article 61.1:

a) in Item 2:

in Paragraph One the words "federal taxes and fees, and" shall be replaced by the words "federal taxes and fees, including";

Paragraph Three with the following content shall be added hereto:

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

Paragraphs Three and Four shall be deemed accordingly Paragraphs Four and Five;

New Paragraph Six with the following content shall be added hereto:

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

Paragraph Five shall be deemed Paragraph Seven and in it the word "registration" shall be replaced by the words "the state registration";

Paragraph Six shall be deemed Paragraph Eight and in it after the words "general jurisdiction" shall be added the words ", justices of the peace" and the words ", except for cases when courts of general jurisdiction process appeals of prosecutors, bodies of state power and bodies of local government in cases of protection of state and public interests" shall be deleted;

Paragraph Seven shall be deemed Paragraph Nine and invalidated;

Paragraph Eight shall be deemed Paragraph Ten and declared invalidated;

Paragraph Nine shall be deemed Paragraph Eleven and declared invalidated;

b) in Item 3 the words "federal and/or regional taxes and fees, taxes envisaged in special tax regimes" shall be replaced by the words "taxes and fees, including taxes provided for by special tax regimes and (or) regional taxes";

36) in Article 61.2:

a) in Paragraph One of Item 2 the words "federal taxes and fees, and" shall be replaced by the words "federal taxes and fees, including";

b) in Item 3 the words "and/or regional taxes and fees, taxes envisaged in special tax regimes" shall be replaced by the words "taxes and fees, including taxes provided for by special tax regimes and (or) regional taxes";

37) Article 62 shall be stated in the following wording:

"Article 62. Nontax Revenues of the Local Budgets

The nontax 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 disposal of the 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 100% normative;

revenues from selling the 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 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 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 80 % normative;

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of urban circuits - at 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 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 100% normative;

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

revenues from selling land plots whose state ownership is not delimited and which are located within the bounds of residential settlements - at 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 100% normative.";

38) in Article 63:

a) in the title thereof the words "Procedure for Establishing by the Bodies of Local Government of Municipal Regions" shall be replaced by the words "The Authority of a Municipal Region as to the Establishment";

b) the words "The normative" shall be replaced by the words "The municipal", the words "for the subsequent fiscal year" shall be deleted, the words ", regional and/or local taxes and fees, and taxes envisaged in special tax regimes" shall be replaced by the words "taxes and fees, including taxes provided for by special tax regimes, regional and(or) local taxes";

39) in Article 64:

a) in the title thereof the words "Local Self-Government Bodies" shall be replaced by the words "Municipal Entities";

b) Items 1-3 shall be stated in the following wording:

"1. Municipal legal acts of the representative body of a municipal entity shall introduce local taxes, fix 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).";

c) Item 5 shall be declared invalidated;

40) in Article 65 the words "of all levels" shall be deleted and after the words "in the subsequent financial year" shall be added the words "(the next financial year and planning period)";

41) Articles 66, 67 and 68 shall be declared invalidated;

42) Article 69 shall be stated in the following wording:

#### "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 interbudget 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.";

43) Articles 69.1 and 69.2 with the following content shall be added hereto:

#### "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 and autonomous institutions, in particular under contracts (agreements) of rendering by the said organizations 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 into 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.

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.

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 the time period up to one year in the event of endorsing the budget for the next financial year and for a term 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).

4. Financial support to implementation of state (municipal) tasks shall be rendered on account the federal budget funds and budgets of state off-budget funds of the Russian Federation, budgets of constituent entities of the Russian Federation and budgets of territorial state offbudget funds and local budgets 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.";

44) Article 70 shall be stated in the following wording:

"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.";

45) Article 71 shall be declared invalidated;

46) Article 72 shall be stated in the following wording:

"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 (the 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.";

47) Article 74 shall be stated in the following wording:

"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 accordingly 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.

A procedure for bringing the said budgetary appropriations and (or) limit amounts of budget obligations to the notice of chief administrators of budget 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 budget obligations to the notice of chief administrators (administrators) or recipients of budget funds.

2. Control over the observance of the terms specified in Item 1 of this article shall be exercised by the chief administrator of budget funds.";

48) Article 74.1 with the following contents shall be added hereto:

"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.";

49) Article 75 shall be declared invalidated;

50) Article 76 shall be declared invalidated;

51) Article 77 shall be declared invalidated;

52) Article 78 shall be stated in the following wording:

"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 short-received incomes in connection with 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 off-budget 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 off-budget 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 off-budget 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 off-budget 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.";

53) Article 78.1 with the following content shall be added hereto:

"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 off-budget funds of the Russian Federation, budgets of constituent entities of the Russian Federation and budgets of territorial state off-budget funds, and also from local budgets, shall be established accordingly by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and local administration.

2. The federal law on the federal budget may provide for subsidies to other non-profit organisations which are not autonomous and statefinanced 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.";

54) Article 79 shall be stated in the following wording:

"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 accordingly the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and local administration 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 estimate 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 the estimated cost below 600 million roubles which are not included into long-term purpose programmes shall be rendered by the chief administrator of federal budget 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 accordingly by the supreme executive state power body of the constituent entity of the Russian Federation and local administration of a municipal entity.

3. Budgetary appropriations for making budgetary investments into capital construction units pertaining to state property of the Russian Federation under investment projects with the 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 the 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 the 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 budget 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 cofinanced on account of interbudget subsidies is subject to endorsement accordingly by the law of a constituent entity of the Russian Federation on the budget of the constituent entity of the Russian Federation, by the 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) accordingly to state property of the Russian Federation, state property of a constituent entity of the Russian Federation or municipal property.

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.";

55) Article 80 shall be stated in the following wording:

"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 and state or municipal unitary enterprises involves the emergence of the right of state or municipal ownership of the equivalent part of the authorized (pooled) capitals 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 and a municipal entity in the authorized (pooled) capital, which belongs to the Russian Federation, the constituent entity thereof and the municipal entity shall be carried out in the order and at the prices determined in accordance with the legislation of the Russian Federation.

2. Budget investments intended for the legal entities referred to in Item 1 of this Article shall be approved by the budget law (decision) by way of including into the budget law (decision) a text item specifying a legal entity, 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 accordingly of the Russian Federation, the constituent entity of the Russian Federation or municipal entity 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.";

56) Article 81 shall be stated in the following wording:

"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 off-budget 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 accordingly the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and local administration.

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 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.

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

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

57) in Article 82:

a) in Item 1 after the words "for the next financial year" shall be added the words "and planning period";

b) in Item 2 the words "shall be spent on the financing of" shall be replaced by the words "shall be used for financial support to" and the words ", and also of additional expenditures stipulated by the Decrees of the President of the Russian Federation" shall be deleted;

c) Item 3 shall be stated in the following wording:

"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.";

d) in Item 4 the words "to spend the resources" shall be replaced by the words "to use budgetary appropriations";

58) Article 83 shall be stated in the following wording:

"Article 83. Making Expenditures Which Are Not Provided for by 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 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 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 assumption of new kinds of expenditure obligations may be only 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 in the budget law (decision) if there are appropriate sources of additional budget receipts and (or) the reduction of budgetary appropriations in respect of some items of budget expenditures.";

59) in the title of Chapter 11 the words "Delimitation of Expenditure Obligations" shall be replaced by the words "Expenditure Obligations";

60) in Article 84:

a) Item 1 shall be stated in the following wording:

"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 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 authority of the bodies of state power of constituent entities of the Russian Federation in the Federal Law on the General Principles of 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-budget 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 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.";

b) in Item 2:

in Paragraph One the word "coverage" shall be replaced by the word "financing";

in Paragraph Two the words "the state extra-budgetary funds" shall be replaced by the words "budgets of the state off-budget funds";

c) Item 3 shall be stated in the following wording:

"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).";

61) in Article 85:

a) Item 1 shall be stated in the following wording:

"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 exercise 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 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 some 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 exercise by bodies of state power of constituent entities of the Russian Federation of the powers of the Russian Federation transferred thereto.";

b) in Item 2:

in Paragraph One the figure "4" shall be replaced by the figure "5" and the word "coverage" shall be replaced by the word "financing";

in Paragraph Two after the word "appropriate" shall be added the words "budgets of";

c) Item 3 shall be stated in the following wording:

"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.";

d) Item 4 shall be stated in the following wording:

"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.";

e) in Item 5:

the words "subject to the requirements established by this Code" shall be added to Paragraph One;

Paragraph Two shall be declared invalidated;

f) in Paragraph Two of Item 6 the words "grants, subsidies and conventions from the federal budget" shall be replaced by the words "interbudget transfers";

62) in Article 86:

a) in Item 1:

Paragraphs Two and Three shall be stated in the following wording:

"adoption of municipal legal acts on issues of local significance and other issues which bodies of local government are entitled to resolve under the 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 exercise by bodies of local government of some state powers transferred hereto";

a paragraph with the following contents shall be added hereto:

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

b) in Item 2 the words "in Paragraph 2" shall be replaced by the words " in Paragraphs 2 and 4" and the word "coverage" shall be replaced by the word "financing";

c) Item 3 shall be stated in the following wording:

"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.";

d) in Item 4:

in Paragraph One the words "the municipal unitary enterprises and" shall be deleted and the words "subject to the requirements established by this Code";

Paragraph Two shall be declared invalidated;

d) in Paragraph Two of Item 5 the words "subsidies, subventions or grants from the federal budget and the budget of the subject of the Russian Federation" shall be replaced by the words " interbudget transfers";

63) in Article 87:

a) Item 2 shall be stated in the following wording:

"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.";

b) in Paragraph One of Item 4 after the word "specified by the" shall be added the word "supreme";

c) in Item 5:

the words "of the municipal formation" shall be added to Paragraph One;

Paragraph Two shall be stated in the following wording:



"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.";

64) in the title of Chapter 13 the word "to Cover It" shall be replaced by the words "Financing";

65) Articles 89 and 90 shall be declared invalidated;

66) Article 92 shall be stated in the following wording:

"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 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.";

67) Article 92.1 with the following content shall be added hereto:

"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 budget 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 budget 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 budget 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 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 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's deficit.";

68) Article 93 shall be declared invalidated;

69) Article 93.1 with the following content shall be added hereto:

"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 be subject to entering accordingly to the federal budget, budgets of constituent entities of the Russian Federation and local budgets 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.";

70) Article 93.2 with the following content shall be added hereto:

"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 of 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 budget 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 to discharge 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 budget 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 accordingly the

Russian Federation, the constituent entity of the Russian federation and municipal formation in an agreement of granting the budget 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-over 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 over 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 in into accord with the established requirements. If the borrower is incapable to provide 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 at levying execution against the subject of pledge.

8. Borrowers, guarantors, sureties and pledgers are obliged to provide information and documents requested for by authorized bodies (persons) for the purpose of 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).";

71) Article 93.3 with the following content shall be added hereto:

"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 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 at 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 interbudget 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 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 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 at 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.";

72) Article 93.4 with the following content shall be added hereto:

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

1. Funds received as result of return of the federal budget 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 budget 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 the funds for purpose financing of legal entities allocated on condition of the transfer of shares under 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 the claims of the Russian Federation arising in the following cases:

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

73) Article 93.5 with the following content shall be added hereto:



"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 budget 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 budget 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.";

74) Article 94-96 shall be stated in the following wording:

"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 the funds derived from the return of budgetary credits on account of funds of purpose foreign credits (borrowings) granted domestically and the amount of budgetary credits on account of funds of purpose foreign credits (borrowings) granted domestically;~~

~~the difference between the funds derived from the return of other budgetary credits (loans) granted domestically and the amount of other budgetary credits granted domestically;~~

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 budget 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 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 budget 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 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 difference between the funds derived from the return of budget 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 budget credits granted from the federal budget to other budgets of the budgetary system of the Russian Federation and the amount of budget 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 the 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 the 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 budget investments of the Investment Fund of the Russian Federation which are not used in the current financial year.

4. The balance off the federal budget 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 administration of the federal budget in the current financial year.

The remaining balance of the federal budget 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 budget 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 budget 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 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 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 rise of the guarantor's right of claim for exoneration towards the principal;

the amount of funds allocated for extinguishment of 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 budget 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 extinguishment of other debt liabilities of a constituent entity of the Russian Federation in foreign currency.

3. The balance of budget 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's Deficit

The sources of financing a local budget's deficit shall include the following:

the difference between the 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 budget 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 ownership of a municipal formation;

exchange rate difference for the 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 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 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 rise of the guarantor's right of claim for exoneration towards the principal;

the amount of funds allocated for 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 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.";

75) Chapter 13.1 shall be declared invalidated;

76) Chapter 13.2 with the following content shall be added hereto:

"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.

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 budget 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.

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 budget 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 the 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, directed towards the goals, pointed out 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 Fund for Future Generations

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.

Some 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 some 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 the 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 the bank accounts at banks and at credit institutions;

deposits and residuals on the bank accounts at the Central Bank of the Russian Federation;

debentures and shares of legal entities;

partner shares (the shares of participation) of the investment funds.

5. Demands made on the financial assets, pointed out 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 budget 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 budget 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.";

77) Article 97 and 98 shall be stated in the following wording:

"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 the 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.";

78) Article 98.1 with the following content shall be added thereto:

"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 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, 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 (redrawn 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.";

79) Article 99 shall be stated in the following wording:

"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 for 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 budget credits attracted to the budget of the constituent entity of 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 into 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) and long-term (from five years to thirty years inclusive).";

80) Article 99.1 with the following content shall be added hereto:

"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 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.";

81) Article 100 shall be stated in the following wording:

"Article 100. Structure of the Municipal Debt, Kinds and Term of Municipal Debt Liabilities

1. The structure of the 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) budget 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 from one year to five years) and long-term (for a period from five years to 10 years inclusive).";



82) Article 100.1 with the following content shall be added thereto:

"Article 100.1. Termination of Municipal Debt Liabilities Shown in the Currency of the Russian Federation and Their Discarding from the 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 the municipal legal acts of representative bodies of a municipal formation.

2. The local administration upon 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 the municipal debt liabilities shown in the currency of the Russian Federation.

3. Discarding from the municipal debt shall be effected by way of reduction of the amount of the 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.";

83) Articles 101-104 shall be stated in the following wording:

"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 and 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 and 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 have not been 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 have not been 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 have not been 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 do 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 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 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 do 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 to the state debt of the Russian Federation (of the sum of the ultimate limit set to 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 to 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 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 the 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.

The constituent entities of the Russian Federation for which the estimated share of interbudget transfers from the federal budget (except for subventions) within two of the last three reporting year did not exceed 5 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.

The constituent entities of the Russian Federation for which the estimated share of interbudget transfers from the federal budget (except for subventions) within two of the last three reporting years did not exceed 5 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 the account 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 the 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.";

84) in Item 3 of Article 105 after the word "current" shall be added the word "financial";

85) Article 106 shall be stated in the following wording:

"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.";

86) Articles 107 and 108 shall be stated in the following wording:

"Article 107. The Limit Amount of the State Debt of a Constituent Entity of the Russian Federation or Municipal Debt

1. The limit amount of the 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 the 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 the 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 the 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 the 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 violation 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 the municipal debt shall be established subject to the restrictions set up 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;

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;

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 has 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 provided that 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 the 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 order.

7. The restructuring of the 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.";

87) Articles 108.1 and 108.2 with the following content shall be added hereto:

"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 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) directions (goals) of guaranteeing with an indication of the volume of guarantees for every direction (goal);
- ~~3) the amount of each guarantee and the names of the principal in respect of it in compliance with Item 2 of this Article;~~
- 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 the state guarantees of the Russian Federation in foreign currency shall be separately envisaged every direction (goal) of guaranteeing, 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 to 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).";

88) in Article 109:

a) the title thereof shall be stated in the following wording:

"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";

b) in Item 1:

in Paragraph One the word "maximum" shall be deleted and after the words "for the next financial year" shall be added the words "and planning period";

Paragraph Two **shall be declared invalidated;**

c) in Item 2:

in Paragraph One the word "guarantees" shall be replaced by the words "the state guarantees of the Russian Federation";

Paragraph Two **shall be stated in the following wording:**

"if the loans or state guarantees provided for by these agreements are not included accordingly into the Programme of Foreign Borrowings of the Russian Federation or into the Programme of State Guarantees of the Russian Federation in Foreign Currency 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;";

in Paragraph Three the words "requires an increase in the maximum volumes of state external drawings approved" shall be replaced by the

words "leads to the increase of the upper limit of the state foreign debt approved" and the words "and planning period" shall be added hereto;

in Paragraph Five the figure "2" shall be replaced by the figure "3";

89) Article 110 shall be stated in the following wording:

"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 showing 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.";

90) Articles 110.1 and 110.2 with the following content shall be added hereto:

"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 directions (goals) of guaranteeing with an indication of the volume of guarantees for every direction (goal);

~~3) the amount of each guarantee and the name of the principal in respect of it in compliance with Item 2 of this Article;~~

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 direction (goal) of guaranteeing 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 accordingly 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.

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).";

91) in Article 111:

a) the title thereof shall be stated in the following wording:

"Article 111. The Limit Amount of Outlays on Servicing the State Debt of a Constituent Entity of the Russian Federation or Municipal Debt";

b) Part One shall be stated in the following wording:

"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.";

c) Part Two with the following content shall be added hereto:

"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.";

92) Article 112 shall be stated in the following wording:

"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.";

93) Article 112.1 with the following content shall be added hereto:

"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 into the extent of arrears of a constituent entity of the Russian Federation or municipal formation.";

94) in Article 113:

a) in the title thereof the words "and Expenditures towards Servicing and Repaying" shall be replaced by the word "and Repayment of" and the words "Resulting from Borrowings and Outlays on Servicing It" shall be added to it;

b) Item 1 shall be stated in the following wording:

"1. Budget 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.";

c) in Item 2:

in Paragraph One the words "securities shall be reflected" shall be replaced by the words "securities) shall be accounted";

Paragraph Two **shall be stated in the following wording:**

"Budget receipts from floatation of state or municipal securities in the amount exceeding the nominal value thereof, budget 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.";

d) Item 4 shall be stated in the following wording:

"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.";

e) Item 5 shall be declared invalidated;

95) Articles 114 and 115 shall be stated in the following wording:

"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 than can emerge in future.

2. The terms and conditions of a state or municipal guarantee may not be changed without sanction 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 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 showing 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.";

96) Article 115.1 with the following content shall be added thereto:

"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 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 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 a 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 a 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) nor 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 beneficiaries represent an indefinite circle of persons, if not otherwise results from this article, the specifics and essence of this kind of guarantee.";

97) Article 115.2 with the following content shall be added hereto:

"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 accordingly 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 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 the 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 accordingly the Russian Federation, a constituent entity of the Russian Federation or a municipal formation 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 nonprofit 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 a 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 accordingly state guarantees of the Russian Federation, state guarantees of constituent entities of the Russian Federation or municipal guarantees 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 guarantees of a constituent entity of the Russian Federation or a municipal guarantee shall be analysed accordingly 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 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 accordingly.

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 accordingly.";

98) Articles 116 and 117 shall be stated in the following wording:

"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 the 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 the 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 a 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 the 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 exoneration of the 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 exoneration of the 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 a 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 into the composition of the municipal debt as a kind of a 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.";

99) Articles 119-121 shall be stated in the following wording:

"Article 119. Servicing of the State (Municipal) Debt

1. Servicing of the 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 the 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 the federal budget 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 budget 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 budget 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 to the State Debt Book of the Russian Federation within the



time period of five working day at 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 a 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 accordingly by the financial body of the constituent entity of the Russian Federation and the financial body of the municipal formation.

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 uprise 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 held 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.";

100) the title of Chapter 15 shall be stated in the following wording:

"Chapter 15. Foreign Debt Claims of the Russian Federation";

101) Articles 122-123 shall be stated in the following wording:

"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 to the 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 budget funds of the former USSR.

2. The state financial credit represents the form of a budget 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 budget 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 budget 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 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 budget 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 budget 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.";

102) Article 124 shall be declared invalidated;

103) Articles 125-128 shall be stated in the following wording:

"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 budget 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 budget 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 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, as well as 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.";

104) Article 129 shall be stated in the following wording:

## "Article 129. Forms of Interbudget Transfers Provided from the Federal Budget

Interbudget 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 interbudget transfers to budgets of constituent entities of the Russian Federation;

interbudget transfers to budgets of state off-budget funds.";

105) in Article 130:

a) in Item 1 the words "from the Federal Compensation Fund" and the words "and the bodies of local government" shall be deleted;

b) Item 2 shall be stated in the following wording:

"2. Constituent entities of the Russian Federation in whose budgets the estimated share of interbudget transfers granted from the federal budget (except for subventions) within two of the last three reporting financial year 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 the agreements in respect of cash servicing of administration of the budget of a constituent entity of the Russian Federation, budgets of territorial state off-budget 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.";

c) Items 3-6 shall be stated in the following wording:

"3. Constituent entities of the Russian Federation in whose budgets the share of interbudget 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 budget 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 interbudget 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 budget 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 budget 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 the 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 interbudget 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 interbudget 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 interbudget transfers.

6. Operations in interbudget transfers provided from the federal budget in the form of subventions and interbudget 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.";

d) Item 7 with the following content shall be added hereto:

"7. Interbudget transfers may be provided to budgets of constituent entities of the Russian Federation for providing interbudget transfers to budgets of individual municipal formations in the cases and in the procedure established by federal laws.";

e) Item 8 with the following content shall be added hereto:

"8. If at latest on July 1 of the current financial year the decision is rendered to reject in full or in part interbudget 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 interbudget 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 one year or distributing over several years from among the last three financial years the total amount of reduced interbudget transfers in the next financial year.";

106) in Article 131:

a) the title thereof shall be stated in the following wording:

"Article 131. Grants Aimed at Leveling the Budget Supply to Constituent Entities of the Russian Federation

b) Item 1 shall be stated in the following wording:

"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.";

c) in Item 2:

the words "The volume of the Federal Fund for Financial Support of the Subjects of the Russian Federation due for endorsement for the subsequent fiscal year is determined by multiplying the volume of the mentioned Fund due for endorsement for the current fiscal year by the forecasted level of inflation (consumer price index) for the subsequent fiscal year" shall be replaced by the words "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";



Paragraphs **with the following content shall be added hereto:**

"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.";

d) Item 3 shall be stated in the following wording:

"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 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.

e) in Item 4 the words "from the Federal Fund for Financial Support of" shall be replaced by the words "for leveling the budget supply to";

f) Item 5 shall be declared invalidated;

j) in Item 6 the word "budget" shall be replaced by the words "state and municipal";

h) in Item 7:

in Paragraph One the words "from the Federal Fund for Financial Support" shall be replaced by the words "for leveling the budget support to", the words "the Federal Fund for Financial Support of the Subjects of the Russian Federation" shall be replaced by the words "of grants for leveling the budget supply to constituent entities of the Russian Federation";

in Paragraph Two the words "the Federal Fund for Financial Support of the Subjects of the Russian Federation" shall be replaced by the words

"grants for leveling the budget supply to constituent entities of the Russian Federation";

in Paragraph Three after the words "for the subsequent fiscal year" shall be added the words " and planning period";

k) in Item 8:

in Paragraph One the words "August 1" shall be replaced by the words "July 1", the words "of the resources of the Federal Fund for Financial Support of the Subjects of the Russian Federation" shall be replaced by the words "of grants for leveling the budget supply", after the words "for the subsequent fiscal year" shall be added the words " and planning period" and the words "October 1" shall be replaced by the words "June 20";

in Paragraph Two the words "from the Federal Fund for Financial Support of the Subjects of the Russian Federation" shall be replaced by the words "for leveling the budget supply to constituent entities of the Russian Federation", after the words " for the subsequent financial year" shall be added the words "and planning period" and the words "October 1" shall be replaced by the words "July 20";

Paragraph Three **shall be declared invalidated;**

In Paragraph Four the words "from the Federal Fund for Financial Support of the Subjects of the Russian Federation" shall be replaced by the words "for leveling the budget supply to constituent entities of the Russian Federation" and after the words "for the subsequent fiscal year" shall be added the words "and planning period";

l) in Item 9:

the words "from the Federal Budget for Financial Support of Constituent Entities of the Russian Federation" shall be replaced by the words "for leveling the budget supply to constituent entities of the Russian Federation" and the words "in a treaty and/or agreement" shall be replaced by the words "in the federal laws on the federal budget and a contract (agreement)";

a paragraph with the following content shall be added hereto:

"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.";

107) in Article 132:

a) the title thereof shall be stated in the following wording:

"Article 132. Subsidies Granted to Constituent Entities of the Russian Federation from the Federal Budget";

b) Items 1-3 shall be stated in the following wording:

"1. Subsidies to budgets of constituent entities of the Russian Federation from the federal budget mean the interbudget transfers provided to budgets of constituent entities of the Russian Federation for the purpose of co-financing of 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 interbudget 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.";

c) Item 4 with the following content shall be added hereto:

"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 most 5 per cent of the total amount of the appropriate subsidy endorsed for the first year of the planning period and at 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 some kinds of interbudget transfers to constituent entities of the Russian Federation."; 108) Article 132.1 with the following content shall be added hereto:

"Article 132.1. Other Interbudget Transfers Provided from the Federal Budget

Other interbudget transfers may be provided to budgets of the budgetary system of the Russian Federation in the cases and in the procedure which are provided for by federal laws and/or normative legal acts of the Government of the Russian Federation adopted in compliance with them.";

109) in Article 133:

a) the title thereof shall be stated in the following wording:

"Article 133. Subventions to Budgets of Constituent Entities of the Russian Federation Granted from the Federal Budget";

b) Item 1 shall be stated in the following wording:

"1. Subventions to budgets of constituent entities of the Russian Federation granted from the federal budget mean interbudget 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.";

c) Item 2 shall be stated in the following wording:

"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 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.";

d) in Item 3:

in Paragraphs One and Two the words "from the Federal Compensation Fund" shall be replaced by the words "to budgets of constituent entities of the Russian Federation from the federal budget";

Paragraph Three **shall be stated in the following wording:**

"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.";

e) in Item 4:

in Paragraph One the words "from the Federal Compensation Fund" shall be replaced by the words "to budgets of constituent entities of the Russian Federation from the federal budget", the words "budget services, entities entitled to receive transfers to the population, and other figures, taking into account objective conditions affecting the cost of provided budget services (volume of payments)" shall be replaced by the words "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 Paragraph Two the words "from the Federal Compensation Fund" shall be replaced by the words "to budgets of constituent entities of the Russian Federation from the federal budget";

f) in Item 5:

Paragraphs One **and Two shall be stated in the following wording:**

"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 the federal budget funds before July 1 of the current financial year shall send to 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 budget funds.";

In Paragraph Three the words "from the Federal Compensation Fund" shall be replaced by the words "to budgets of constituent entities of the Russian Federation from the federal budget" and the words "after October 1" shall be replaced by the words "and planning period after July 20";

Paragraph Four **shall be declared invalidated;**

Paragraph Five **shall be stated in the following wording:**

"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.";

g) Item 6 shall be declared invalidated;

110) Article 134 shall be declared invalidated;

111) Article 135 shall be stated in the following wording:

"Article 135. Forms of Interbudget Transfers Granted from Budgets of Constituent Entities of the Russian Federation

Interbudget 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 accordingly state power bodies of a territory or region in compliance with the legislation of the Russian Federation;

other interbudget transfers to budgets of the budgetary system of the Russian Federation.

Forms, procedure for, and terms of providing interbudget transfers to budgets of intraurban municipal formations from budgets of the constituent entities of the Russian Federation - the cities of federal importance Moscow

and Saint- Petersburg shall be established by laws of the said constituent entities of the Russian Federation.";

112) in Article 136:

a) in Item 1 the words "from the regional funds of compensations" shall be deleted;

b) Item 2 shall be stated in the following wording:

"2. Municipal formations in whose budgets the share of interbudget 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.";

c) Items 3-5 shall be stated in the following wording:

"3. Municipal formations in whose budgets the share of interbudget 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 the 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 interbudget 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 budget 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 the 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 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 interbudget 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 the decision on suspending (reducing) in the procedure established by them granting of interbudget transfers (except for subventions) to appropriate local budgets until the provisions determining the terms of granting interbudget transfers are brought into accord with the requirements of this article.";

d) Item 6 with the following content shall be added hereto:

"6. If at 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 interbudget 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 interbudget 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 one years or distribution over several years from among the last three reporting financial years of the total amount of reduced interbudget transfers (tax revenues due to additional normative standards of deductions) in the next financial year.";

113) in Article 137:

a) the title thereof shall be stated in the following wording:

"Article 137. Grants for Leveling the Budget Supply to Residential Settlements";

b) Item 1 shall be stated in the following wording:

"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.";

c) in Item 2 the words "of the regional fund of financial support" shall be replaced by the words "of grants for leveling the budget supply" and the words "for the subsequent fiscal year" shall be deleted;

d) in Paragraph One of Item 3 the words "from the regional fund of financial support" shall be replaced by the words "for leveling the budget supply";

e) in Item 4:

in Paragraph One the words "from the regional fund of financial support" shall be replaced by the words "for leveling the budget supply";

in Paragraph Two the words "(part of the estimated value of the grant) to the residential settlement from the regional fund of financial support of residential settlements" shall be replaced by the words "for leveling the budget supply of residential settlements (part of the estimated value of the grant)";

in Paragraph Three after the word "during" shall be added the word "current";

in Paragraph Four the words "(part of the estimated value of the grant) to the residential settlement from the regional fund of financial support of residential settlements" shall be replaced by the words "for leveling the budget supply of residential settlements (part of the estimated value of the grant)";

in Paragraph Five the words "(part of the estimated value of the grant) to the residential settlement from the regional fund of financial support of residential settlements" shall be replaced by the words "for leveling the budget supply of residential settlements (part of the estimated value of the grant)" and the words "financial support" shall be replaced by the words "interbudget transfers";

f) in Item 5:

in Paragraph One the words "grants to residential settlements" shall be replaced by the words "grants to budgets of residential settlements";

Paragraph Three **shall be stated in the following wording:**

"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 into 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 one resident in compliance with the uniform methods.";

in Paragraph Four the words "are directed to the regional fund of financial support of" shall be replaced by the words "are included into grants for leveling the budget supply to";

g) Item 6 shall be stated in the following wording:

"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 the 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.";

114) in Article 138:

a) the title thereof shall be stated in the following wording:

"Article 138. Grants for Leveling the Budget Supply to Municipal Regions (Urban Circuits)";

b) Item 1 shall be stated in the following wording:

"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.";

c) in Item 2 the words "the regional fund of financial support of" shall be replaced by the words "of grants for leveling the budget supply to" and the words "for the subsequent fiscal year" shall be deleted;

d) in Item 3:

in Paragraph One the words "from the regional fund of financial support of" shall be replaced by the words "for leveling the budget supply to";

in Paragraph Two the words "budget services (volume of payments)" shall be replaced by the words "municipal services";

in Paragraph Three the words "the list of the budget services and" shall be deleted and the words "their cost per resident" shall be replaced by the words "the cost of rendering municipal services per resident";

in Paragraph Five the words "from the regional fund of financial support of" shall be replaced by the words "for leveling the budget supply";

in Paragraph Six the words "from the regional fund of financial support of" shall be replaced by the words "for leveling the budget supply to" and the words "for the subsequent fiscal year" shall be deleted;

e) in Item 4:

in Paragraphs One and Three the words "from the regional fund of financial support" shall be replaced by the words "for leveling the budget supply";

in Paragraph Four after the words "for the subsequent fiscal year" shall be added the words "(the subsequent financial year and planning period)" and the words "of all levels" shall be deleted;

in Paragraph Five after the words "during the" shall be added the word "current";

in Paragraphs Six and Seven the words "financial aid" shall be replaced by the words "interbudget transfers";

f) in Item 5 the words "from the regional fund of financial support of" shall be replaced by the words "for leveling the budget supply to" and the words "for the subsequent fiscal year" shall be deleted;

115) Article 139 shall be stated in the following wording:

"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 interbudget transfers provided to budgets of municipal formations for the purpose of co-financing the 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 some 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.";

116) Article 139.1 with the following content shall be added hereto:

"Article 139.1. Other Interbudget 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 interbudget 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 interbudget transfers to local budgets from the budget of a constituent entity of the Russian Federation (except for subventions).";

117) Article 140 shall be stated in the following wording:

"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 interbudget 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 some powers of the 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 some 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 the methods which are uniform for each kind of subventions 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 some 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 some state powers, the local selfgovernment 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 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 most 5 per cent of 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.";

118) Article 141 shall be declared invalidated;

119) Article 142 shall be stated in the following wording:

"Article 142. Forms of Interbudget Transfers Provided from Local Budgets

Interbudget 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 interbudget transfers.

Interbudget 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.";

120) in Article 142.1:

a) the title thereof shall be stated in the following wording:

"Article 142.1. Procedure for Providing Grants for Leveling the Budget Supply to Residential Settlements from the Budget of a Municipal Region";

b) Item 1 shall be stated in the following wording:

"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.";

c) in Item 2:

Paragraph One **shall be declared invalidated;**

in Paragraph Two the word "forming" shall be replaced by the words "determining amounts", the words "from the mentioned funds" shall be replaced by the words "for leveling the budget supply of residential settlements from the budget of the municipal region";

d) Item 3 shall be stated in the following:

"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).";

e) in Item 4:

in Paragraph One the words "from the regional fund of financial support of residential settlements" shall be replaced by the words "for leveling the budget supply of residential settlements from the budget of a municipal region";

in Paragraph Four the words "from the regional fund of financial support of residential settlements" shall be replaced by the words "for

leveling the budget supply of residential settlements from the budget of a municipal region";

f) Item 5 shall be declared invalidated;

121) in Article 142.2:

a) the title thereof shall be stated in the following wording:

"Article 142.2. Subsidies to the Budget of a Constituent Entity of the Russian Federation from Local Budgets";

b) in Paragraph One of Item 1 the words "the transfer to the budget" shall be replaced by the words "the provision to the budget", the word "subventions" shall be replaced by the word "subsidies", the word "or" shall be replaced by the words "and/or" and after the word "reporting" shall be added the word "financial ";

c) in Item 2:

in Paragraph One the words "the transfer of subventions" shall be replaced by the words "the provision of subsidies to the budget of a constituent entity of the Russian Federation from local budgets";

in Paragraph Two the word "Subventions" shall be replaced by the word "Subsidies", the words "are entered to the regional fund" shall be replaced by the words "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";

in Paragraph Three the words "from the regional fund of financial support" shall be replaced by the words "for leveling the budget supply", the word "subventions" shall be replaced by the word "subsidies", the words "are entered in the regional fund" shall be replaced by the words "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";

in Paragraph Four the word "Subventions" shall be replaced by the word "Subsidies", the words "are entered in the regional fund" shall be replaced by the words "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";

d) in Item 3:

in Paragraph One the word "subventions" shall be replaced by the word "subsidies";

in Paragraph Two the word "subventions" shall be replaced by the word "subsidies" and the words "in the most recent reporting" shall be replaced by the words "the reporting financial";

in Paragraph Three the word "subventions" shall be replaced by the words "interbudget subsidies";

e) in Item 4 the word "subventions" shall be replaced by the words "interbudget subsidies" and the words "for the subsequent financial year" shall be deleted;



f) in Item 5:

Paragraph One **shall be stated in the following wording:**

"5. The interbudget 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 noncompliance of the representative body of a municipal formation with the said requirements, the amount of interbudget 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.";

in Paragraph Two the word "subventions" shall be replaced by the word "subsidies";

122) in Article 142.3:

a) in the title thereof the word "Subventions" shall be replaced by the word "subsidies";

b) in Item 1 the word "subventions" shall be replaced by the words "interbudget subsidies";

c) in Item 2 the word "subventions" shall be replaced by the word "interbudget subsidies", the word "normative" shall be replaced by the word "municipal";

d) in Item 3 the word "subventions" shall be replaced by the words "interbudget subsidies", the word "appropriate", the words "for the subsequent fiscal year" shall be deleted and after the words "for all" shall be added the word "appropriate" and the words "budget services" shall be replaced by the words "municipal services";

e) Item 4 shall be stated in the following wording:

"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 interbudget subsidies to the budget of the municipal region, the amount of interbudget subsidies shall be recovered on account of the revenues from federal taxes and fees, taxes provided for by special tax regimes, 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.";

123) Article 142.4 with the following content shall be added to Chapter 16:

"Article 142.4. Other Interbudget 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 interbudget transfers may be provided to budgets of residential settlements from the budget of the municipal region.";

124) the title of Chapter 17 shall be stated in the following wording:

"Chapter 17. Budgets of State Off-Budget Funds";

125) Article 143 shall be declared invalidated;

126) Article 144 shall be stated in the following wording:

"Article 144. Composition of Budgets of State Off-Budget Funds

1. Budgets of state off-budget funds shall consist of budgets of state off-budget funds of the Russian Federation and budgets of territorial state off-budget funds.

2. As budgets of state off-budget 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 off-budget funds shall be deemed budgets of territorial obligatory medical insurance funds.";

127) Article 145 shall be stated in the following wording:

"Article 145. Procedure for Drawing Up, Presentation and Endorsement of Budgets of State Off-Budget Funds

1. Draft budgets of state off-budget 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 off-budget 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 off-budget fund of the Russian Federation for the next financial year and planning period with a deficit, the sources of financing the budget's deficit shall be endorsed.

4. Draft budgets of state off-budget 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. Draft budgets of state off-budget 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 off-budget 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 off-budget funds of the Russian Federation.

At the plenary session of the State Duma draft federal laws on budgets of state off-budget 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 off-budget 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 off-budget fund of the Russian Federation and/or sources of its financing or the limit amount of the budget surplus of a state off-budget 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 off-budget 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 off-budget 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 the 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 off-budget 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 off-budget 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 off-budget 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 off-budget funds of the Russian Federation for the next financial year and planning period shall be adopted in whole.

Federal laws on budgets of state off-budget 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 off-budget 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 off-budget 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 off-budget funds shall be established by laws of appropriate constituent entities of the Russian Federation.

12. The Audit Chamber of the Russian Federation, 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 accordingly state off-budget funds of the Russian Federation and territorial state off-budget funds.";

128) Articles 146-149 shall be stated in the following wording:

"Article 146. Revenues of Budgets of State Off-budget Funds

1. The following revenues shall be entered to budgets of state offbudget 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;

interbudget 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 reagrds 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 application of the simplified taxation system - at 5% normative;

tax collected in the form of the cost a patent in connection with application of the simplified taxation system - at 5% normative;

minimum tax collected with application of the simplified taxation system - at 20 % normative;

uniform tax on imputed earnings for some kinds of activities - at 5% normative;

uniform agricultural tax - at 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:

interbudget 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 application of the simplified taxation system - at 0,5% normative;

tax collected in the form of the cost of a patent in connection with application of the simplified taxation system - at 0,5% normative;

minimum tax collected in connection with application of the simplified taxation system - at 2% normative;

uniform tax on imputed earnings for some kinds of activities - at 0.5% normative;

uniform agricultural tax - at 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;

finances, sanctions and amounts received as a result of compensation for damage;

gratuitous receipts:

interbudget 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 offbudget 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 application of the simplified taxation system - at 4,5% normative;**

tax **collected in the form of the cost of a patent in connection with application of the simplified taxation system - at 4,5 % normative;**

minimum tax **collected in connection with application of the simplified taxation system - at 18% normative;**

uniform tax **on imputed earnings for some kinds of activities - at 4,5 % normative;**

uniform agricultural tax - **at 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;

finances, sanctions and amounts received as a result of compensation for damages;

gratuitous receipts:

interbudget transfers from the Federal Obligatory Medical Insurance Fund;

interbudget 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 Off-Budget Funds

Outlays of budgets of state off-budget 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.

#### Article 148. Cash Servicing of Administration of Budgets of State Off-Budget Funds

Cash servicing of administration of budgets of state off-budget funds of the Russian Federation and budgets of territorial state offbudget funds shall be carried out by agencies of the Federal Treasury.

#### Article 149. Reports on Administration of Budgets of State Off-Budget Funds

1. Reports on administration of budgets of state off-budget 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 administration of budgets of state off-budget 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 external check-up.

2. The Audit Chamber of the Russian Federation shall check-up reports on administration of budgets of state off-budget funds of the Russian Federation for the reporting financial year, present opinions in respect of them and at latest of September 15 of the current year shall be present opinions in respect of the appropriate reports on administration of budgets of state off-budget 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 administration of budgets of state off-budget funds of the Russian Federation for the reporting financial year at latest on August 26 of the current year simultaneously with a draft federal law on administration of budgets of state off-budget funds of the Russian Federation for the reporting financial year and other budget report documents on administration of budgets of state off-budget funds of the Russian Federation.

4. The State Duma on the basis of the results of consideration of annual reports on administration of budgets of state off-budget funds of the Russian Federation shall either adopt or reject federal laws on administration of budgets of state off-budget funds of the Russian Federation.



5. The report on administration of the budget of a territorial state off-budget 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 off-budget fund on an annual basis at 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 off-budget fund, shall prepare an opinion in respect of it within one and a half month 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 off-budget fund to the legislative (representative) state power body of the constituent entity of the Russian Federation for the reporting financial year at 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 off-budget funds and other budget report documents on administration of the budget of the territorial state off-budget fund.";

129) in Article 150:

a) in Item 1 the words " by the bodies responsible for the implementation of the budgets of the corresponding level of the budgetary system of the Russian Federation" shall be deleted;

b) Item 2 shall be declared invalidated;

130) Article 151 shall be declared invalidated;

131) Article 152 shall be stated in the following wording:

"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 off-budget funds;  
chief administrators (administrators) of budget funds;  
chief administrators (administrators) of budget revenues;  
chief administrators (administrators) of sources of financing budget deficit;

recipients of budget funds.

2. The specifics of budget 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 budget 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 budget 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.";

132) in Article 153:

a) Item 1 shall be stated in the following wording:

"1. Legislative (representative) bodies shall consider and endorse the appropriate budgets and reports on administration thereof, exercise follow-up control over administration of appropriate budgets, form and define the legal status of the bodies exercising control over administration of appropriate budgets, exercise other powers in compliance with this Code and other legal acts of the budgetary legislation of the Russian Federation.";

b) Item 2 shall be declared invalidated;

133) Article 154 shall be stated in the following wording:

"Article 154. Budget 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 drawing up 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 procedure for provision of interbudget transfers, ensure the budget

administration and drawing up of budget report documents, submit the report on administration of the budget for endorsement by legislative (representative) bodies, ensure 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, organize administration of the budget, establish a procedure for drawing budget report documents and exercise other budget 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 budget authority in respect of cash servicing of 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 budget powers established by this Code and legal acts adopted in compliance with it.

5. Executive power bodies (executive-administrative bodies of municipal formations) under the conditions of martial law or state of emergency shall exercise budget 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.";

134) in Article 155:

a) in the title thereof the words "of the Bank of Russia" shall be replaced by the words " of the Central Bank of the Russian Federation";

b) in Item 1 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

c) in Item 2 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

d) in Item 3 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

135) in Article 156:

a) in Item 1 after the word "attracted" shall be added the words "on the basis of an agency agreement" and the words "budget resources of a repayable basis" shall be replaced by the words "and paying back budget credits";

b) in Item 2 the words "the functions of the Bank of Russia" shall be replaced by the word "functions" and the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

c) in Item 3 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

136) in Article 157:

a) in the title thereof the words "State and Municipal Finance Control Bodies" shall be replaced by the words "Budget Authorities of State and Municipal Finance Control Bodies";

b) in Item 1 the word "respective" and the words "of the Russian Federation, the legislative (representative) bodies of the subjects of the Russian Federation, and the representative bodies of local selfgovernment" shall be deleted, the words "and the budgets of the state extra-budgetary funds" shall be replaced by the words "and shall prepare opinions in respect of an annual report on administration of the appropriate budgets", the words "federal and regional" shall be replaced by the word "long-term" and the words "other normative" and the words ", and its subjects and of the enactments of the local self-government bodies" shall be deleted;

c) in Item 2 the word "accordingly" shall be deleted, the words "the local self-government bodies" shall be replaced by the words "the local administration" and the words "state budgets and the budgets of state off-budget funds" shall be replaced by the words "appropriate budgets of the budgetary system of the Russian Federation";

d) Item 3 shall be stated in the following wording:

"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, bodies (officials) of local administrations shall be established accordingly by the Government of the Russian Federation, the supreme executive power body of a constituent entity of the Russian Federation and local administration.";

e) Item 4 with the following content shall be added hereto:

"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).";

137) in Article 158:

a) the title thereof shall be stated in the following wording:

"Article 158. Budget Authority of the Chief Manager (Manager) of Budget Funds";

b) Items 1 and 2 shall be stated in the following wording:

"1. The chief manager of budget funds shall have the following budget authority:

1) shall ensure the effectiveness, addressness and purpose nature of using budget funds in compliance with the budgetary appropriations and limits of budget obligations approved for them;

2) shall form a list of its subordinate managers and recipients of budget funds;

3) shall keep a register of expenditure obligations to be discharged within the limit amounts of budget obligations and budgetary appropriations approved for it;

4) shall plan the appropriate budget expenditures and draw up the substantiation of budgetary appropriations;

5) shall drawn up, approve and keep the budget inventory, distribute budgetary appropriations, limit amounts of budget obligations to subordinate managers and recipients of budget funds and shall administer the appropriate part of the budget;

6) shall introduce proposals as to forming and modification of limit amounts of budget 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;

9) shall formulate state (municipal) tasks;

10) shall exercise control over observance by recipients of grants, interbudget 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 budget funds;

13) shall exercise other budget powers established by this Code and normative legal acts (municipal legal acts) regulating budget legal relations which are adopted in compliance with it.

2. The manager of budget funds shall have the following budget authority:

1) shall plan the appropriate budget expenditures;

2) shall distribute budgetary appropriations, limit amounts of budget obligations to subordinate managers and/or recipients of budget funds and shall administer the appropriate part of the budget;

3) shall introduce proposals to the chief manager of budget 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 budget funds shall exercise some budget powers of the chief manager of budget funds which it is subordinate to.";

c) Item 3 shall be stated in the following wording:

"3. The chief manager of the federal budget 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 accordingly the Russian Federation, a constituent entity of the Russian Federation and municipal formation 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 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.";

d) Items 4-11 shall be declared invalidated;

138) Articles 159 and 160 shall be declared invalidated;

139) Articles 160.1 and 160.2 with the following content shall be added hereto:

"Article 160.1. Budget Authority of the Chief Administrator (Administrator) of Budget Revenues

1. The chief administrator (administrator) of budget revenues shall have the following budget 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 budget report documents of the chief administrator of budget revenues;

to exercise other budget 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 the 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 budget report documents which are necessary for the exercise of authority of the appropriate chief administrator of budget revenues;

to exercise other budget authorities established by this Code and normative legal acts (municipal legal acts) regulating budget legal relations which are adopted in compliance them.

3. The budget 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 budget 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 off-budget 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 budget 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 off-budget 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 budget 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 off-budget 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. Budget Authorities of the Chief Administrator (Administrator) of Sources of Financing Budget Deficit

1. The chief administrator of sources of financing the budget deficit shall have the following budget 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 budget 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 budget 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 budget authorities of the chief administrator of sources of financing the budget deficit which he is subordinate to;



to exercise other budget authorities established by this Code and normative legal acts (municipal legal acts) regulating budgetary legal relations adopted in compliance with it.";

140) Articles 161 and 162 shall be stated in the following wording:

"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 budget 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 budget funds shall be made and paid for by a state-financed institution within the limits of budget 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 budget 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 budget funds.

3. In the event of reduction by the chief administrator (administrator) of budget funds of the limit amounts of budget liabilities previously brought to the notice of a state-financed institution, this making impossible for the state-financed institution to discharge the budget 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 budget 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 budget 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 off-budget funds.

#### Article 162. Budget Authorities of the Recipient of Budget Funds

The recipient of budget funds shall have the following budget authorities:

- to draw up and implement the budget estimate;
- to assume and/or discharge budget obligations within the limit amounts of budget 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 budget 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 budget report documents of the recipient of budget funds to the appropriate chief administrator (administrator) of budget funds;
- to exercise other authorities established by this Code and normative legal acts (municipal legal acts) regulating budget legal relations which are adopted in compliance with it.";

141) Article 163 shall be declared invalidated;

142) in Article 164:

- a) in the title thereof the words "Possessing Budgetary Powers" shall be deleted;
- b) in Paragraph One the words "possessing budgetary powers at the federal level" shall be replaced by the words "at the federal level";
- c) Paragraph Eight shall be declared invalidated;
- d) Paragraph Nine shall be stated in the following wording:  
"the Central Bank of the Russian Federation;"
- e) Paragraph Twelve shall be stated in the following wording:  
"managerial bodies of state off-budget funds of the Russian Federation;"
- f) in Paragraph Thirteen the words "and ordinary managers of budget resources" shall be replaced by the words ", administrators and recipients of the federal budget funds";
- g) Paragraph Fourteen shall be declared invalidated;

h) paragraphs with the following content shall be added thereto:

"chief administrators, administrators and recipients of budget resources of state off-budget funds of the Russian Federation;  
chief administrators (administrators) of the federal budget revenues;  
chief administrators (administrators) of revenues of budgets of state off-budget 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 off-budget funds of the Russian Federation.";

143) Article 165 shall be stated in the following wording:

"Article 165. Budget Authorities of the Ministry of Finance of the Russian Federation

The Ministry of Finance of the Russian Federation shall have the following budget 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, to participate in development of draft budgets of state off-budget 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 off-budget 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 the federal budget 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 within the framework of the upper limit of the state domestic debt endorsed by the federal law on the federal budget;

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 the federal budget 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 the federal budget funds, chief administrators and administrators of the 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 budget liabilities for chief administrators of the federal budget funds;

to establish the uniform methods of budgetary classification of the Russian Federation and of budget reporting;

to approve 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 provision, of interbudget transfers from the federal budget to other budgets of the budgetary system of the Russian Federation (except for interbudget transfers provided for by other chief administrators of the federal budget funds);

to send to financial bodies of constituent entities of the Russian Federation methods (draft methods) of distribution of interbudget transfers from the federal budget to other budgets of the budgetary system of the Russian Federation (except for interbudget transfers provided by other chief administrators of the federal budget funds);

to ensure granting of budget 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 the federal budget funds, of substantiations of budgetary appropriations;

to establish a procedure for drawing up budget reports concerning the federal budget and state off-budget funds of the Russian Federation, as well as budget reports of the Russian Federation, to submit to the Government of the Russian Federation budget 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 organizational-and-legal forms, if not otherwise provided for by the legislation of the Russian Federation;

to render normative and methodological support to management of the resources of the Emergency Reserve Fund and the Fund for Future Generations and to manage these assets in the procedure defined by the Government of the Russian Federation;

to enjoy the right to suspend provision of interbudget 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 can rise in 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 a 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.";

144) in Article 166:

a) in Item 1:

in Paragraph One the words "to issue a permit for the performance of the following actions" shall be deleted;

in Paragraph Two the words "the approval of the overall budget inventory of the federal budget" shall be replaced by the words "to endorse the overall budget inventory";

Paragraphs Three-Six **shall be stated in the following wording:**

"to amend the overall budget inventory of the federal budget;

to endorse limit amounts of budget liabilities for chief administrators of the federal budget funds;

to amend limit amount of budget liabilities;

to authorize granting budget credits from the federal budget.";

Paragraphs Seven **and Eight shall be declared invalidated;**

b) Item 2 shall be stated in the following wording:

"2. The minister of finance is empowered to ban for chief administrators of the federal budget funds to alter the purpose of budgetary appropriations and/or limit amount of budget 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 budget funds has breached the budgetary legislation of the Russian Federation.";

c) in Paragraph Two of Item 3 the words "of budget resources" shall be replaced by the words "of the federal budget funds";

d) in Paragraph One of Item 4 the words ", except for his expenditures made to the charge of funds generated through entrepreneurial or other profit yielding activity" shall be deleted;

e) Item 5 with the following content shall be added hereto:

"5. The minister of finance is empowered to issue orders in respect of improper budget's administration (the budget process's organisation) to chief administrators of the federal budget funds and managerial bodies of state off-budget funds of the Russian Federation to be followed by them without fail.";

145) Article 166.1 shall be stated in the following wording:

"Article 166.1. Budget Authorities of the Federal Treasury

1. The Federal Treasury shall have the following budget 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 (setoff) of excessively paid or excessively recovered amounts of taxes, fees and other payments, as well as the amounts of interest for such 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 the federal budget 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 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;

to open and keep in the procedure established by it personal accounts for registration of operations of administrators of budgets' revenues, chief administrators and administrators of the sources of financing the federal budget deficit, chief administrators, administrators and recipients of the federal budget 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 budget funds of constituent entities of the Russian Federation (local budgets);

to keep a summary register of chief administrators and administrators of the federal budget revenues, chief administrators, administrators and recipients of the federal budget funds;

to bring to chief administrators of the federal budget funds budgetary appropriations and limit amounts of budget 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;

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;

to bring to administrators and recipients of the federal budget funds budgetary appropriations and limit amounts of budget obligations distributed by chief administrators (administrators) of the federal budget funds;



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 budget legal relations;

to receive from chief administrators of the federal budget funds, chief administrators of the sources of financing the federal budget deficit, chief administrators of the federal budget revenues the materials which are necessary for drawing up budget report documents on the federal budget administration;

to draw up on the basis of the budget report documents presented by chief administrators of the federal budget funds, chief administrators of the federal budget revenues, chief administrators of the sources of financing the federal budget deficit budget 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 off-budget funds on the basis of the report on administration of the federal budget, report documents and materials submitted by managerial bodies of state offbudget 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 budget deficit, financial bodies or recipients of budget funds whose personal accounts are opened with agencies of the Federal Treasury;

to authorize payments under pecuniary obligations of recipients of the federal budget funds and administrators of sources of financing the federal budget deficit whose personal accounts are opened with the Federal Treasury;

to exercise other budget 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 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).";

146) Article 166.2 with the following contents shall be added hereto:

"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.";

147) Article 167 shall be stated in the following wording:

"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 budget 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.";

148) Article 167.1 with the following content shall be added hereto:

"Article 167.1. Budget Authorities of the Audit Chamber of the Russian Federation

The Audit Chamber of the Russian Federation shall have all budget authorities established by the Federal Law on the Audit Chamber of the Russian Federation and by this Code.";

149) Article 168 shall be stated in the following wording:

"Article 168. Imposition of the Functions Related to 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 budget funds.";

150) in Article 168.2:

a) in Item 3:

in Paragraph One after the words "discharge of debt" shall be added the words "obligations in compliance with Article 112.1 of this Code" and after the word "reporting" shall be added the word "financial";

in Paragraph Two after the words "discharge of debt" shall be added the words "obligations in compliance with Article 112.1 of this Code";

b) Item 4 shall be stated in the following wording:

"4. Overdue arrears in respect of discharging budget 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 budget 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 budget report documents to the Ministry of Finance of the Russian Federation (executive state power bodies of a constituent entity of the Russian Federation).";

c) in Item 5 the words "of state power of a subject of the Russian Federation (the representative body of a municipal formation)" shall be deleted;

151) in Article 168.3:

a) in Item 1:

in Paragraph Two the word "executive" shall be replaced by the word "supreme executive";

in Paragraph Five the words "(bodies of local government)" shall be replaced by the words "(municipal legal acts of municipal entities)";

Paragraph Six **shall be stated in the following wording:**

"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);";

in Paragraph Seven the words "(local administration)" shall be replaced by the words "(municipal legal acts)" and the words "(municipal legal acts of the local administration of municipal formations)" shall be added hereto;

the words "(municipal legal acts)" shall be added to Paragraph Eight;  
b) in Item 2:

in Paragraph Five after the words "normative legal acts" shall be added the words "(municipal legal acts)";

in Paragraph Six the words "(bodies of local government)" shall be replaced by the words "(municipal legal acts (draft municipal legal acts))";

152) in Paragraph Six of Item 2 of Article 168.4 the words "(bodies of local government)" shall be replaced by the words "(municipal legal acts of bodies of local government)";

153) in Article 168.5:

a) in Item 1 after the words "for the current financial year" shall be added the words "(the current financial year and planning period)";

b) in Item 2 after the words "for the next financial year" shall be added the words "(the next financial year and planning period)";

c) in Item 4 after the words "for the current financial year" shall be added the words "(the current financial year and planning period)" and after the words "for the next financial year" shall be added the words "(the next financial year and planning period)";

d) in Item 5 after the words "for the current financial year" shall be added the words "(the current financial year and planning period)" and after the words "for the next financial year" shall be added the words "(the next financial year and planning period)";

154) in Article 168.6:

a) in Item 3 the word "estimate" shall be replaced by the words "budget estimate";

b) in Item 4 the words "executive bodies of state" shall be replaced by the words "bodies of executive" and the words "(bodies of local government)" shall be replaced by the words "(local administrations of municipal formations)";

c) Item 5 shall be declared invalidated;

155) Article 169 shall be stated in the following wording:

"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 off-budget 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 off-budget 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 offbudget funds of the Russian federation shall be drawn up and endorsed for the 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 off-budget funds (draft local budgets) shall be drawn up and endorsed for the term of one year (for the next financial year) or for the 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.";

156) the words "and planning period" shall be added to Part Two of Article 170;

157) in Item 1 of Article 171 the words "of the corresponding executive bodies" shall be replaced by the words "of the supreme executive state power bodies" and the words "the local self-government bodies" shall be replaced by the words "local administrations of municipal formations";

158) Articles 172 and 173 shall be stated in the following wording:

"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 the 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 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.

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.";

159) Article 174 shall be stated in the following wording:

"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 budget funds according to sections, subsections, purpose items and kinds of expenditures of the classification of budgets' 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 off-budget 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 formations) are of 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 reasons for planned changes therein.";

160) Article 174.1 with the following contents shall be added thereto:

"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 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 entry into force of the said federal laws at 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 entry into force of the said laws of the constituent entity of the Russian Federation at 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 palling period) and leading to changes in revenues (expenditures) of budgets of the budgetary system of the Russian Federation shall contain provisions on entry into force of the said normative legal acts of the representative body of the municipal formation at earliest on January 1 of the year following the next financial year.";

161) Article 174.2 with the following content shall be added hereto:

"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.

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 budget 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 budget funds in pursuance of the said laws and normative legal acts (municipal legal acts).

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.";

162) Article 175 shall be stated in the following wording:

"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.";

163) Articles 176, 177 and 178 shall be declared invalidated;

164) Article 179 shall be stated in the following wording:

"Article 179. Long-Term Purpose Programmes

1. Long-term purpose programmes (subprogrammes) implemented on account of the federal budget funds, the budget of a constituent entity of the Russian Federation and local budget shall be endorsed 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 of the municipal formation.

The time for implementation of long-term purpose programmes shall be fixed 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 in the procedure established by them.

A procedure for rendering decisions on the development of long-term purpose programmes, as well as for their forming and implementation, shall be established accordingly by normative legal acts of the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and a municipal legal act of the local administration of the municipal formation.

2. The amount of budgetary appropriations intended for implementation of long-term purpose programmes (subprogrammes) shall be endorsed by the law (decision) on the budget within the departmental structure of budget expenditures according to the purpose item of budget expenditures corresponding to each programme in compliance with the normative legal act of the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation, the municipal legal act of the local administration which has endorsed this programme.

Long-term purpose programmes proposed for financing starting from the next financial year are subject to endorsement 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 at latest one month before the date of introduction of a draft law (decision) on the appropriate budget to the legislative (representative) body.

3. The effectiveness of implementation of every long-term purpose programme shall be assessed every year. A procedure for such assessment and criteria thereof shall be established 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.

On the basis of the results of the said assessment 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 at latest one month before the date of introduction of a draft law (decision) on the budget to the legislative (representative) body may render the decision on reduction, starting from the next financial year, of budgetary appropriations for implementation of the programme or on preschedule termination of implementation thereof.

In the event of adoption of this decision and in the presence of state (municipal) contracts made in pursuance of appropriate programmes, the budget shall provide for budgetary appropriations to be spent on the discharge of expenditure obligations resulting from the said contracts in respect of which the parties thereto have not agreed on termination thereof.

4. A long-term purpose programme implemented on account the federal budget funds (the budget of a constituent entity of the Russian Federation) may provide for granting subsidies to the budget of a constituent entity of the Russian Federation (to the local budget) for implementation of similar long-term purpose programmes implemented on account of budget funds of a constituent entity of the Russian Federation (local budgets).

The terms of provision and methods for estimation of the said interbudget subsidies shall be established by the appropriate programme.";

165) Articles 179.1-179.3 with the following content shall be added hereto:

#### "Article 179.1. Federal Purpose Investment Programme

Budgetary investments into capital construction projects on account of the federal budget 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 budget 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 implementation shall be carried out 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 and the local administration.";

166) Article 180-183 shall be declared invalidated;

167) Article 184 shall be stated in the following wording:

#### "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 off-budget 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 off-budget funds of the Russian Federation to the Government of the Russian Federation at latest 15 days before the date of 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 off-budget 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.";

168) Articles 184.1 and 184.2 with the following content shall be added to Chapter 21:

#### "Article 184.1. General Provisions

1. The law (decision) on a budget has to contain basic characteristics of the budget which include the total amount of the budget revenues, the total amount of the 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 the 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 budgets' expenditures 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 interbudget 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 off-budget funds of the Russian Federation, the budget of a constituent entity of the Russian Federation, budgets of territorial state off-budget 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 off-budget 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 off-budget 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 off-budget 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 conventionally endorsed (are conventionally 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 (sybtypes) 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 interbudget 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 budget 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 off-budget 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.";

169) Article 185 shall be stated in the following wording:

"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 legislative (representative) body accordingly a draft federal law on the federal budget for the next financial year and planning period and draft federal laws on budgets of state off-budget 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 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 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.";

170) Article 186 shall be declared invalidated;

171) in Article 187:



a) the title thereof shall be stated in the following wording:

"Article 187. Procedure for Consideration of a Draft Law (Decision) on the Budget, on the Budget of a State Off-Budget Fund and for Endorsement Thereof";

b) in Item 1:

in Paragraph Two after the words "budget" shall be added the words "and budgets of state off-budget funds of the Russian Federation";

Paragraphs Three **and Four shall be stated in the following wording:**

"for the budget of a constituent entity of the Russian Federation and budgets of territorial state off-budget 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.";

c) Item 2 shall be stated in the following wording:

"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.";

172) Article 188 and 189 shall be declared invalidated;

173) in Article 190:

a) Item 1 shall be stated in the following wording:

"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 budget funds budgetary appropriations and limit amounts of budget liabilities at the rate of at most one twelfth of budgetary appropriations and limit amounts of budget 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 interbudget transfers to other budgets of the budgetary system of the Russian Federation shall be preserved in the form determined for the reporting financial year;"

b) in Item 2:

in Paragraph One the words "the body implementing the budget shall have the right to make expenditures, allocate revenues and effect withdrawals with the observance of the conditions" shall be replaced by the

words "the financial body shall arrange the budget's administration with the observance of the conditions";

in Paragraph Two the word "said" shall be replaced by the word "financial";

Paragraph Three **shall be stated in the following wording:**

"to bring limit amounts of budget obligations and budgetary appropriations to make budget investments and subsidies to legal entities and natural persons established by this Code";

in Paragraph Four the words "resources on a repayable basis" shall be replaced by the word "credits";

Paragraph Five **shall be declared invalidated;**

In Paragraph Seven the words "for the executive bodies and to make expenditures from these funds" shall be deleted;

c) Item 3 with the following content shall be added hereto:

"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.";

174) Article 191 shall be stated in the following wording:

"Article 191. Making Amendments to the Law (Decision) on a Budget upon Termination of the Time Period for the Budget's 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's temporary management.

2. The said draft law (decision) shall be considered and endorsed by the legislative (representative) body within the time period of at most 15 days as of the date of submission thereof.";

175) in Article 192:

a) the title thereof shall be stated in the following wording:

"Article 192. Introduction of a Draft Federal Law on the Federal Budget for the Next Financial and Planning Period to the State Duma";

b) Item 1 shall be stated in the following wording:

"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 latest on August 26 of the current year.";

c) Items 2 and 3 shall be stated in the following wording:

"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 subjectmatter 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.";

d) Item 4 shall be stated in the following wording:

"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 predictable administration of the federal budget for the current financial year;

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;

register of expenditure obligations to be discharged on account of the federal budget funds, in particular on account of grants to budgets of constituent entities of the Russian Federation;

list of public normative obligations to be discharged on account of the federal budget funds and estimations in respect of them for the next financial year and planning period;

methods (draft methods) and estimations of distribution of interbudget transfers to constituent entities of the Russian Federation in the next financial year and planning period;

basic indices of the state defence order;

reports on implementation of long-term purpose programmes;

federal purpose investment programme;

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;

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;

draft programme of granting state financial and state export credits for the next financial year and planning period;

draft programmes of state domestic and foreign borrowings of the Russian Federation for the next financial year and planning period;

~~data on the amount and structure of the debt of foreign states toward the Russian Federation as of the end of the reporting financial year according to kinds of debt obligations and borrowers;~~

~~upper limit of granting state guarantees of the Russian Federation to third persons for attraction of foreign borrowings with a breakdown for years, except for purpose foreign credits (borrowings) as of the end of the next financial year and each year of the planning period;~~

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 Fund for Future Generations as of the start and the end of the next financial year and each year of the planning period.";

e) Items 5-7 with the following content shall be added hereto:

"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 administration of the federal budget and budgets of state off-budget funds of the Russian Federation in the reporting financial year;

on budgets of state off-budget 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.";

176) Article 193 shall be declared invalidated;

177) in Article 194:

a) the title thereof shall be stated in the following wording:

"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";

b) in Paragraph One of Item 1 after the words "on the next financial year" shall be added the words "and planning period";

c) in Item 2 after the words "for the next financial year" shall be added the words " and planning period";

d) in Paragraph One of Item 3 after the words "for the next financial year" shall be added the words "and planning period";

178) Article 195 and 196 shall be stated in the following wording:

"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 a draft federal law on the federal budget for the next financial year and planning period in three readings.";

179) Article 197 shall be declared invalidated;

180) in Article 198 after the words "for the next financial year" shall be added the words "and planning period";

181) Article 199 shall be stated in the following wording:

"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:

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;

total amount of expenditures in the next financial year and planning period;

conventionally 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;

amount of oil-and-gas transfer in the next financial year and planning period;

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;

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.";

182) in Article 200:

a) in the title thereof after the words "Federal Budget" shall be added the words " for the Next Financial Year and Planning Period";

b) in Part One after the words "for the next financial year" shall be added the words "and planning period";

c) in Part Two after the word "adoption" shall be added the words "(or rejection)" and after the words "for the next financial year" shall be added the words "and planning period";

183) in Article 201:

a) in the title thereof after the words "for the Next Financial Year" shall be added the words " and Planning Period";

b) in Part One after the words "for the next financial year" shall be added the words "and planning period", the words "the second specialized committee that is responsible for the consideration of the subject-matter of the first reading" shall be replaced by the words "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";

184) in Article 202;

a) the words " and Planning Period" shall be added to the title thereof;

b) in Paragraphs One and Two after the words "the next financial year" shall be added the words "and planning period";

185) in Article 203:

a) the words " and Planning Period" shall be added to the title thereof;

b) Item 1 shall be stated in the following wording:

"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.";

c) in Paragraph One of Item 3 after the words "the next financial year" shall be added the words "and planning period";

d) in Paragraphs One-Three of Item 4 after the words "the next financial year" shall be added the words "and planning period";

186) in Article 204:

a) in the title thereof after the words "on the Federal Budget" shall be added the words "for the Next Financial Year and Planning Period";

b) in Part One after the words "the next financial year" shall be added the words "and planning period" and the words "the State Duma Committee for Economic Policy" shall be replaced by the words "the second specialized committee responsible for consideration of the subject-matter of the first reading";

c) in Part Two after the words "for the next financial year" shall be added the words "and planning period";

187) Article 205 shall be stated in the following wording:

"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 interbudget 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);

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 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 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 interbudget transfers to budgets of state offbudget 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 budget investments in state property units of the Russian Federation which are not included into the said draft federal budget, changes in the amount of interbudget transfers to budgets of some constituent entities of the Russian Federation (municipal formations) and allocation of the federal budget funds to specific legal entities shall not be considered without issuance of an opinion by the Government of the Russian Federation.";

188) Article 206 shall be declared invalidated;

189) Article 207 shall be stated in the following wording:

"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 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 in 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 as of the date of adoption thereof to the Federation Council for consideration.

190) in Article 208:

a) in the title thereof after the words "for the Next Financial Year" shall be added the words "and Planning Period";

b) in Item 1 after the words "for the next financial year" shall be added the words "and planning period";

c) in Item 2 after the words "for the next financial year" shall be added the words "and planning period";

d) in Item 3 after the words "for the next financial year" shall be added the words "and planning period";

e) in Item 4 after the words "for the next financial year" shall be added the words "and planning period";

f) in Item 5 after the words "for the next financial year" shall be added the words "and planning period";

191) Item 3 of Article 209 shall be declared invalidated;

192) in Article 210;

a) in the title thereof after the words "for the Next Financial Year" shall be added the words " and Planning Period";

b) in Part One after the words "for the next financial year" shall be added the words "and planning period";

193) Article 211 shall be declared invalidated;

194) in the title of Chapter 23 the words "and Addenda" shall be deleted;

195) Article 212 and 213 shall be stated in the following wording:

"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 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 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 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 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 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 in whole shall be endorsed. In the third reading the said draft law shall be proposed for voting in 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 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.";

196) Article 214 and 215 shall be declared invalidated;

197) in Article 215.1:

a) Parts One and Two shall be stated in the following wording:

"Administration of the federal budget and budgets of state offbudget funds of the Russian Federation, the budget of a constituent entity of the Russian Federation and the budget of a territorial stateoff-budget 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.

Organisation of the budget's administration shall be imposed on the appropriate financial body (the managerial body of an off-budget fund). The budget's administration shall be organized on the basis of the summary budget inventory and cash budget.";

b) Part Six shall be stated in the following wording:

"For cash servicing of 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.";

198) Article 216 shall be declared invalidated;

199) Article 217 shall be stated in the following wording:

"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 off-budget funds shall be established by the managerial body of a state off-budget 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 off-budget fund) shall endorse the appropriate amendments to be made to the summary budget inventory.

In the course of the budget's 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 offbudget 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 in 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 budget 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 budget 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 budget 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 budget 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 budget 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 budget 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 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 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 budget 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 budgets funds in the event of saving budget 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 budget 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 disbursement 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.";

200) Article 217.1 with the following contents shall be added hereto:

"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 budget 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).";

201) Articles 218 and 219 shall be stated in the following wording;

"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 budget 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 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 budget obligations;

confirmation of monetary obligations;

authorization of payment in compliance with monetary obligations;

confirmation of the discharge of monetary obligations.

3. The recipient of budget funds shall assume budget obligations within the limits of budget obligations brought to the notice of it in the current financial year (current financial year and planning period).

The recipient of budget funds shall assume budget 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 budget funds shall confirm his duty to make payment in respect of monetary obligations on account of budget funds in compliance with 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 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 public normative obligations) shall be made within the limits of budget obligations brought to the notice of the recipient of budget funds.

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 budget 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 budget funds' recipients.";

202) Articles 219.1 and 219. 2 with the following content shall be added hereto:

"Article 219.1. Budget Inventory

1. A procedure for drawing up and keeping budget inventories of chief administrators (administrators) of budget funds, in particular for making amendments thereto, shall be established by the appropriate financial body.

Budget inventories of chief administrators of budget funds shall be drawn up in compliance with the budgetary appropriations endorsed by the summary budget inventory and the limits of budget obligations endorsed by a financial body.

Budget inventories of administrators of budget funds shall be drawn up in compliance with the budgetary appropriations and the limits of budget obligations brought to their notice.

2. The budget inventory shall be endorsed and amended by the chief administrator (administrator) of budget funds.

Indices of the budget inventory in respect of revenues shall be brought to subordinate administrators and/or recipients of budget 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 budget funds to specify the indices endorsed by the budget inventory in

respect of expenditures according to 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 budget 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 budget funds in compliance with indices of the budget inventory of the chief administrator of budget funds without making appropriate amendments to the budget inventory of the chief administrator of budget funds.

#### Article 219.2. Administration of Budget in Respect of Sources of Financing Budget Deficit

The budget in respect of sources of financing 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 budget deficit shall be authorized in the procedure established by the financial body.";

203) Article 220 shall be declared invalidated;

204) Article 220.1 with the following content shall be added hereto:

#### "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 budget process within the scope of their budget authorities shall be registered on personal accounts opened in conformity to 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).";

205) Article 221 shall be stated in the following wording:

"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 budget 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 budget funds shall be endorsed by the head of the chief administrator of budget funds.

2. Endorsed indices of the budget estimate of a budget institution must correspond to the limits of budget obligations brought to the notice of it in respect the assumption and/or discharge of budget 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 budget obligations brought thereto.";

206) Articles 222-226 shall be declared invalidated;

207) Article 226.1 with the following content shall be added hereto:

"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 budget 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 in 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 chief administrators, administrators and recipients of budget funds.";

208) Articles 227-230 shall be declared invalidated;

209) Article 231 shall be declared invalidated;

210) Article 232 shall be stated in the following wording:

"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).";

211) Articles 233-235 shall be declared invalidated;

212) ~~Items 2 and 3 of Article 236 shall be stated in the following wording:~~

~~"2. The operation of this article shall not extend to the Russian Federation and the constituent entities of the Russian Federation which do not receive grants for leveling the budget supply to budgets of constituent entities of the Russian Federation. A procedure for placing budget funds as bank deposits shall be determined accordingly by the Government of the Russian Federation and the supreme executive state power bodies of~~

~~constituent entities of the Russian Federation in compliance with the legislation of the Russian Federation.~~

~~3. The federal executive power bodies and executive bodies of constituent entities of the Russian Federation shall be held responsible for ensuring the return of funds accordingly to the federal budget and to budgets of constituent entities of the Russian Federation.";~~

213) Articles 237 and 238 shall be declared invalidated;

214) the words ", except for the cases cited by Articles 93.3, 93.4, 142.2, 142.3, 166.1, 218 and 242 of this Code" shall be added to Item 1 of Article 239;

215) Article 240 shall be declared invalidated;

216) Article 241 shall be stated in the following wording:

"Article 241. Specifics of Budgets' Administration Established by Federal Laws

1. The provisions of this Code regulating budgets' 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 budget 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 budget 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 budget funds, the recipient of budget funds, the chief administrator of the budget revenues and the administrator of budget revenues in compliance with the provisions of this Code within the transient 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 be only 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.";

217) Article 241.1 with the following content shall be added hereto:

"Article 241.1. Fundamentals of Cash Servicing of Administration of Budgets of the Budgetary System of the Russian Federation

1. When effecting cash servicing of budgets' administration:

operations in budgets' funds shall be recorded on single budgets' 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 payments 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 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 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 of 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 cash servicing of administration of the budget of a constituent entity of the Russian Federation, budgets of territorial state off-budget 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 the 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.";

218) Article 242 shall be stated in the following 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 report documents on administration of budgets of the reporting financial year.

3. Budgetary appropriations, limit amounts of budget 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 budget 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 budget funds which are not kept on a single budget account and are not used by recipients of budget funds are subject to remittance to recipients of budget funds onto a single budget account at latest within two last working days of the current financial year.

5. Interbudget 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 budget funds wherefrom interbudget transfers have been provided finds that there is no need for them, the balance of the said interbudget transfers is subject to return to the revenues of the budget wherefrom they have been provided.

If the balance of interbudget 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.

Interbudget 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 budget funds upon termination of the current financial year with cash required for the exercise of their activities during nonwork holidays in the Russian Federation on January of the current financial year.";

219) Article 242.1 of Chapter 24 shall be declared invalidated;

220) in Article 242.1 of Chapter 24.1:

a) Paragraphs Two and Three of Item 2 shall be stated in the following wording:

"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 court in a proper way.";

b) Paragraph Five of Item 3 shall be declared invalidated;

c) Item 3.1 with the following content shall be added hereto:

"3.1. The following shall be deemed a ground for 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 the 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.";

221) in Article 242.2:

a) in Paragraph One of Item 2 the words "Item 10" shall be replaced by the words "Item 3";

b) Item 3 shall be stated in the following wording:

"3. For the purposes of executing judicial acts on claims versus constituent entities of the Russian Federation for indemnification of a 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 budget 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 budget 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 the court within 10 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 budget funds of the constituent entity of the Russian Federation that represented the interests of the constituent entity of the Russian Federation in the 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 budget 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 latest in one month as of the date of entry of the judicial act into force.";

c) Item 4 shall be stated in the following wording:

"4. For the purposes of executing judicial acts on claims versus municipal formations for indemnification of a 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 recovery of monetary funds by way of subsidiary liability of chief administrators of local budget 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 budget funds of a municipal formation representing in a 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 budget funds of a 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 budget 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 latest in one month as of the date of entry of the judicial act into force.";

222) in Article 242.3:

a) in Item 1 the words "keeping records of federal budget funds" shall be replaced by the words "keeping records of operations concerning the administration of expenditures";

b) in Paragraph Two of Item 2 the words "Item 3" shall be replaced by the words "Items 3 and 4" and after the word "documents" shall be added the words "with all received annexes thereto";

c) in Item 3:

in Paragraph One the words "a letter to the federal treasury body with" shall be deleted;

in Paragraph Two the words "the said letter" shall be replaced by the words "the said information" and the words "payment instructions" shall be replaced by the words "a payment document";

in Paragraph Five after the words "funds on" shall be added the word "all", after the words "the debtor's personal accounts" shall be added the words ", including personal accounts of its structural units opened with a given agency of the Federal Treasury";

d) in Item 4:

in Paragraph Two after the words "the limits on budget obligations" shall be added the words "(budgetary appropriations)";

in Paragraph Three after the words "funds on" shall be added the word "all", after the words "personal accounts" shall be added the words ", including personal accounts of its structural units opened with a given agency of the Federal Treasury";

e) in Item 5 after the words "the limits on budget obligations" shall be added the words "(budgetary appropriations)";

f) in Item 6 after the words "the limits on budget obligations" shall be added the words "(budgetary appropriations)";

g) in Item 7:

in Paragraph One the words "payment instructions" shall be replaced by the words "a payment document" and after the words "the limits on budget obligations" shall be added the words "(budgetary appropriations)";

in Paragraph Two after the words "funds on" shall be added the word "all", after the words "debtor's personal accounts" shall be added the words ", including personal accounts of its structural units opened with a given agency of the Federal Treasury";

h) in Item 8:

in Paragraph One after the words "funds on" shall be added the word "all" and after the words "debtor's personal accounts" shall be added the words ", including personal accounts of its structural units opened with a given agency of the Federal Treasury";

in Paragraph Two after the words "the document that has been executed," shall be added the words "the document concerning a delay in execution of judicial acts or execution thereof by installments,";

i) a Paragraph with the following content shall be added to Item 9:

"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 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.";

j) in Item 13 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

223) in Article 242.4:

a) in Item 1 the words "to keep records of funds" shall be replaced by the words "to keep records of operations related to spending of funds";

b) in Paragraph Two of Item 2 the words "Item 3" shall be replaced by the words "Items 3 and 4" and after the words "documents" shall be added the words "with all received annexes thereto";

c) in Item 3:

in Paragraph One the words "a letter " shall be replaced by the word "information" and the words "with information" shall be deleted;

in Paragraphs Two and Three the words "letter specified" shall be replaced by the words "information specified";

in Paragraph Six after the words "funds on" shall be added the word "all", after the words "debtor's personal accounts" shall be added the words ", including personal accounts of structural units thereof opened with a given agency of the Federal Treasury";

d) in Item 4 after the words "limits on budget obligations" shall be added the words "(budgetary appropriations)";

e) in Item 5 after the words "the limits on budget obligations" shall be added the words "(budgetary appropriations)";

f) in Item 6:

in Paragraph One after the words "limits on budget obligations" shall be added the words "(budgetary appropriations)";

in Paragraph Two after the words "funds on" shall be added the word "all", after the words "debtor's personal accounts" shall be added the words ", including personal accounts of structural units thereof opened with a given agency of the Federal Treasury";

g) in Item 7:

in Paragraph One after the words "funds on" shall be added the word "all", after the words "debtor's personal accounts" shall be added the words ", including personal accounts of structural units thereof opened with a given agency of the Federal Treasury";

in Paragraph Two after the word "document" shall be added the words ", the document on a delay in execution of judicial acts or on execution thereof by installments";

h) a paragraph with the following content shall be added to Item 8:

"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 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.";

i) in Item 12 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

224) in Article 242.5:

a) in Item 1 the words "keeping records of local budget funds" shall be replaced by the words "keeping records of operations related to administration of expenditures";

b) in Paragraph Two of Item 2 the words "Item 3" shall be replaced by the words "Items 3 and 4" and after the word "documents" shall be added the words "with all received annexes thereto";

c) in Item 3:

in Paragraph One the words "a letter to the body with information" shall be replaced by the words "to the body information";

in Paragraphs Two and Three the words "the letter specified" shall be replaced by the words "the information specified";

in Paragraph Six after the words "funds on" shall be added the word "all" and after the words "debtor's personal accounts" shall be added the words ", including personal accounts of structural units thereof opened with a given agency of the Federal Treasury";

d) in Item 4 after the words "limits on budget obligations" shall be added the words "(budgetary appropriations)";

e) in Item 5 after the words "limits on budget obligations" shall be added the words "(budgetary appropriations)";

f) in Item 6:

in Paragraph One after the words "limits on budget obligations" shall be added the words "(budgetary appropriations)";

in Paragraph Two after the words "funds on" shall be added the word "all" and after the words "debtor's personal accounts" shall be added the words ", including personal accounts of structural units thereof opened with a given agency of the Federal Treasury";

g) in Item 7:

in Paragraph One after the words "funds on" shall be added the word "all" and after the words "debtor's personal account" shall be added the words ", including personal accounts of structural units thereof opened with a given agency of the Federal Treasury";

in Paragraph Two after the word "has been issued" shall be added the words ", or a document in respect of a delay in execution of judicial acts or in respect of execution thereof by installments";

h) a paragraph with the following content shall be added to Item 8:

"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 budget institutions of a constituent entity of the

Russian Federation 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.";

i) in Item 12 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

225) Chapter 25 shall be declared invalidated;

226) Section VIII.1 with the following content shall be added hereto:

"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 budget reporting shall be established by the Ministry of Finance of the Russian Federation in compliance with the provisions of this Code.

2. Budget 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.

Budget accounting shall be effected in compliance with the chart of accounts incorporating the budgetary classification of the Russian Federation.

The chart of accounts for budget accounting and instructions as to application thereof shall be endorsed by the Ministry of Finance of the Russian Federation.

3. Budget 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 nonfinancial 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 budget 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 budget 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 budget funds in the reporting financial year.

5. Chief administrators of budget funds (recipients of budget funds) may apply departmental (internal) acts which specify financial information subject to the uniform methods and standards of budget accounting and budget reporting.

#### Article 264.2. Drawing Up Budget Reporting

1. Chief administrators of budget funds, chief administrators of budget revenues, chief administrators of sources of financing budget deficit (hereinafter referred to chief administrators of budget funds) shall draw up the summary budget report documents on the basis of the budget report documents submitted to them by subordinate recipients (administrators) of budget funds, administrators of budget revenues and administrators of sources of financing the budget deficit.

Chief administrators of the federal budget funds, of the budget of a constituent entity of the Russian Federation and local budget shall submit the summary budget report documents accordingly to the Federal Treasury, financial bodies of constituent entities of the Russian Federation and financial bodies of municipal entities at the time established by them.

2. Budget 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 budget report documents of appropriate chief administrators of budget funds.

3. Budget 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 budget administration shall be drawn up on a quarterly basis.

4. Budget report documents of the Russian Federation, of constituent entities of the Russian Federation and municipal formations shall be submitted by 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 first quarter, six months and nine months of the current financial year shall be endorsed accordingly by the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation, as well as by local administration, and shall be sent to the appropriate legislative (representative) body and to the state (municipal) fiscal body established by it.

Annual reports on administration of the federal budget, the budget of a constituent entity of the Russian Federation and local budgets is subject to endorsement accordingly by a federal law, the law of a constituent entity of the Russian Federation and a municipal legal act of the representative body of a municipal formation.

#### Article 264.3. Forming of Report Documents on Administration of Consolidated Budget and Budgets of State Off-Budget Funds

1. Financial bodies of urban and rural settlements shall submit budget report documents to the financial body of a municipal region.

The financial body of a municipal region shall submit budget report documents on administration of the summary budget of a municipal region to the financial body of a constituent entity of the Russian Federation.

The financial body of an urban circuit or of an intraurban territory of a city of federal importance shall submit budget report documents to the financial body of a constituent entity of the Russian Federation.

2. Managerial bodies of territorial state off-budget funds shall submit budget 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 budget report documents on administration of the summary budget of the constituent entity of the Russian Federation and budgets of territorial state off-budget funds to the Federal Treasury.

Managerial bodies of state off-budget funds of the Russian Federation shall submit budget report documents on administration of budgets of state off-budget funds of the Russian Federation to the Federal Treasury.

4. The Federal Treasury shall submit budget report documents on administration of the summary budget of the Russian Federation and budgets of state off-budget 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 budget report documents of chief administrators of budget funds and preparation of an opinion in respect of the annual report on the budget administration.

2. External auditing of an annual report on 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 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 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 administration of the budget of a residential settlement may be effected by the control authority of a municipal region or the state fiscal body of a constituent entity of the Russian Federation established accordingly by the representative body of the municipal region or the legislative (representative) power body of the constituent entity of the Russian Federation.

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 latest on April 15 of the current year. An opinion in respect of an annual report on administration of the budget of a constituent entity of the Russian Federation shall be prepared within the time period of at 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 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 the time period of at 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 budget report documents of chief administrators of budget 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 budget report documents on administration of the appropriate budget, budget report documents on 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 removal of data which are unreliable or are not shown in full within the time period of one month at most.

4. An annual report on 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 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 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 budgets' revenues;

of budget revenues according to codes of kinds of revenues, sybtypes of revenues, 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 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 accordingly 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 Budget Reporting of the Russian Federation

### Article 264.7. Drawing Up and Submission of Budget Report Documents of the Russian Federation

1. The Federal Treasury shall draw up and submit to the Ministry of Finance of the Russian Federation budget report documents of the Russian Federation.

Budget 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 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 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 of 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 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 budgets' revenues;

revenues of the federal budget according to codes of kinds of revenues, sybtypes 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, subsections 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 expenditures;

The federal budget expenditures according to sections and subsections of the classification of budgets' 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 budge funds at latest on April 1 of the current financial year shall submit annual budget 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 budget 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 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 budget report documents of chief administrators of the federal budget funds an opinion in respect of an annual report on administration of the federal budget and at 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 financial results of activities;

4) a report on movement of monetary funds;

5) an explanatory note;

6) reports on disposal of allocations of reserve funds, on granting and repayment of budget 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 administration of the summary budget of the Russian Federation and budgets of state off-budget 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 Administration of the Federal Budget by the State Duma

1. When considering a report on 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 budget 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.";

227) in Article 265:

a) in the title thereof the words "and the Representative Bodies of Local Self-Government" shall be deleted;

b) in Paragraphs One and Three of Item 1 the words ", the representative bodies of local self-government" in the appropriate case shall be deleted;

c) in Item 2:

in Paragraph One the words "and the representative bodies of local self-government" shall be deleted;

in Paragraph Two the words "of the local self-government bodies" shall be replaced by the words "of local administrations of municipal formations";

Paragraph Three **shall be stated in the following wording:**

"the receipt from financial bodies of day-to-day information about administration of appropriate budgets;";

in Paragraph Four after the words "report on the" shall be added the word "appropriate";

in Paragraph Five the words "of the subjects of the Russian Federation and the local self-government bodies for carrying out external audits of budgets" shall be deleted;

d) in Item 3 the words "The executive and local self-government bodies" shall be replaced by the words "The executive bodies and local administration of municipal formations" and the words "and to the representative bodies of local self-government" shall be deleted;

228) in Article 266:

a) in the title thereof the words "Executive and Local SelfGovernment Bodies" shall be replaced by the words "Executive Bodies and Local Administrations of Municipal Formations";

b) in Item 1 the words "the executive and local self-government bodies" shall be replaced by the words "the executive bodies and bodies (officials) of local administrations of municipal formations" and after the words "municipal entities" shall be added the words " and/or bodies authorized by them";

c) in Item 2 the words "local self-government bodies" shall be replaced by the words "bodies (officials) of local administrations of municipal formations" and the words "the local self-government bodies" shall be replaced by the words "municipal legal acts of local selfgovernment bodies";

229) Article 267 shall be stated in the following wording:



"Article 267. Financial Control Excised 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 budget resources to the subordinate ordinary managers and recipients of the federal budget 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 budget resources;

a recipient of the federal budget 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.";

230) in Article 268:

a) the words "of the Russian Federation, including the use of subventions, interbudget subsidies, other subsidies and budget credits granted from the said budgets" shall be added to Item 1;

b) Item 2 shall be stated in the following wording:

"2. The Federal Service of Fiscal Supervision shall exercise control over 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.";

231) Article 269 shall be stated in the following wording:

"Article 269. Financial Control Exercised by Chief Administrators of Budget Funds, Chief Administrators of Budget Revenues and Chief Administrators of Sources of Financing Budget Deficit

1. Chief administrators of budget funds shall exercise financial control over administrators (recipients) of budget funds subordinate to them, as regards ensuring of rightful, purpose and efficient disposal of the budget funds.

Chief administrators of budget 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 budget funds are entitled to inspect administrators (recipients) and of 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 revenues administration.

3. Chief administrators of sources of financing budget deficit shall exercise financial control over making by the administrators of sources of financing budget deficit subordinate to them budget cash payments to cancel sources of financing budget deficit.

Chief administrators of sources of financing budget deficit are entitled to inspect subordinate administrators of sources of financing budget deficit.";

232) in Article 270 the words "chief managers, ordinary managers and recipients of budget resources of the corresponding budgets" shall be replaced by the words "recipients of funds of appropriate budgets, over resources of administrators of sources of financing budget deficit";

233) Article 270.1 with the following content shall be added hereto:

"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 observance of internal standards of, and procedures for, budget drawing up and administration, for drawing up budget report documents and keeping budget records, as well as engaged in preparation and arrangement of activities aimed at improving the results (enhancing the effectiveness and efficiency) of the use of budget funds.";

234) Articles 271-273 shall be declared invalidated;

235) Chapter 27 shall be declared invalidated;

236) in Part One of Article 281 the words "of all levels" shall be deleted and after the words "of the Russian Federation" shall be added the words "the budgetary legislation";

237) in Article 284:

a) in Item 1:

in Paragraph Four the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

in Paragraph Five after the word "subsidies," shall be added the words "interbudget subsidies,";

b) in Item 2:

in Paragraph Two the words "decisions to deduct" shall be replaced by the words "decisions to deduct (recover)";

the words ", in particular of reimbursement of funds" shall be added to Paragraph Three;

238) in Paragraphs Five and Eight of Item 2 of Article 284.1 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

239) in Article 289 the words "the RSFSR Code of Administrative Offences" shall be replaced by the words "the Code of Administrative Offences of the Russian Federation";

240) in Article 290 the words "the RSFSR Code of Administrative Offences" shall be replaced by the words "the Code of Administrative Offences of the Russian Federation" and the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

241) in Article 291 the words "the RSFSR Code of Administrative Offences" shall be replaced by the words "the Code of Administrative Offences of the Russian Federation" and the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

242) in Article 304 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation";

243) in Article 305 the words "the Bank of Russia" shall be replaced by the words "the Central Bank of the Russian Federation".

## Article 2

The following amendments shall be made to Federal Law No. 136-FZ of July 29, 1998 on the Specifics of Issuance and Circulation of State and Municipal Securities (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1998, No. 31, Article 3814; 2005, No. 30, Article 3101):

1) in Part 2 of Article 2:

a) Paragraph One shall be declared invalidated;

b) in Paragraph Two the words "out of the resources of the state treasury of the Russian Federation, the treasury of the subjects of the Russian Federation and municipal treasury in compliance with law or under a decision on the budget of a respective level for a respective financial year" shall be deleted;

2) Paragraphs Six, Eight and Nine of Part 2 of Article 6 shall be declared invalidated;

3) in Paragraph Two of Part Two of Article 9 the words "with a breakdown for the development budget and the current budget" shall be deleted;

4) Part 2 of Article 11 shall be declared invalidated;

5) Article 13 shall be declared invalidated.

## Article 3

In Paragraph Four of Article 2 of Federal Law No. 127-FZ of October 26, 2002 on Insolvency (Bankruptcy) (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 43, Article 4190; 2006, No. 52, Article 5497) after the words "the Civil Code of the Russian Federation" shall be added the words "and the budgetary legislation of the Russian Federation".

#### Article 4

1. The following shall be declared invalidated:

1) Items 60, 61, 69 and 70 of Article 1 of Federal Law No. 116-FZ of August 5, 2000 on Making Amendments and Addenda to the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2000, No. 32, Article 3339);

2) Item 3 of Article 8 of Federal Law No. 178-FZ of December 21, 2001 on Privatisation of State and Municipal Property (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 4, Article 251);

3) Part One of Article 98 of Federal Law No. 86-FZ of July 10, 2002 on the Central Bank of the Russian Federation (the Bank of Russia) (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 28, Article 2790);

4) Paragraph Twelve of Item 10 of Article 1 of Federal Law No. 179-FZ of December 29, 2005 on Making Amendments to the Budget Code of the Russian Federation, the Civil Procedural Code of the Russian Federation, the Arbitration Procedural Code of the Russian Federation and the Federal Law on Executive Proceedings (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 1, Article 8);

5) Item 4 of Article 16 of Federal Law No. 19-FZ of February 2, 2006 on Amending Certain Legislative Acts of the Russian Federation and Declaring Invalidated Certain Provisions of Legislative Acts of the Russian Federation in Connection with Adoption of the Federal Law on Placement of Orders to Supply Commodities, Carry out Works and Render Services for Meeting State and Municipal Needs (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 6, Article 636);

6) Items 7-9 of Article 9 of Federal Law No. 175-FZ of November 3, 2006 on Amending Legislative Acts of the Russian Federation in Connection with Adoption of the Federal Law on Autonomous Institutions, as Well as for the Purpose of Specification of Legal Capacity of State and Municipal Institutions (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 45, Article 4627).

2. The following shall be declared invalidated as of January 1, 2008:

1) Item 4 of Decision of the Supreme Soviet of the Russian Federation No. 4463-I of February 11, 1993 on the Procedure for Putting into Operation the Fundamentals of the Legislation of the Russian Federation on Notaries (Vedomosti Syezda Narodnikh Deputatov

Rossiyskoy Federatsii i Verkhovnogo Soveta Rossiyskoy Federatsii, 1993, No. 10, Article 358);

2) Part Four of Article 38 of Federal Law No. 69-FZ of December 21, 1994 on Fire Prevention (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1994, No. 35, Article 3649):

3) Part Two of Article 38 of Federal Law No. 39-FZ of April 22, 1996 on the Securities Market (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1996, No. 17, Article 1918);

4) Federal Law No. 115-FZ of August 15, 1996 on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1996, No. 34, Article 4030);

5) Article 15 of Federal Law No. 127-FZ of July 24, 1998 on the Exercise of State Control over International Motor Carriage and on Liability for Violation of the Procedure for Conduct Thereof (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1998, No. 31, Article 3805);

6) Article 12 of Federal Law No. 46-FZ of March 5, 1999 on the Protection of Rights and Legitimate Interests of Investors in the Securities Market (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1999, No. 10, Article 1163);

7) Article 5 of Federal Law No. 159-FZ of July 9, 1999 on Putting into Operation the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1999, No. 28, Article 3492);

8) Paragraph Two of Item 2 of Article 26.14 of Federal Law No. 184-FZ of October 6, 1999 on the General Principles of Organisation of Legislative (Representative) and Executive State Power Bodies of Constituent Entities of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 1999, No. 42, Article 5005; 2003, No. 27, Article 2709);

9) Federal Law No. 115-FZ of August 5, 2000 on Making Amendments and Addenda to the Federal Law on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2000, No. 32, Article 3338);

10) Items 12, 15, 24 and 25, Paragraphs Nine and Ten of Item 43, Item 49, Paragraph Four of Item 57, Items 59, 73, 74, 75, 77, 78, 80-83, 85-88 of Article 1 and Article 3 of Federal Law No. 116-FZ of August 5, 2000 on Making Amendments and Addenda to the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2000, No. 32, Article 3339);

11) Federal Law No. 127-FZ of August 8, 2001 on Making Amendments and Addenda to the Federal Law on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2001, No. 33, Article 3437);

12) Article 33 of Federal Law No. 178-FZ of December 21, 2001 on Privatisation of State and Municipal Property (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 4, Article 251);

13) Paragraphs Twenty Eight-Thirty Three of Article 3 of Federal Law No. 196-FZ of December 30, 2001 on Putting into Operation the Code of Administrative Offences of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 1, Article 2);

14) Federal Law No. 51-FZ of May 7, 2002 on Making Amendments and Addenda to the Federal Law on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2002, No. 19, Article 1796);

15) Federal Law No. 53-FZ of May 6, 2003 on Making Amendments and Addenda to the Federal Law on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2003, No. 19, Article 1751);

16) Paragraph 189 of Item 17 of Article 1 of Federal Law No. 95-FZ of July 4, 2003 on Making Amendments and Addenda to the Federal Law on the General Principles of Organisation of Legislative (Representative) and Executive State Power Bodies of Constituent Entities of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2003, No. 27, Article 2709);

17) Paragraph Two of Part 2 of Article 53 of Federal Law No. 131-FZ of October 6, 2003 on the General Organisational Principles of Self-Government in the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2003, No. 40, Article 3822);

18) Items 1 and 3 of Article 1 of Federal Law No. 158-FZ of December 8, 2003 on Amending Articles 24, 158 and 160 of the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2003, No. 50, Article 4844);

19) Federal Law No. 184-FZ of December 23, 2003 on Making Amendments to the Budget Code of the Russian Federation Concerning the Establishment of the Stabilisation Fund of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2003, No. 52, Article 5036);

20) Federal Law No. 38-FZ of May 10, 2010, 2004 on Amending Article 38 of the Federal Law on Fire Safety (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2004, No. 19, Article 1839);

21) Federal Law No. 45-FZ of May 26, 2004 on Amending the Federal Law on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2004, No. 22, Article 2095);

22) Article 41 of Federal law No. 58-FZ of June 29, 2004 on Amending Certain Legislative Acts of the Russian Federation and Declaring Invalidated Certain Legislative Acts of the Russian Federation in Connection with Implementation of Measures Aimed at Public Administration Improvement (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2004, No. 27, Article 2711);

23) Paragraphs 15-18 of Item 5, Items 23 and 25, Paragraphs 26 and 36 of Item 27, Paragraphs 26, 33, 55, 57-62, 132-135 of Item 30, Paragraphs 4 and 11 of Item 31, Paragraph 67 of Item 36 of Article 1, Item 4 of Article 2 of Federal Law No. 120-FZ of August 20, 2004 on Amending the Budget Code of the Russian Federation, as Regards Regulation of Interbudget Relations (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2004, No. 34, Article 3535);

24) Article 1 of Federal Law No. 174-FZ of December 23, 2004 on Amending the Federal Law on the Budgetary Classification of the Russian Federation and the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2004, No. 52, Article 5278);

25) Item 1, Item 4, Paragraphs 10 and 16 of Item 6, Items 11, 13-17, Paragraphs 4 and 5 of Item 20 and subitem (b) of Item 21 of Article 1 of Federal Law No. 182-FZ of December 28, 2004 on Amending the Budget Code of the Russian Federation in Connection with the Establishment of the Federal Treasury (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2005, No. 1, Article 8);

26) Federal Law No. 127-FZ of October 12, 2005 on Amending Article 96.1 of the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2005, No. 42, Article 4214);

27) Item 6 of Article 1 of Federal Law No. 159-FZ of December 19, 2005 on Amending the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2005, No. 52, Article 5572);

28) Article 1, Items 5 and 6 of Article 2 of Federal Law No. 176-FZ of December 22, 2005 on Amending the Federal Law on the Budgetary Classification of the Russian Federation and the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2005, No. 52, Article 5589);

29) Items 4, 7, 8 and 12 of Article 1 of Federal Law No. 179-FZ of December 29, 2005 on Amending the Budget Code of the Russian Federation, the Civil Procedural Code of the Russian Federation, the Arbitration Procedural Code of the Russian Federation and the Federal Law on Executive Proceedings (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 1, Article 8);

30) Item 1 of Article 2 of Federal Law No. 6-FZ of January 3, 2006 on Amending Part One of the Civil Code of the Russian Federation and the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 2, Article 171);

31) Item 5 of Article 16 of Federal Law No. 19-FZ of February 2, 2006 on Amending Certain Legislative Acts of the Russian Federation and Declaring Invalidated Certain Provisions of Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law on Placement of Orders to Supply Commodities, Carry out Works and Render Services for Meeting State and Municipal Needs (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 6, Article 636);

32) Item 3 of Article 7 of Federal Law No. 175-FZ of November 3, 2006 on Amending Legislative Acts of the Russian Federation in Connection with Adoption of the Federal Law on Autonomous Institutions, as Well as for the Purpose of Specification of Legal Capacity of State and Municipal Institutions (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 45, Article 4627);

33) Federal Law No. 233-FZ of December 18, 2006 on Amending the Federal Law on the Budgetary Classification of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2006, No. 52, Article 5499).

3. Article 2 of Federal Law No. 116-FZ of August 5, 2000 on Making Amendments and Addenda to the Budget Code of the Russian Federation (Sobranie Zakonodatelstva Rossiyskoy Federatsii, 2000, No. 32, Article 3339) shall be declared invalidated as of January 1, 2011.

## Article 5

1. This Federal Law shall enter into force as of January 1, 2008, except for the provisions for which this article fixes other terms of entry into force.

2. Paragraphs 1, 2 and 56 of Item 13, Paragraphs 1, 2, 17, 19, 24, 31 and 41 of Item 76, subitem (c) of Item 91, Paragraphs 3-5 of subitem (c) and subitem (d) of Item 106, subitem (c) of Item 107, subitem (c), Paragraph 3 of subitem (f) of Item 109, Item 127, Items 143, 155-157, Item 158 (except for Paragraphs 14 and 15), Item 159 (except for Paragraphs 9-11, 17 and 18), item 161 (except for Paragraphs 4 and 7), Item 163, Item 166, Item 167 (except for Paragraph 5), Item 168 (except for Paragraphs 15-18), Items 169-171, subitems (a) and (b), Paragraphs 1-9, 12, 13, 16-24 of subitem (d), Paragraph 1, 4-8 of Subitem (e) of Item 175, Items 176-186, Item 187 (except for Paragraph 14), Items 188-193, Items 220-224 of Article 1 and Article 4 of this Federal Law shall enter into force as of the date of official publication of this Federal Law.

3. The seventh - the tenth paragraphs of Item 54, Item 164, Paragraphs 10, 11, 14 and 15 of subitem (d) of Item 175, Paragraph 14 of Item 187, Item 209 of Article 1 of this Federal Law shall enter into force as of January 1, 2009.

4. Paragraphs 21-23 of Item 43, Paragraph 11 of subitem (b) of Item 137, Paragraphs 4 and 7 of Item 161 of Article 1 of this Federal Law shall enter into force as of January 1, 2009.

Prior to the date of entry into force of the provisions specified in this part, the use in drawing up draft budgets, forming and financing implementation of state (municipal) tasks, as well as separate planning of budgetary appropriations allocated for the discharge of effective and assumed obligations, may be effected in the cases and in the procedure established by the appropriate financial bodies.



5. Paragraphs 11-13, 15-17 of Item 145, Paragraph 21 of Item 201, Paragraph Eight of Item 217 of Article 1 of this Federal Law shall enter into force as of January 1, 2009.

As of January 1 up to December 31 of 2008:

personal accounts shall be opened and kept by the Federal Treasury agencies, as well as the summary register of chief administrators, administrators and recipients of federal budgetary funds shall be kept, in the procedure established by the Ministry of Finance of the Russian Federation;

budgetary appropriations and/or limit rates of budget obligations shall be brought to the notice of chief administrators, administrators and recipients of federal budgetary funds in the procedure established by the Ministry of Finance of the Russian Federation;

budgetary appropriations shall be brought to the notice of chief administrators and administrators of sources of financing the federal budget deficit in the procedure established by the Ministry of Finance of the Russian Federation;

monetary obligations related to public normative obligations shall be paid within the limit amounts of the budget obligations brought to the notice of the budget funds' recipient;

Information about cash operations related to budget administration shall be supplied by the Federal Treasury agency to the appropriate financial body;

Information about cash operations related to the administration of budgets forming part of the consolidated budget of a constituent entity of the Russian Federation shall be supplied by the Federal Treasury agencies to the financial body of the constituent entity of the Russian Federation.

6. It shall be established that Articles 148 and 215.1 of the Budget Code of the Russian Federation (in the wording of this Federal Law), as regards cash servicing of administration of budgets of state off-budget funds shall apply as of January 1 of 2010.

7. Paragraphs 12 and 16 of Item 76, Paragraphs 31 and 32 of Item 83 of Article 1 of this Federal Law shall enter into force as of January 1, 2011.

It shall be established that the restrictions related to the borrowings specified in Item 4 of Article 104 of the Budget Code of the Russian Federation (in the wording of this Federal Law) shall not extend within the period from January 1, 2008 to January 1, 2011 to the cases provided for by Article 2 of Federal Law No. 116-FZ of August 5, 2000 on Making Amendments and Addenda to the Budget Code of the Russian Federation.

8. Prior to January 1, 2011 the oil-and-gas transfer shall be endorsed by the federal law on the federal budget for the next financial year and planning period at most in the following amount:

in 2008 - 6.1 per cent of the gross domestic product predicted for 2008;

in 2009 - 5.5 per cent of the gross domestic product predicted for 2009;

in 2010 - 4.5 per cent of the gross domestic product predicted for 2010.

9. Paragraph 11 of subitem (a) of Item 35 of Article 1 of this Federal Law shall enter into force as of the date of transfer of the militia of public safety in compliance with the federal law to financial maintenance out of the federal budget.

10. Item 5 of Article 41 (as regards the revenues from letting on lease state (municipal) property transferred for day-to-day management to state-financed institutions of culture and art, health care, science, education, as well as to archival institutions, the revenues from rendering paid services rendered by state-financed institutions, gratuitous receipts and other profitable activities) of the Budget Code of the Russian Federation (in the wording of this Federal Law) shall apply as of the date of entry into force of the federal law defining the specifics of disposal by state-financed institutions of funds derived from paid services, gratuitous receipts from natural persons and legal entities, international organisations and governments of foreign states, including voluntary donations, and of funds derived from other profitable activities.

11. Prior to the date of entry into force of the federal law specified in Part 10 of this article:

1) the revenues from letting on lease the state (municipal) property transferred for day-to-day management to state-financed institutions of culture and art, health care, science, education, as well as to archival institutions, shall be shown on personal accounts of the said institutions opened with the Federal Treasury and shall be allocated for maintenance and development of their material and technical base in excess of the budgetary appropriations provided for by the departmental structure of the federal budget expenditures;

2) a procedure for disposal of revenues from letting on lease property which is in state ownership of a constituent entity of the Russian Federation and in municipal ownership and which is transferred for day-to-day management to state-financed institutions of constituent entities of the Russian Federation (municipal budget institutions) of culture and art, health care, science, education, as well as to archival institutions, shall be established by a law of a constituent entity of the Russian Federation or a municipal legal act of the representative body of a municipal formation, respectively;

3) a state-financed institution is entitled on the basis of the budget law (decision) to use for maintenance of its activities the funds derived by it from rendering paid services, gratuitous receipts from natural persons and legal entities, international organisations and governments of foreign states, including voluntary donations, and funds derived from other profitable activities on the basis of the document (global permit) of the chief

administrator (administrator) of budget funds specifying the sources of generation and directions of disposal of the said funds and the normative legal acts of the Russian Federation and of constituent entities of the Russian Federation (the municipal legal acts) establishing them, as well as the provisions of the statutes of the state-financed institution;

4) a state-financed institution subject to the provisions of Item 3 of this part shall make operations in the said funds in the procedure established by the financial body in compliance with the estimate of receipts and expenditures in respect of profitable activities to be presented to the body engaged in opening and keeping the personal account of the state-financed institution;

5) contracts to be executed on account of the funds specified in Item 3 of this part shall be made and paid by a state-financed institution in compliance with estimates of receipts and expenditures in respect of profitable activities;

6) a state-financed institution shall ensure the discharge of its monetary obligations specified in an execution document on account of the funds cited in Item 3 of this part in the procedure established by Chapter 24.1 of the Budget Code of the Russian Federation (in the wording of this Federal Law);

7) the financial body is entitled to render a decision on making operations in the funds specified in Item 3 of this part on the accounts opened for it or for the Federal Treasury with institutions of the Central Bank of the Russian Federation or credit organisations subject to the provisions of the budgetary legislation of the Russian Federation and serviced on a free-of-charge basis;

8) for reflecting transactions with the incomes, derived from the business and the other income-bearing activity, shall be applied the following group and the subgroups of the revenues of the budgets, included into it, which are uniform for the budgets in the budgetary system of the Russian Federation:

Incomes from the business and the other income-bearing activity are the following:

- incomes from the property in the business and in the other income-bearing activity;
- market sales of commodities and services;
- gratuitous incomings from the business and the other income-bearing activity;
- goal-oriented deductions from the state and municipal lotteries;

The codes of the group and of the subgroups of revenues of the budgets, pointed out in the present Item, as well as the list of the items and subitems of the revenues of the budgets, included into them, shall be approved by the Ministry of Finance of the Russian Federation.

12. It shall be established that prior to January 1, 2010 the provisions of the Budget Code of the Russian Federation (in the wording of this

Federal Law), as regards financing of the grants allocated to federal state-financed institutions for implementation of fundamental scientific research and of projects and activities by the Russian Humanitarian Scientific Fund, of grants allocated by the President of the Russian Federation for governmental support to young Russian scientists who are candidates of science and of their scientific research supervisors, to young Russian scientists who are doctors of science, as well as of grants for governmental support to leading scientific schools of the Russian Federation, shall apply insofar as they do not contravene the procedure for financing the said grants established for 2007.

13. It shall be established that state academies of science and institutions subordinate to them, prior to endorsement by the Government of the Russian Federation of the academies' charters, shall exercise their activities in compliance with the provisions of the Budget Code of the Russian Federation (in the wording of this Federal Law) as applied to state-financed institutions.

14. It shall be established that the Government of the Russian Federation, the supreme executive state power body of a constituent entity of the Russian Federation and local administration prior to December 1, 2007, shall endorse the procedures specified in Articles 79, 179 and 179.1 of the Budget Code of the Russian Federation (in the wording of this Federal Law), as well as shall define interim provisions, which establish budget investments to be made from appropriate budgets within the limits of budgetary appropriations endorsed for the years of 2008 and 2009.

It shall be established that, when endorsing the Federal Law on the Federal Budget for 2008 and for the Period up to 2010 and the Federal Law on the Federal Budget for 2009 and for the Period up to 2011 annexes concerning federal purpose programmes with an indication of the budgetary appropriations allocated for financing the said programmes accordingly for 2008 and for the period up to 2010 and for 2009 and for the period up to 2011 shall be endorsed as the annex cited in Paragraph 11 of Item 2 of Article 205 of the Budget Code of the Russian Federation (in the wording of this Federal Law).

15. The resources of the Stabilisation Fund of the Russian Federation as of January 1, 2008 shall be entered to the Emergency Reserve Fund and the National Welfare Fund at the latest on February 1, 2008.

The amount of funds of the Stabilisation Fund of the Russian Federation entered to the Emergency Reserve Fund shall be estimated as 10 per cent of the gross domestic product predicted for 2007 which is cited in the forecast of socio-economic development of the Russian Federation for 2008-2010 to be submitted to the State Duma of the Federal Assembly within the composition of the documents and materials, simultaneously with a draft federal law on the Federal Budget for 2008 and for the period up to 2010.

The remaining resources of the Stabilisation Fund of the Russian Federation shall be entered to the National Welfare Fund.

The balance of resources of the federal budget as of January 1, 2008, except for the funds of the Stabilisation Fund of the Russian Federation and the balance of resources for which the Federal Law on the Federal Budget for 2008 and for the period up to 2010 or an international treaty of the Russian Federation establishes a different procedure for disposal thereof, as well as the balance in the amount of one twelfth of the total sum of the federal budget expenditures mentioned in the said Federal Law shall be entered within the time period of 15 days at the most as of the date of consideration thereof by the Government of the Russian Federation:

to the Reserve Fund - in an amount not exceeding the difference between the normative amount of the Emergency Reserve Fund for 2008 established by the Federal Law on the Federal Budget for 2008 and for the period up to 2010 and its accumulated amount as of the date of entry;

to the National Welfare Fund - in the amount of the said balance decreased by the sum remitted to the Emergency Reserve Fund.

The entry of funds shall be made off the accounts for recording the means from the Stabilisation Fund of the Russian Federation, opened in the currency of the Russian Federation and in foreign currency, onto the corresponding accounts for recording the means from the Reserve Fund and from the National Welfare Fund of the Russian Federation in the currency of the Russian Federation and in foreign currency.

Accounts for recording the means from the oil and gas revenues, the means from the Reserve Fund and those from the National Welfare Fund shall be opened to the Federal Treasury at the Central Bank of the Russian Federation not later than on January 20, 2008.

The means from the federal budget in the amount of the revenues, which have come in in 2008 into the federal budget from the placement of means from the Stabilisation Fund of the Russian Federation, shall be entered:

- into the Reserve Fund - in the volume, not exceeding the difference between the normative size of the Reserve Fund for 2008, established in Federal Law No. 198-FZ of July 24, 2007 on the Federal Budget for 2008 and for the Planned Period of 2009 and 2010, and its accumulated volume as on the date of the transfer:

- into the National Welfare Fund - in the volume of the above-said means, reduced by the sum of the transfers into the Reserve Fund.

16. It shall be established that the report on the federal budget administration for 2006 and reports on administration of budgets of state off-budget funds of the Russian Federation for 2006 shall be presented by the Government of the Russian Federation at the latest on July 1, 2007 to the State Duma of the Federal Assembly of the Russian Federation for endorsement.

17. It shall be established that budget relations connected with administration of budgets of the budgetary system of the Russian Federation in 2007 and with amending laws (decisions) on budgets of the budgetary system of the Russian Federation for 2007, as well as with drawing up, consideration and endorsement of reports on the administration of budgets of the budgetary system of the Russian Federation for 2006 and previous years, shall be regulated by the Budget Code of the Russian Federation without taking into account the amendments made by this Federal Law.

It shall be established that in 2007:

the Ministry of Finance of the Russian Federation shall define the principles of assignment and structure of codes of the budgetary classification of the Russian Federation, shall assign the codes to components of the budgetary classification of the Russian Federation which under the Budget Code of the Russian Federation (in the wording of this Federal Law) are uniform for budgets of the budgetary system of the Russian Federation, shall establish a procedure for forming the list and codes of purpose items and kinds of budget expenditures insofar as they relate to public normative obligations, as well as to maintenance of the activities (the exercise of authority) of state power bodies (state bodies) and local self-government bodies;

A list of codes of sub-types for kinds of revenues whose chief administrators are state power bodies of the Russian Federation, the Central Bank of the Russian Federation, managerial bodies of state offbudget funds of the Russian Federation and/or budget institutions subordinate to them, state power bodies of constituent entities of the Russian Federation, managerial bodies of territorial state extra-budgetary funds and/or budget institutions subordinate to them, local government bodies and/or budget institutions subordinate to them shall be endorsed accordingly by the Ministry of Finance of the Russian Federation, by the financial body of a constituent entity of the Russian Federation and the financial body of a municipal formation;

A list and codes of purpose articles and/or kinds of expenditures of the budgets financed as of January 1, 2008 on account of subventions and interbudget subsidies shall be determined in the procedure established by the financial body engaged in drawing up, and organisation of administration of, the budget wherefrom the said subventions and interbudget subsidies are granted.

18. To establish that in 2008 the powers of the Russian Federation, handed over in conformity with Article 4.1 of Federal Law No. 178-FZ of July 17, 1999 on the State Social Assistance for the exercise thereof to the state power bodies of the subjects of the Russian Federation, for organising the rendering of the social service in the form of providing individual categories of citizens with medicines and medical articles, as well

as with specialised dietary foodstuffs for invalid children, shall be financed at the expense of resources from the budget of the Federal Fund of Obligatory Medical Insurance, sent to the budgets of the territorial funds of obligatory medical insurance.

19. Unless otherwise stipulated in a contract between the state power bodies of the territory or of the region and the state power bodies of the autonomous area (autonomous areas), included into their composition, if the state power bodies of the territory or of the region exercise the authority of the state power bodies of the subject of the Russian Federation, pointed out in Items 2 and 3 of Article 26.6 of Federal Law No. 184-FZ of October 6, 1999 on the General Principles for Organising the Legislative (Representative) and the Executive Bodies of State Power of the Subjects of the Russian Federation, on the territory of the autonomous area (autonomous areas), included into their composition, until the transfer of the property, necessary for the exercise of this authority, from the ownership of the autonomous area (autonomous areas) into the ownership of the territory or of the region and (or) until the corresponding state institutions of the territory or of the region are created, it is admissible to finance the institutions of the autonomous area (autonomous areas), providing for the exercise of the above-said authority, at the expense of funds from the budget of the territory or of the region.

For these purposes, the authorised executive power bodies of the territory or of the region shall approve the budgetary estimate for the institutions of the autonomous area (autonomous areas) and shall open personal accounts to the budgetary institutions of the autonomous area (autonomous areas) for the entry of budgetary allocations, envisaged in the budget of the territory or of the region.

President of the Russian Federation

V. Putin

The Kremlin, Moscow  
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