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## Review of Meetings of the Government of the Russian Federation in November 2012

*In November 2012, at the meetings of the Presidium of the Government of the Russian Federation the following issues were discussed: the Report of the Ministry of Finance of the Russian Federation on Measures Aimed at Raising of Budget Security of Local Budgets and such amendments to the Budget Code of the Russian Federation as provide for an opportunity to award grants in the form of a subsidy to legal entities (except for public (municipal) entities), as well as non-profit organizations which are not government institutions.*

On November 1, 2012, at the meeting of the Government of the Russian Federation the Report of the Ministry of Finance of the Russian Federation on Measures Aimed at Raising of Budget Security of Local Budgets which included the analysis of execution of local budgets in the 2006–2011 period and the 2012 planning data was delivered.

In the same report, the Ministry of Finance of the Russian Federation proposed that a portion of revenues from special tax regimes, some tax and non-tax revenues, as well as administrative fines for a failure to comply with local governments' regulatory legal acts should be transferred to local budgets.

According to the Ministry of Finance of the Russian Federation, the above measure will permit to reduce dependence of local budgets on target subsidies provided from regional budgets which situation limits the right of municipal governments to promptly allocate those funds for other important objectives.

On November 23, 2012, the draft federal law on Amendment of Article 78 and Article 78.1 of the Budget Code of the Russian Federation As Regards Provision of Grants was discussed.

The draft law was prepared in accordance with decisions passed at the meeting held on April 4, 2012 on the activities of the Presidential Committee on Modernization and Technical Development of the Russian Economy in order to create legal grounds for provision of grants to entities from the respective budget.

The draft law introduces such amendments to Article 78 and Article 78.1 of the Budget Code of the Russian Federation as provide for awarding of grants in the form of subsidies to legal entities (except for public (municipal) institutions), as well as non-profit organizations which are not government institutions.

So, with amendments approved subsidies may be provided on a legal basis in the form of grants not only to profit-making organizations, but also to non-profit ones.

It is to be noted that in the joint letter No. 02-01-04/2523 and No. 12064-AP/D05 of August 29, 2008 of the Ministry of Finance of the Russian Federation and the Ministry of Economic Development of the Russian Federation on Application of Article 78 and Article 78.1 of the Budget Code of the Russian Federation it was stated that recipients of budgetary funds (including non-profit organizations which are assets of infrastructure for support of the small and mid-sized business) which are not budget-funded entities may be granted funds from the budget

(grants) in the form of a lump-sum, free of charge and non-repayable subsidy. Earlier, the above position was supported in the official response of the Government of the Russian Federation to draft Federal Law No. 41427-5 on Amendment of the Budget Code of the Russian Federation (in the above draft law it was proposed to establish in the Budget Code of the Russian Federation a new form of budgetary allocations on motivation payments).