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## Changes in the Regulatory Base of the Budgetary Process

*In December 2012, some expenditure liabilities of the federal budget were suspended and some rules of the budgetary process changed.*

**By Federal Law No. 237-FZ of December 3, 2012 on Suspension and Recognition as Null and Void of Individual Provisions of Statutory Acts of the Russian Federation in Connection with Federal Law on the Federal Budget in 2013 and the 2014-2015 Planned Period** some expenditure liabilities of the Russian Federation were suspended.

So, until January 2014 such provisions of Federal Law No. 247-FZ of July 19, 2011 and Federal Law No.306-FZ of November 7, 2011 as provide for indexation against the inflation rate of the amount of a pay (in accordance with the military rank and title) of servicemen of the Armed Forces of the Russian Federation, internal security troops of the Ministry of the Interior of the Russian Federation and law-enforcement agencies of the Russian Federation are suspended.

Also, suspended for one more year are the following provisions:

1) such provisions of Federal Law No. 73-FZ of June 25, 2002 on the Projects of Cultural Heritage (Monuments of History and Culture) of Peoples of the Russian Federation as provide for:

- ☐ assignment to public authorities of constituent entities of the Russian Federation of powers as regards preservation, utilization and promotion of cultural heritage projects which are in federal ownership;
- ☐ compensation of preservation expenses incurred by the owner of the cultural heritage project of federal importance included in the single state register of cultural heritage projects (monuments of history and culture) of peoples of the Russian Federation or the one who uses it on the basis of a free-use agreement;

2) such provisions of Federal Law No. 329-FZ of December 4, 2007 on Physical Culture and Sport in the Russian Federation as provide for:

- ☐ assignment of powers of the Russian Federation in the sphere of physical culture and sport to public authorities of constituent entities of the Russian Federation;
- ☐ expenditure liabilities of the Russian Federation as regards execution and maintenance of sport passports.

**By Federal Law No. 244-FZ of December 3, 2012 On Amendment of the Budget Code of the Russian Federation and Individual Statutory Acts of the Russian Federation**, significant amendments were introduced into the Budget Code of the Russian Federation as regards regulation of the budgetary process. Without making pretence for a comprehensive analysis of all the amendments provided for by the Federal Law, let's consider some of them.

So, norms of distribution of allocations to budgets from payment of some taxes and other mandatory payments were changed. For instance, it was established that the amount of money sanctions (fines) for a failure to comply with municipal statutory acts is subject to be paid on the

basis of the norm of 100% to budgets of municipal entities which approved the respective municipal statutory acts. Earlier, there was a legal gap as regards the above area of legal regulation.

Also, allocations from payment of excise duties on alcohol products with the ethanol volume concentration of over 9%, except for beer, wine, pop wine, sparkling wine (champagne), and wine drinks produced without adding of rectified ethanol produced out of food raw materials and (or) alcoholized vinicultural or other fruit mash and (or) wine distillate and (or) fruit distillate will be paid on the basis of the norm of 60% to the budget. Earlier, 50% of the amount of the paid excise duties on alcohol products was paid to the federal budget.

In addition to the above, revenues from the individual income tax payable by foreign nationals in the form of a fixed advance payment in carrying out by them of labor activities on the basis of a patent in the territory of the Russian Federation are subject to payment to the federal budget on the basis of the norm of 50%. Earlier 100% of the above payment was transferred to the budget of the constituent entity of the Russian Federation.

If a three-year period of budget planning is fixed by the legislation of the constituent entity of the Russian Federation, a moratorium will be in force on reduction of single norms set by the regions on allocations to budgets of municipal neighborhoods and urban districts from individual federal and (or) regional taxes and duties and taxes provided for by a special tax regime within three years from the day of entry into force of the law of the constituent entity of the Russian Federation on the deadlines for drawing up and approval of budgets of municipal neighborhoods and urban districts and (or) introduction of single norms of allocations to budgets of municipal neighborhoods and urban districts, respectively, except for cases of introduction by federal laws of amendments which result in growth in expenditures and (or) decrease in revenues of budgets of constituent entities of the Russian Federation.

Apart from the existing 20% norm on allocation to local budgets of tax revenues of the consolidated budget of the constituent entity of the Russian Federation from the individual income tax, amendments to the Budget Code of the Russian Federation introduce an obligation for public authorities of the constituent entity of the Russian Federation to set differentiated norms of allocations to local budgets from payment of excise duties on motor and directly distilled gasoline, diesel fuel and motor oil for diesel and (or) carburetor (injector) engines produced in the Russian Federation on the basis of crediting to local budgets of at least 10% of the tax revenues of the consolidated budget of the constituent entity of the Russian Federation from the above tax.

It is to be noted that the amounts of the above differentiated norms of allocations to local budgets are determined on the basis of the length of local motorways which are in ownership of relevant municipal entities.

Also, the Budget Code of the Russian Federation sets such rules of establishment and operation of investment funds of constituent entities of the Russian Federation as are similar to provisions of the Budget Code of the Russian Federation as regards the Investment Fund of the Russian Federation.