

CHANGES IN THE NORMATIVE BASE OF THE BUDGET PROCESS

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In March 2015, some of the legislative norms whereby the budget process is regulated, were suspended due to the fact that in the new economic situation some of the parameters approved by Federal Law of 1 December 2014, No 384-FZ «On the Federal Budget for 2015 and Planning Period 2016 and 2017 (No 384-FZ) are no longer valid; besides, by the RF Government's act, the cases are determined when a client is to be entitled to demand, over the course of a current year, the execution of a government (or municipal) secured contract.

On 11 March 2015, **Federal Law of 8 March 2015, No 25-FZ** 'On the Suspension of Some Provisions of the Budget Code of the Russian Federation' (hereinafter – Law No 25-FZ) was published, whereby some of the norms on the budget process stipulated in the RF Budget Code were suspended. These alterations were caused by the significant changes in the economic situation in this country, as a result of which some of the federal budget parameters approved by Federal Law of 1 December 2014, No 384-FZ 'On the Federal Budget for 2015 and Planning Period 2016 and 2017 (hereinafter – Law No 384-FZ) had become outdated. As early as 5 March, a draft law was discussed at the RF Government's meeting whereby the relevant adjustments should be made to the federal budget targets for the planning period 2016 and 2017.

As these adjusted federal budget targets have not yet come into force, some of the budget process norms cannot be executed. Thus, in particular, the parameters entered in the government programs of the Russian Federation cannot be brought in conformity with the adjusted federal budget targets within the timelines established by the RF Budget Code – that is, within three months, after the enactment of Law No 384-FZ, i.e. by 1 March 2015. In this connection, by Law No 25-FZ, the deadline for the submission of drafts of the government programs of the Russian Federation, including drafts of federal target programs (or proposals concerning the introduction of alterations to these programs) is shifted to 1 October 2015.

Due to the necessity to rapidly readjust the budget process, no alterations have been made to the quarterly spending profile of the federal budget (and the summary of the quarterly spending profiles established for the budgets of the government off-budget funds of the Russian Federation) for 2015 and the planning period 2016 and 2017. In their turn, the limits for the execution of budget liabilities for 2016 and 2017 have not yet been made available to the general administrator of federal budget funds (and the general

administrators of the government off-budget funds of the Russian Federation).

On 18 March 2013, the **Decree of the RF Government of 6 March 2015, No 199** 'On the Events and Conditions When and under Which, in 2015, a Client Shall Be Entitled Not to Establish the Requirement As to Securing the Execution of a Contract in the Notification of the Effectuation of Purchase and (or) in a Draft Contract' came into force. By this document, the events and conditions are determined in the presence of which, in 2015, a client is to be entitled not to stipulate, in a relevant notification of the effectuation of purchase and (or) in a relevant draft contract, the requirement to the effect that the execution of the contract for the supply of goods, performance of work, or rendering of services for government or municipal needs should be secured. It should be reminded that, by Item 2.1 of Article 96 Federal Law of 5 April 2013, No 44-FZ 'On the Contractual System in the Sphere of Purchased of Goods, Work, Services for Government and Municipal Needs», the RF Government is endowed with the powers to determine the events and conditions when and under which, in 2015, a client is to be granted the right not to stipulate the aforesaid requirement.

These events, in accordance with the RF Government Act, are as follows:

- the conduct of competitions, electronic auctions, requests of proposals, where the only participants in purchases are small-sized entrepreneurial subjects and not-for-profit organizations oriented to social support of the population;
- the draft of a contract contains stipulations concerning the provision of special banking services for the effectuation of the contract;
- the draft of a contract contains stipulations concerning the transfer, to the supplier (contractor, executor), of advance payments to the account opened for a territorial body of the Federal Treasury or for the financial body of a RF sub-

ject or a municipal formation with the Bank of Russia's banking institution;

- the draft of a contract envisages advance payments in the amount of no more than 15% of the contract price in the framework of a purchase transaction for federal government needs, or in another amount as established by the supreme executive bodies of state authority of RF subjects or by local administrations in the framework of purchases for the needs of a RF subject or for municipal needs respectively; and also envisages settlements between the client and the supplier (contractor, executor) with the payment in the amount of no more than 70% of the price of each delivered consignment of goods (completed phase of work, or volume of services) for federal government

needs, or in another amount as established by the supreme executive bodies of state authority of RF subjects or by local administrations in the framework of purchases for the needs of a RF subject or for municipal needs respectively, with the final settlement to take place only after the receipt, by the client, of all delivered goods, completed work or services envisaged in the contract, and complete fulfillment, by the supplier (contractor, executor) of other obligations envisaged in the contracts (with the exception of guarantees);

- the participant in a purchase transaction is a budget-funded institution or an autonomous institution, and they are offered a contract price that has been reduced no more than by 25% of the initial (maximum) contract price. ●