

in their liabilities on attracted credits, including those under direct investment relations. The external debt of banks and the RF Central Bank remained virtually unchanged (\$94.4bn on January 1, 2025).

Russia's reserve assets in 2024 fell by \$3.8 bn (–\$10 bn in 2023). This is mainly due to sales of foreign currency as part of operations with the NWF and “currency swap” operations aimed at smoothing volatility in the foreign exchange market. In 2024, total international reserves¹ of the Central Bank of Russia increased by 1.8% to \$609.1 bn. This means that positive revaluation² of international reserves in 2024 exceeded their fall due to operations presented in the balance of payments. It is worth noting that share of foreign exchange reserves in total international reserves on January 1, 2025, is 67.9% (74.0% on January 1, 2024), share of monetary gold — 32.1% (26.0% on January 1, 2024).

In 2024, ruble depreciated by 13.9% to 101.7 rubles/dollar, which is due to reduction of the current account balance due to a decline in the value of exports with a slight increase in imports in H2 2024, stronger sanctions against financial sector, which affected the infrastructure of international settlements and terms of receipt of export proceeds, reduction in net sales of foreign currency by major exporters in some months of 2024. During the year, the ruble was supported by maintaining tight monetary policy conditions and the Bank of Russia's option to sell foreign currency as part of the RF Ministry of Finance's operations with the NWF funds.

1.2. Fiscal policy³

1.2.1. Characteristics of the budgets of the budget system of the Russian Federation

Basic parameters of the budget system of the Russian Federation

According to the results of the enlarged government budget (EGB) in 2024 relative to 2023, there is an increase in revenues both in nominal (by Rb11.9 trillion) and in shares of GDP — by 2.0 p.p. GDP and by 10.7% in 2023 prices (*Table 5*). As a share of GDP, aggregate revenues returned to the level of 2020–2021, which preceded the start of SMO.

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1. Data on structure of international reserves are not available due to reduction in the volume of statistical information published by the Bank of Russia.
 2. Data on the amount of revaluation of international reserves are not available.
 3. Authors: *Arlashkin I. Yu.*, Researcher, Budget Policy Studies Department, IAES RANEPa; *Barbashova N.E.*, Candidate of Economic Sciences, Senior Researcher, Budget Policy Studies Department, IAES RANEPa; *Sokolov I. A.*, Candidate of Economic Sciences, Head of the Budget Policy Studies Department, IAES RANEPa; *Tishenko T. V.*, Candidate of Economic Sciences, Senior Researcher, Budget Policy Studies Department, IAES RANEPa.

Table 5

**Main parameters of the enlarged government budget
of the Russian Federation in 2023–2024**

	2023		2024		Change, 2024 on 2023		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p. p. of GDP	%, in 2023 prices (CPI adjusted ¹)
Revenue	59 073	33.5	70 941	35.5	11 868	2.0	10.7
Including:							
Oil and gas	8822	5.0	11131	5.6	2309	0.6	16.3
Non-oil and gas	50 251	28.5	59 810	29.9	9559	1.4	9.7
Expenditure	62 984	35.7	74 166	37.1	11 182	1.4	8.6
Deficit (-) / Surplus (+)	-3911	-2.2	-3235	-1.6	676	0.6	-23.7
<i>For reference only: GDP, Rb bn</i>	176 414		200 040				

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

The growth of the EGB revenues was provided mainly by the dynamics of non-oil and gas revenues, while oil and gas revenues accounted for no more than 20% of the total annual growth. Nevertheless, the ratio of oil and gas and non-oil and gas revenues in the aggregate revenues of the EGB remained structurally virtually unchanged, remaining at the level of 15/85. It is obvious that as the share of raw materials revenues, which are more exposed to changes in terms of global trade and other external shocks, decreases, the sustainability of the country's budget system improves in general.

The share of the federal budget in the total volume of the EGB revenues in 2024 again exceeds the 50% level (51.7% in 2024, 49.3% in 2023), which indicates the strengthening of the centralization of budget revenues due to both the ongoing changes in tax and customs-tariff policies and macroeconomic conditions favorable to filling the federal budget (ruble exchange rate, price dynamic, cost of raw materials, etc.).

EGB spending showing a steady positive trend since the beginning of SMO, rose to 37.1% of GDP, exceeding the 2023 figure by 1.4 p. p. of GDP. The growth of expenditure is also noted in 2023 prices — by 8.6%. Due to the fact that at the end of 2024 revenues grew faster than expenditures, the EGB deficit decreased by 0.6 p. p. of GDP or by 23.7% in 2023 prices. Although in nominal terms the negative budget balance amounted to over Rb3.2 trillion, which in itself is equivalent, for example, to the total debt of the country's regions or slightly less than the annual volume of net borrowing at the federal level, in relative terms this value of the budget deficit is not perceived as significant — it does not exceed 5% of the volume of the EGB revenues.

1. According to Rosstat, the average annual CPI in 2024 amounted to 108.45%.

Receipts of main taxes in the budget system of the Russian Federation

In 2024, the second stage of the tax maneuver in the oil industry was completed, under which, starting from 2019, the export duty was annually reduced by 1/6th while the mineral extraction tax (MET) rate was increased. As a result, as of January 1, 2024, zero export duty became applicable to the export of crude oil as well as petroleum products, including light and dark oils, commercial gasoline, and petroleum coke. However, in order to prevent a situation when the replacement of export duty with MET would lead to a significant increase in the cost of oil for Russian refineries, starting from 2019 the government envisioned a reverse excise duty mechanism with a damping component, which allowed refineries producing high-quality fuel for domestic market supplies to apply an increased tax deduction for excise duty.

For the federal budget, this maneuver can generally be considered financially neutral; the loss of revenues from export customs duties on crude oil and petroleum products, taking into account the amount of reverse excise duty, was offset by the growth of mineral extraction tax, thus shifting the tax burden to the stage of oil production (*Table 6*). At the same time, the maneuver obviously contributed to stimulating the modernization of domestic oil refining through the use of tax levers (before the first stage (2014–2017) of the tax maneuver, the government actively helped refineries by providing budget subsidies).

Table 6

Volume and structure of oil and gas revenues in 2023–2024

	2023		2024		Change, 2024 on 2023		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p. p. of GDP	%, in 2023 prices (CPI adjusted)
Oil and gas revenues — total including	8822	5.0	11131	5.6	2309	0.6	16.3
MET on oil	7787	4.4	10111	5.1	2324	0.7	19.7
MET on gas and gas condensate	1678	1.0	2123	1.1	445	0.1	16.7
Export customs duties on oil and petroleum products	411	0.2	–3.7	0.0	–415	–0.2	–100.8
Export customs duties on gas	566	0.3	490	0.2	–76	–0.1	–20.2
Excise on oil feedstock	–2915	–1.7	–3638	–1.8	–723	–0.1	15.1
Excess-Profit Tax	1293	0.7	2049	1.0	756	0.3	46.1
Base volume of oil and gas revenues	8000	4.5	9831	4.9	1831	0.4	13.3
Additional oil and gas revenues	822	0.5	1300	0.6	478	0.1	45.8

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

In general, the positive dynamic of oil and gas revenues compared to 2023 was most influenced by an increase in budget revenues from MET on hydrocarbons

on the back of a rise in the average price of Urals oil used to calculate the tax from 62.81 in 2023 to 67.85 USD/bbl in 2024 (according to the Ministry of Economic Development of Russia) and the devaluation of the ruble, for example, the average annual nominal exchange rate of the ruble to the dollar in 2023 to 67.85 USD/barrel in 2024 (according to the Ministry of Economic Development of Russia) and devaluation of the ruble, e.g., the average annual nominal exchange rate of the ruble to the dollar in 2023 amounted to 85.16, and in 2024 — 92.55 rubles/dollar (according to the Bank of Russia).

As a result, oil and gas revenues at the end of 2024 exceeded the established base volume of oil and gas revenues by Rb1.3 trillion, which according to the budget rule should replenish the assets of the National Welfare Fund (NWF).

With the overall growing dynamics of EGB non-oil and gas revenues in 2024 in nominal and real terms, there were multidirectional trends in individual tax revenues (*Table 7*). The only tax with negative dynamic year-on-year was the income tax: at the end of 2024, its total revenues to the country's budget system amounted to 4% of GDP, which is lower by 0.5 p.p. GDP than a year earlier. In real terms, the decline in revenues from this tax amounted to 6.3%. In many respects, this “conduct” of the profit tax was quite expected, as it reflects the steadily increasing cost of production against the background of the contraction of aggregate demand and the beginning of the slowdown of the Russian economy. According to Rosstat data, the share of Russian loss-making organizations¹ over nine months of 2024 totaled 27.4%, which is 0.4 p.p. more than in the same period last year, while the balanced financial result (net profit before taxation) of organizations came to almost Rb 21.4 trillion, which is 19.1% below the level of nine months of 2023.

In contrast to the profit tax, labor taxes — personal income tax (PIT) and insurance contributions (0.5 and 0.4 p.p. of GDP, respectively) showed significant growth. This is largely due to the dynamics of labor income of the population, which due to the unprecedentedly low level of unemployment² grew faster than inflation. In particular, according to Rosstat data, the payroll fund in January-October 2024 grew by 18.5% against the same period of the previous year. Additional factors contributing to the growth of PIT revenues to the budget system were the increase in dividend payments (34.2% growth compared to 2023) up to Rb0.9 trillion, the end of the privilege on exemption from taxation of income in the form of interest received on bank deposits, which brought another Rb110.7 bn to the federal budget in the form of PIT, and progressive taxation (in 2024 the federal budget received Rb224 bn at an increased rate (15%), which is 41% higher than in 2023).

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1. Data are given without taking into account small businesses, credit organizations, government agencies, non-credit financial organizations.
 2. According to Rosstat, the unemployment rate in Russia reached in October 2024 its historical minimum (2.3%) for the period since 1992 and remained constant until the end of the year.

Table 7

Structure of non-oil and gas enlarged government budget revenues in 2023–2024

	2023		2024		Change, 2024 on 2023		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p. p. of GDP	%, in 2023 prices (CPI adjusted)
Non-oil and gas revenues — total, including	50 251	28,5	59 810	29,9	9 559	1,4	9,7
VAT	11 615	6.6	13 523	6.8	1 908	0.2	7.4
Excises*	2 400	1.4	2 799	1.4	399	0.0	7.5
Profit tax	7 922	4.5	8 052	4.0	130	–0.5	–6.3
PIT	6 539	3.7	8 374	4.2	1 835	0.5	18.1
Import duties	1 110	0.6	1 231	0.6	121	0.0	2.3
Premiums	11 652	6.6	14 033	7.0	2 381	0.4	11.1
Other receipts	9 013	5.1	11 798	5.9	2 785	0.8	20.7

* Excluding reverse excise tax on crude oil (recognized in oil and gas revenues).

Sources: Russian Financed Ministry, Rosstat, own calculations.

In 2024, VAT receipts continued to demonstrate dynamics outstripping GDP growth, increasing by 0.2 p.p. of GDP compared to 2023, which is consistent with the Rosstat data on the growth of final consumption expenditures in the structure of GDP for 2024 by 5.2%. VAT along with labor taxes provide more than half of all the EGB revenues, which, given their low volatility, provides the budget system with the necessary resilience to shocks.

In 2024, the budget system revenues on excise duties (excluding reverse excise duty on oil feedstock) and import customs duties as a share of GDP remained at the level of the previous year (1.4% and 0.6% of GDP, respectively).

The positive dynamics in other EGB revenues, which started as early as 2021, continued in 2024, reaching a local maximum of 5.9% of GDP over the four-year period, which was due to a steady growth of revenues from income from the use of property, tax on total income, payments for the use of natural resources, and property tax.

1.2.2. Characteristics of the federal budget

Federal budget revenues

At the end of 2024, federal budget revenues amounted to Rb36.7 trillion (equivalent to 18.3% of actual GDP) against the approved amount of Rb35.1 trillion (equivalent to 19.5% of forecast GDP). Nominally, revenues grew by more than a quarter

year-on-year; as a share of GDP, the increase amounted to 1.8 p. p. of GDP or 16.2% in prices. GDP or 16.2% in 2023 prices (*Table 8*).

Oil and gas revenues, in addition to the previously mentioned ruble devaluation and the favorable price situation on the energy market due to such factors as the Middle East conflict, sanctions against Russian exports, maintenance of voluntary restrictions on supplies by OPEC+ countries, etc., which supported oil prices, were positively affected by the reorientation of supplies to the Eastern market (Russia increased oil and gas supplies to China and India) and access to the markets of other countries through numerous intermediaries. The share of the oil and gas component in the total volume of federal budget revenues remained at 30%, the same as a year earlier.

The main driver of growth in federal budget revenues was non-oil and gas receipts, which accounted for more than two-thirds of the growth. It should be noted that the Ministry of Finance of Russia took active steps to expand opportunities for increasing budget revenues. In addition to pre-planned increases in certain taxes, excises, customs and state duties, it is worth mentioning a number of non-tax sources, the collections of which noticeably exceeded expectations. In particular, federal budget revenues from the utilization fee on transport in 2024 reached almost Rb 1.1 trillion against Rb 660 bn a year earlier. Also contributing to the growth of other revenues were receipts from dividends from state-owned companies (Rb 308 bn, excluding dividends from Sberbank, credited directly to the National Wealth Fund) and one-off receipts from foreign businesses for leaving the Russian jurisdiction (according to Roskazna, gratuitous receipts from non-governmental organizations amounted to Rb 161.8 bn).

Table 8
Main parameters of the federal budget in 2023–2024

	2023		2024		Change, 2024 on 2023		
	Rb bn	% of GDP	Rb bn	% of GDP	Rb bn	p. p. of GDP	%, in 2023 prices (CPI adjusted)
Revenues	29 124	16.5	36 708	18.3	7 584	1.8	16.2
Including:							
<i>Oil and gas:</i>	8822	5.0	11131	5.6	2309	0.6	16.3
Base quantity of oil and gas revenues	8000	4.5	9831	4.9	1831	0.4	13.3
Additional oil and gas revenues	822	0.5	1300	0.7	478	0.2	45.8
<i>Non-oil and gas revenues</i>	<i>20 302</i>	<i>11.5</i>	<i>25 577</i>	<i>12.8</i>	<i>5 275</i>	<i>1.3</i>	<i>16.2</i>
Expenditures	32 354	18.3	40 181	20.1	7 827	1.8	14.5
Deficit (–) / surplus (+)	–3230	–1.8	–3473	–1.7	–243	0.1	–0.9
<i>Non-oil and gas deficit</i>	<i>–12 052</i>	<i>–6.8</i>	<i>–14 604</i>	<i>–7.3</i>	<i>–2552</i>	<i>–0.5</i>	<i>11.7</i>

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

Federal budget expenditures

In 2024, federal budget expenditures hit the maximum value for the entire post-COVID period (20.1% of GDP), growth relative to 2023 amounted to 14.5% in 2023 prices or 1.8 p. p. of GDP, including at the expense of increased funding of activities under the closed part of the budget. Budget expenditures were executed within the framework of the fiscal rule adjusted in terms of setting the base prices for oil and natural gas at the level of average annual prices of \$60/bbl and \$250/thousand cubic meters, respectively.

In 2024, the six-year period of implementation of the national projects was completed, and some results can be summarized (*Table 9*).

Table 9

Dynamic and structure of the federal budget expenditures on the implementation of national projects in 2019–2024, Rb bn

	Approved amount in 2019–2024*	2019	2020	2021	2022	2023	2024	Execution 2019–2024
Expenditure on national projects, including	13 157	1 602	2 149	2 549	3 269	2 984	3 310	15 863
Demography	2 973	497	690	631	744	808	1 046	4 416
Health care	1 367	157	295	243	361	313	280	1 649
Education	723	99	115	132	208	231	248	1 033
Housing and urban environment	891	99	169	263	259	176	121	1 087
Ecology	701	37	63	79	136	122	69	506
Safe and quality roads	441	137	156	364	490	527	745	2 419
Labor productivity	46	6	4	5	5	5	5	30
Science and universities	405	38	41	80	120	144	159	582
Digital economy	1 099	78	86	131	165	132	146	738
Culture	110	14	16	23	48	53	51	205
Small and medium-sized entrepreneurship and support for individual entrepreneurial initiative	416	56	62	63	76	66	68	391
International cooperation and export	957	78	70	124	128	139	147	686
Comprehensive infrastructure modernization plan	3 028	306	383	373	465	213	143	1 883
Tourism and hospitality industry	–	–	–	38	64	54	49	205
Drones	–						33	33
<i>Share of expenditures on national projects in total FB expenditures, %</i>		8,8	9,4	10,3	10,5	9,2	8,2	9,4

* Data are based on the passports of national projects approved by the Presidium of the Presidential Council for Strategic Development and National Projects on December 24, 2018.

Sources: Ministry of Finance of Russia, own calculations.

Thus, in particular:

- The share of expenditures on the implementation of national projects in 2019–2024 amounted, on average, to 9.4% of the total expenditure part of the FB, with a maximum value of 10.5% in 2022 and a minimum value of 8.3% in 2024.

- More than 27% of the total expenditures on national projects were allocated to finance the NP “Demography”, and the actual expenditures exceeded the originally planned 1.5-fold.

- The total amount of expenditures on the implementation of the social NPs “Health Care”, “Education”, “Housing and Urban Environment” exceeded the planned amount by an average of one third, and their share in the total financing of the national projects amounted to 23.7%. The excess of expenditures is generally associated with indexation for price growth, especially for construction materials, which led to an increase in the estimated cost of capital construction projects in the social sphere.

- The share of expenditures on the NP “Safe and Quality Highways” in the total funding of national projects amounted to 15.2%, and the actual expenditures of Rb 2.4 trillion exceeded the initial target by 5.5-fold.

- For some national projects there is a significant underfunding of the actual volume of funding over the planned volume. The largest underfunding was for NP “Comprehensive Plan for Modernization and Expansion of Backbone Infrastructure” (60.5%) and NP “International Cooperation and Export” (71.7%), which is due to both revision of the composition of activities and suspension of their implementation during the period of covid restrictions or after the start of the SMO.

Many of the described national projects were partially modified, supplemented and updated under the input Presidential Executive Order of May 7, 2024 “On the National Development Goals of the Russian Federation for the period up to 2030 and in the perspective up to 2036” in preparation for the launch of the next cycle of their implementation (2025–2030). In total, the list of new national projects covers 4 areas (social support, economic development, technological sovereignty and infrastructure) and consists of 19 projects.

Federal budget deficit

At the end of 2024, the federal budget was executed with a deficit of Rb 3.5 trillion or 1.7% of GDP. The value of the budget balance in real terms remained virtually unchanged compared to 2023.

Government borrowings remained the main source of repayment of the budget deficit, as a result of which the volume of the federal government’s domestic debt grew by Rb 2.9 trillion at year-end and amounted to Rb 23.7 trillion as of January 1, 2025, including government guarantees in the amount of Rb 0.6 trillion.

The situation regarding placement of federal loan bonds (OFZ) was ambiguous throughout the year. In the first months of the year several announced auctions on OFZ placement were recognized as failing due to the lack of bids for purchase. In April, the Mi-

nistry of Finance noted that “the execution of the borrowing program has been lagging lately”,¹ even though yields have been rising even despite the growing yield rates. Thus, if before the beginning of March, the average value of the yield on the weighted average price of OFZ was 12.4%, in March-April it was already 13.5%, and at the end of November it reached the value of 17.4%. The OFZ market became more active towards the end of the year due to several 1-month REPO auctions conducted by the Bank of Russia² in late November and early December at a weighted average rate of 21.1%. In other words, the Central Bank of Russia lends banks funds secured by new OFZ issues, which allowed the RF Ministry of Finance to place floaters (OFZ with floating coupon) for almost Rb 2 trillion during two auctions in December 2024, of which about 97% were purchased by banks.³ At the same time, demand for these issues significantly exceeded supply, which is due to their higher yields compared to the previously used approach.⁴

The volume of the Russian Government’s external debt decreased by \$1.2 bn to \$53.3 bn, including state guarantees of \$18.7 bn.

According to the Russian Ministry of Finance, the volume of the National Wealth Fund remained virtually unchanged in nominal terms in the 12 months of 2024, decreasing by Rb 0.1 trillion to Rb 11.9 trillion (6.2% of GDP). During the year, as a result of revaluation of assets in foreign currency and gold, Rb 1.1 trillion was received, and Rb 1.3 trillion was used to finance the federal budget deficit. At the same time, the liquid part of the NWF decreased by 24% y-o-y (to Rb 3.8 trillion), which increases the risks of depletion of sovereign reserves used to finance budget expenditures in case of a fall in hydrocarbon prices against the backdrop of a stronger ruble.

1.2.3. Interbudgetary relations and subnational finances

Revenues of the consolidated budgets of the RF budgets

The Dynamics of the main indicators of revenues of the consolidated budgets of the subjects of the Russian Federation for 2024 is presented in *Table 10*.

According to the Federal Treasury’s data on the execution of regional budgets, the total revenues of the consolidated budgets of the subjects of the Russian Federation in 2024 as compared with 2023 increased in nominal terms by 10.3%, amounting to Rb 24.6 trillion. Taking into account the CPI, this value increased by 1.7%. Total revenues of Russian regions expressed as a share of GDP decreased by 0.4 p. p., which can be explained by the outstripping growth of GDP.

1. Finmarket. April 28, 2023. URL: <https://www.finmarket.ru/news/5943565>

2. URL: https://www.cbr.ru/hd_base/dirrepoauctionparam/

3. At the year-end 2024, the Russian banking sector has Rb 15.6 trillion of Russian bonds on its balance sheet, compared to Rb 12.9 trillion in late 2023.

4. Traditionally, the yield of OFZ-PK was determined by the average RUONIA rate for the coupon period, but for these “exclusive” issues a term RUONIA was used, taking into account the effect of daily reinvestment.

Table 10

Revenues of the consolidated budgets of the Russian Federation in 2023–2024

	In nominal terms, Rb bn		In % of GDP ¹		Nominal change, %	Change CPI adjusted, %	Change in shares of GDP, p. p.
	2024	2023	2024	2023	2024/2023	2024/2023	2024/2023
Revenues, total	24 616.1	22 320.9	12.3	12.7	10.3	1.7	–0.4
<i>For reference: excluding the attached regions</i>	<i>24 048.3</i>	<i>21 667.6</i>	<i>–</i>	<i>–</i>	<i>11.0</i>	<i>2.3</i>	<i>–</i>
Tax-generated and non-tax revenues	20 568.3	17 915.1	10.3	10.2	14.8	5.9	0.1
<i>Including tax generated revenues:</i>	<i>18 654.9</i>	<i>16 542.0</i>	<i>9.3</i>	<i>9.4</i>	<i>12.8</i>	<i>4.0</i>	<i>–0.1</i>
Corporate profits tax	5765.9	6003.8	2.9	3.4	–4.0	–11.4	–0.5
PIT	8033.7	6378.3	4.0	3.6	26.0	16.1	0.4
Excises	1301.3	1189.5	0.7	0.7	9.4	0.9	0.0
Total income tax	1457.8	1033.7	0.7	0.6	41.0	30.0	0.1
Property taxes	1843.0	1683.1	0.9	1.0	9.5	1.0	0.0
<i>Non-tax revenues</i>	<i>1913.5</i>	<i>1373.0</i>	<i>1.0</i>	<i>0.8</i>	<i>39.4</i>	<i>28.5</i>	<i>0.2</i>
Fiscal transfers from budgets of other levels	3750.7	4026.7	1.9	2.3	–6.9	–14.1	–0.4
Other revenues	297.1	379.1	0.1	0.2	–21.6	–27.7	–0.1

Sources: Federal Treasury, Rosstat, own calculations.

If we consider the regional revenues dynamic excluding the attached regions (Donetsk People's Republic, Lugansk People's Republic, Zaporizhzhya and Kherson oblasts), the growth of total revenues of the consolidated budgets of the regions in 2024 amounted to 11.0% in nominal terms and 2.3% taking into account the CPI. Revenues of the attached regions in 2024 in nominal terms decreased in comparison with 2023 by Rb 85.5 bn (–13.1%) due to the reduction in the volume of financial aid.

Tax-generated and non-tax revenues of the regions demonstrated growth both in nominal terms (+14.8%) and adjusted for the CPI (+5.9%). The greatest contribution to the growth of tax-generated revenues of regional budgets was made by personal income tax (the increase in revenues amounted to Rb 1,655.4bn, or 26.0%) and taxes on total income (an increase of Rb 424.0 bn, or 41.0%). At the same time, income tax receipts decreased by Rb 237.8bn, or by 4.0%. The amounts of revenues from other important types of taxes increased both in nominal terms and ta-

1. Rosstat's GDP data for 2023 and 2024 do not include information on the attached regions.

king into account the CPI. Non-tax revenues of the regions increased by 39.4%. Tax-generated and non-tax revenues of the regions as a share of GRP grew by 0.1 p. p., with the growth of the personal income tax amounting to 0.4 p. p. and the decrease in profit tax—0.5 p. p. Gratuitous receipts from budgets of other levels decreased (–6.9% in nominal terms, –14.1% considering the CPI and—0.4 p. p. of EGB).

The dynamics of regional revenues in 2024 in relation to 2023 was uneven. Revenue growth is observed in 74 subjects of the Russian Federation. The maximum growth of consolidated budget revenues was shown by the following regions: Kursk Oblast (+42.8% due to inter-budget transfers), Magadan Oblast (+29.6% due to the growth of revenues from corporate profit tax, mineral extraction tax and inter-budget subsidies), Orenburg Oblast (+24.7% due to inter-budget transfers), Nenets Autonomous Okrug (+24.7%, mainly due to corporate profit tax, as well as due to revenues in the form of a share of profitable products of the state in the implementation of the production sharing agreement on the project “Kharyaginskoye field”). At the same time, 15 subjects of the Russian Federation experienced a decrease in revenues: Donetsk People’s Republic — by 14.4%, Zaporizhzhya Oblast — by 14.3%, Lugansk People’s Republic — by 14.1%, Kemerovo Oblast-Kuzbass — by 11.4%, Sevastopol — by 8.6%. The negative dynamics of revenues in the attached regions and the city of Sevastopol is due to the reduction in the volume of financial aid, primarily subsidies. Contraction of revenues of the Kemerovo oblast-Kuzbass is explained by the fall in income tax revenues due to the decline in the price of coal and the reduction in demand for this resource due to sanctions. It should be separately noted that, despite the decline in total revenues, tax-generated and non-tax revenues of the attached regions in 2024 increased by 77.7% compared to 2023, and the share of tax-generated and non-tax revenues in the structure of the consolidated budgets revenues of attached regions went up from 16.8% to 34.4%.

Thus, the dynamic of regional budget revenues in 2024 is generally positive, but in some regions, there is a drop in revenues. The main driver of revenue growth is traditionally PIT, which is supported by inflation and indexation of labor remuneration of public sector employees in accordance with federal initiatives.

Expenditures of consolidated budgets of RF subjects

The dynamic of the main indicators of the volume and structure of expenditures of the consolidated budgets of RF subjects for 2024 is given in *Table 11*.

Expenditures of the consolidated budgets of the RF Subjects in 2024 amounted to Rb 24.9 trillion. Expenditure grew against the 2023 level in nominal terms by 10.6%, which exceeds the growth rate of revenues by 0.3 p. p. Expenditures expressed as a share of GDP decreased from 12.8% to 12.5%. Excluding data on the annexed regions, the growth of expenditures amounted to 11.6% in nominal terms and 2.9% CPI adjusted. Expenditures of the annexed regions decreased by Rb 147.1 bn (by 21.6%), which was due to the reduction in their revenues.

Table 11

**Expenditures of the consolidated budgets of RF subjects
in 2023–2024**

	In nominal terms, Rb bn		In % of GDP		Change			Structure of expen- ditures, % to total
					Nominal, %	CPI adjusted, %	In shares of GDP, p. p.	
	2024	2023	2024	2023	2024/ 2023	2024/ 2023	2024/ 2023	2024
Expenditures, total	24 913.6	22 521.1	12.5	12.8	10.6	2.0	−0.4	100.0
<i>Fore reference: without attached regions</i>	24 378.8	21 839.2			11.6	2.9		
Nationwide issues	1564.7	1354.2	0.8	0.8	15.5	6.5	0.0	6.3
National security and law enforcement activity	416.2	322.8	0.2	0.2	29.0	18.9	0.0	1.7
National economy	5428.1	5121.3	2.7	2.9	6.0	−2.3	−0.2	21.8
Including:								
<i>Agriculture and fisheries</i>	309.0	338.1	0.2	0.2	−8.6	−15.7	0.0	1.2
<i>Transportation</i>	1399.2	1331.7	0.7	0.8	5.1	−3.1	−0.1	5.6
<i>Motor road system (road funds)</i>	2184.3	2230.2	1.1	1.3	−2.1	−9.7	−0.2	8.8
<i>other national economy issues</i>	1535.6	1221.4	0.8	0.7	25.7	15.9	0.1	6.2
Housing and community amenities	3132.4	2680.8	1.6	1.5	16.8	7.7	0.0	12.6
Environmental protection	121.1	156.8	0.1	0.1	−22.8	−28.8	0.0	0.5
Education	5763.6	5164.5	2.9	2.9	11.6	2.9	0.0	23.1
Including:								
<i>Preschool education</i>	1351.9	1243.2	0.7	0.7	8.7	0.3	0.0	5.4
<i>General education</i>	3095.8	2758.7	1.5	1.6	12.2	3.5	0.0	12.4
<i>Additional education for children</i>	377.0	327.6	0.2	0.2	15.1	6.1	0.0	1.5
<i>Secondary vocational education</i>	397.2	350.5	0.2	0.2	13.3	4.5	0.0	1.6
<i>Other issues in education</i>	541.6	484.5	0.3	0.3	11.8	3.1	0.0	2.2
Culture, cinematography	915.9	728.2	0.5	0.4	25.8	16.0	0.0	3.7
Healthcare	2241.7	1965.3	1.1	1.1	14.1	5.2	0.0	9.0
Social policies	4518.6	4237.1	2.3	2.4	6.6	−1.7	−0.1	18.1
Physical culture and sports	586.3	544.2	0.3	0.3	7.7	−0.7	0.0	2.4
Mass media	73.3	68.6	0.0	0.0	6.7	−1.6	0.0	0.3
Government and municipal debt servicing	85.9	73.3	0.0	0.0	17.2	8.0	0.0	0.3

Sources: Federal Treasury, own calculations.

In nominal terms, there was an increase in expenditures in all areas except agriculture (–8.6%), road maintenance (–2.1%) and environmental protection (–22.8%). Expenditures in the areas of national security and law enforcement (+29.0%), national economy minus expenditures on agriculture, road maintenance and transportation (+25.7%), culture and cinematography (+25.8%), state and municipal debt servicing (+17.2%), housing and public utilities (+16.8%), general state issues (+15.5%), additional education of children (+15.1%), health care (+14.1%) grew to the greatest extent. The dynamics of expenditures taking into account the CPI was mixed: in addition to the above-mentioned spheres, there was a decrease in expenditures on the national economy as a whole (–2.3%), transportation (–3.1%), social policy (–1.7%), physical culture and sports (–0.7%), and mass media (–1.6%).

The structure of expenditures did not change significantly in comparison with the previous period. The largest structural shifts are associated with a decrease in the share of expenditures on the national economy as a whole (from 22.7% to 21.8%), road maintenance (from 9.9% to 8.8%), social policy (from 18.8% to 18.1%), as well as an increase in the share of expenditures on housing and public utilities (from 11.9% to 12.6%). The structure of expenditures of the annexed regions approached the average Russian parameters, which indicates the deepening integration of the annexed subjects into the general budgetary system of the Russian Federation.

The analysis of budget expenditures dynamic in the regional context shows that in 2024 the growth of consolidated budget expenditures was observed in 73 regions, while in 16 subjects of the Federation their reduction was observed. The Kursk Oblast (+30.1%), the Orenburg Oblast (+29.8%), the Vologda Oblast (+24.3%), the Chelyabinsk Oblast (+22.9%) and the Murmansk Oblast (+20.6%) demonstrated the greatest growth in the volume of expenditures. The largest decrease in expenditures happened in the Donetsk People's Republic (–27.0%), the Lugansk People's Republic (–20.3%), the Zaporizhzhya Oblast (–13.0%), the city of Sevastopol (–12.8%) and the Jewish Autonomous Oblast (–12.1%). Thus, the dynamics of regional budget expenditures in 2024 generally followed the dynamics of revenues.

Financial assistance to regions

At the end of 2024, the volume of fiscal transfers to the regions as compared with 2023 decreased both in nominal terms (–6.9%) and in real terms (–14.1%) (*Table 12*). Both in nominal and real terms, grants for fiscal capacity equalization (+25.9% and +16.1%, respectively) and subsidies (+11.3% and +2.6%, respectively) increased. The growth in equalization grants was due to the inclusion of the incorporated regions in the equalization system, which also partially explains the reduction in grants for balance (–64.2% in nominal and –67.0% in real terms). However, the volume of all subsidies decreased significantly (–13.5% in nominal and –20.3% in real terms). The share of non-targeted financial aid (grants) declined by 2.8 p. p. as compared with 2023 and amounted to 35.7%. The volume of subventions increased in nominal

terms by 7.8% but shrank in real terms (−0.6%). The largest reduction is characteristic of other inter-budget transfers (−42.7% in nominal terms and −47.2% in real terms).

Table 12

Fiscal transfers to the consolidated budgets of the subjects of the Russian Federation

	2023		2024		Change in 2024 on 2023	
	Rb bn	% to total	Rb bn	% to total	nominal, %	Real, CPI adjusted, %
Transfers to regions, total	4026.7	100.0	3750.7	100.0	−6.9	−14.1
Grants	1549.5	38.5	1339.8	35.7	−13.5	−20.3
<i>Including:</i>						
Equalization transfers	822.9	20.4	1035.8	27.6	25.9	16.1
To support measures designed to ensure fiscal balance	201.0	5.0	71.9	1.9	−64.2	−67.0
Subsidies	1575.8	39.1	1753.3	46.7	11.3	2.6
Subventions	279.2	6.9	301.0	8.0	7.8	−0.6
Other intergovernmental fiscal transfers	622.3	15.5	356.6	9.5	−42.7	−47.2

Sources: Federal Treasury, Rosstat, own calculations.

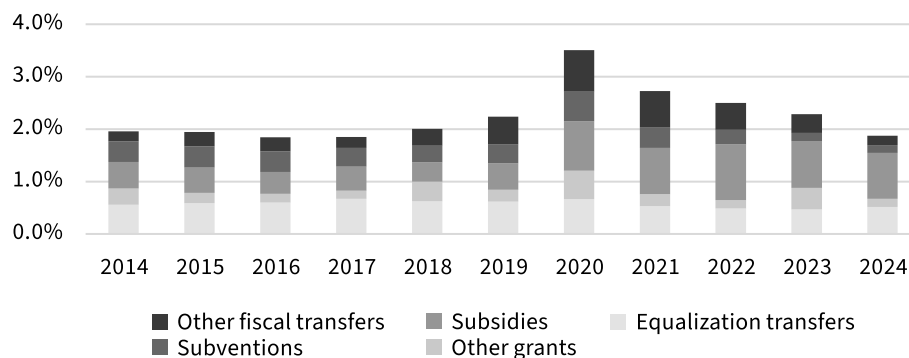


Fig. 9. Fiscal transfers to the regions, % of GDP

Sources: Federal Treasury, Rosstat, own calculations.

As a share of GDP, the total volume of transfers provided to the regions in 2024 decreased compared to 2023 from 2.28% to 1.87% and turned out to be minimal over the period 2018–2024¹ (Fig. 9). At the same time, the volumes of certain types of fiscal transfers changed significantly over the period 2014–2024. Thus, according

1. However, the base effect should be taken into account because real GDP declined in 2015, 2020, and 2022, giving overestimates of transfers as a share of GDP.

to the results of 2024, the real level of other subsidies (0.15% of GDP), subventions (0.15% of GDP) and other fiscal transfers (0.18% of GDP) hit the minimum. The volume of subsidies, despite the reduction, remained significant (0.88% of GDP), the volume of equalizing grants, although increased compared to 2023, in real terms remained low (0.52% of GDP).

Interregional differentiation of average per capita tax revenues, assessed through the variation coefficient, at the end of 2024 has significantly decreased compared to 2023 (*Table 13*). The differentiation of average per capita tax and non-tax revenues has also decreased. Equalization of fiscal capacity in 2024 was slightly more effective than in 2023: if in 2023, after equalization, the differentiation of tax-generated and non-tax revenues decreased by 7.9%, in 2024 — by 9.6%. Provision of other types of transfers also had an equalizing effect, however, excluding the federal territory “Sirius” after the provision of other fiscal transfers, the interregional differentiation slightly increased.

Table 13

**The variation coefficient of consolidated regional budget revenues
(per capita, taking into account the index of budget expenditures)**

Year	Tax-generated revenues	Tax-generated and non-tax revenues	Tax and non-tax revenues, fiscal equalization transfers	Tax and non-tax revenues, grants	Tax and non-tax revenues, subsidies	Tax and non-tax revenues, grants, subsidies, other intergovernmental transfers
2016	0.549	0.568	0.442	0.423	0.391	0.391
2017	0.548	0.572	0.437	0.422	0.394	0.401
2018	0.572	0.590	0.458	0.429	0.398	0.405
2019	0.593	0.620	0.489	0.459	0.415	0.405
2020	0.552	0.570	0.437	0.391	0.322	0.318
2021	0.549	0.562	0.448	0.415	0.339	0.325
2022	1.470	1.384	1.253	1.214	1.039	0.984
2023	1.930	1.909	1.758	1.723	1.526	1.476
2024	1.283	1.576	1.425	1.382	1.218	1.200
2022*	0.591	0.614	0.505	0.479	0.382	0.373
2023*	0.537	0.553	0.446	0.429	0.345	0.343
2024*	0.522	0.548	0.432	0.409	0.339	0.345

* Minus federal territory “Sirius”.

Sources: Finance Ministry of Russia, Federal Treasury, own calculations.

Deficit and debt at the regional level

At the end of 2024, the consolidated regional budgets were executed with a deficit of Rb297.5 bn, which is slightly more than in 2023 (a deficit of Rb200.1 bn). At the same time, the number of regions with budget surplus increased from 35

to 41 (*Table 14*). The aggregate deficit amounted to 1.4% of tax-generated and non-tax revenues of consolidated regional budgets against 1.1% in 2023. Ten regions had a consolidated budget deficit exceeding 10% of tax and non-tax revenues (there were 15 such regions in 2023).

Table 14

**Execution (deficit/surplus) of the consolidated budgets
of the Russian Federation**

Year	Number of RF subjects that have executed the budget	
	With deficit	With surplus
2016	56	29
2017	47	38
2018	15	70
2019	35	50
2020	57	28
2021	19	66
2022	50	36
2023	55	35
2024	49	41

Sources: Federal Treasury, own calculations.

As of January 1, 2025, the amount of public debt of the subjects of the Russian Federation amounted to Rb3,147.8 bn, having decreased by Rb44.1 bn over the year. The ratio of debt to the volume of tax and non-tax revenues of the budgets of the subjects of the Russian Federation also decreased over the year: from 20.5% to 17.8%. The debt burden on the budgets of individual regions also changed: the ratio of debt to tax and non-tax revenues (excluding the annexed regions) decreased in 65 regions and increased in 20. In 4 regions (excluding the annexed regions) the growth of the debt burden exceeded 10 p. p. The debt burden exceeded 10 p. p. The high level of the debt burden (over 50%) is the result of a high level of debt (over 50%). A high level of debt burden (over 50%) was observed in 21 regions (24 regions in 2023).

As of January 1, 2025, although in nominal terms the volume of debt was quite significant, in real terms it came close to the minimum level of 2019 for the last decade (*Fig. 10*). In 2024, the debt structure changed somewhat: the share of budget loans increased by 1.0 p. p. and amounted to 78.4% (the maximum value for the period 2008–2024), while in nominal terms budget loans decreased by Rb 2 bn, or by 0.1%. The share of credits of credit organizations grew by 3.3 p. p. and amounted to 7.2%, with the volume of credits of credit organizations growing for the first time since 2015, with the nominal growth amounting to Rb101 bn. The debt in the form of se-

curities of the RF subjects decreased by Rb 152 bn (–28.3%). The volume of state guarantees grew by Rb 10 bn (+19.0%).

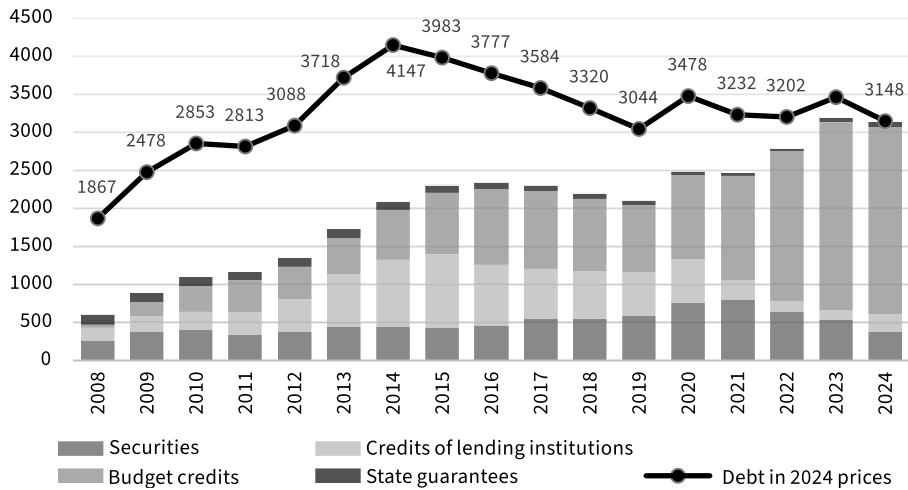


Fig. 10. Nominal volume (Rb bn) and structure (%) of public debt of RF subjects in 2008–2024

Sources: Ministry of Finance of Russia, Rosstat, own calculations.

Thus, although at the end of 2024 the consolidated regional budgets were executed with a deficit, the volume of regional public debt decreased, while tax and non-tax revenues rose, which indicates the strengthening of fiscal sustainability of the regions. At the same time, the growth of loans of credit organizations and reduction of federal fiscal transfers are the factors that may negatively affect the regional fiscal sustainability in 2025.