

Tenishev, A. V., & Mashero, Ya. P. (2023). Analysis of Moscow Region's budget execution in 2022. *Current Issues of Science: Student Thought. Tuculart Student Scientific*, 3, 80-89. Ostrava: Tuculart Edition, European Institute for Innovation Development.

DOI: 10.47451/tss2023-12-02

The paper will be published in Crossref, ICI Copernicus, Academic Resource Index ResearchBib, J-Gate, International Scientific Indexing (ISI), eLibrary, Mendeley, and Web Archive databases.



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Analysis of Moscow Region's budget execution in 2022

Abstract: The relevance of the research topic is determined by the fact that each subject of the Russian Federation has its own budget designed to fulfill the expenditure obligations of the subject of the Russian Federation. The study object is the social relations developing in the field of budgetary legal relations in the Moscow Region. The study subject is the legal norms that consolidate the principles of forming the budget of the subject and budgetary legal relations, just like the study of the Moscow region actual budgets for 2021, 2022, Moscow Region' budget plan for 2023. The study's purpose is to research Moscow Region's budget and compare the budget of 2021, 2022 with the budget plan for 2023. The study's practical significance is in the formulation of conclusions by the authors. Based on the analysed data from the budget of the Moscow Region, it was concluded that the formation of budget expenditures is based on available funds, that is, income and expenses are closely interrelated. Conducting a comparative description of the budget for 2021 and the current 2022, a significant difference in income and expenditure funds of the executed and designated budget was noted, which indicates significant calculations and unplanned spending of funds from the regional budget. The conclusions, together with the above suggestions and recommendations, can be used in teaching the disciplines of Financial Law to students in the areas of training and specialties of the legal profile.

Keywords: Moscow region, regional budget, subject budget, income and expenses of the executed and assigned budget.



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Анализ исполнения бюджета Московской области в 2022 году

Аннотация: Актуальность темы исследования определяется тем, что каждый субъект Российской Федерации имеет собственный бюджет, предназначенный для исполнения расходных обязательств субъекта Российской Федерации. Объектом исследования являются общественные отношения, складывающиеся в сфере бюджетных правоотношений в Московской области.

Предметом исследования являются правовые нормы, закрепляющие принципы формирования бюджета субъекта и бюджетных правоотношений, а также изучение фактических бюджетов Московской области Российской Федерации за 2021, 2022 год, бюджетный план Московской области Российской Федерации на 2023. Практическая значимость исследования заключается в формулировании авторами выводов. На основании анализируемых данных бюджета Московской области, был сделан вывод, что формирование расходов бюджета основывается на имеющихся средствах, то есть доходов и расходов тесно взаимосвязанных между собой. Проводя сравнительную характеристику бюджета за 2021 и текущий 2022 года, отмечена значительная разница средств доходов и расходов исполненного и назначенного бюджета, что говорит о значительных исчислениях и незапланированных тратах денежных средств из бюджета области. Выводы в совокупности с указанными предложениями и рекомендациями могут быть использованы в преподавании дисциплин «Финансовое право» обучающимся по направлениям подготовки и специальностям юридического профиля.

Ключевые слова: Московская область, региональный бюджет, бюджет субъекта, доходы и расходы исполненного и назначенного бюджета.



Introduction

The relevance of the study topic is determined by the fact that each subject of the Russian Federation has its own budget designed to fulfill the expenditure obligations of the Russian Federation subject. It is worth noting that any budget, regardless of its level, always consists of three elements: formation, distribution and execution.

The study object is the social relations developing in the field of budgetary legal relations in the Moscow region.

The study subject is the legal norms that consolidate the principles of forming the budget of the subject and budgetary legal relations, just like the study of Moscow Region's actual budgets for 2021, and 2022, Moscow Region's budget plan for 2023.

The study's purpose is to research Moscow Region's budget and compare the budget for 2021, and 2022 with the budget plan for 2023.

The study's practical significance is in the formulation of conclusions by the authors.

These proposals can be used in standard-setting activities to improve Moscow Region's legal regulation of the organisation and functioning, and budgeting, considering the specific subject characteristics.

In addition, the conclusions, together with the above suggestions and recommendations, can be used in teaching the disciplines of Financial Law to students in the areas of training and specialties of the legal profile.

The Moscow Region is a constituent entity of the Russian Federation, part of the Central Federal District. The administrative centre of the Moscow Region is the city of Moscow (not part of the region), and part of the regional administrative authorities is located in Krasnogorsk. In terms of population, it surpasses all other federation subjects, second only to Moscow.

It borders the Tver, Vladimir, Ryazan, Tula, Kaluga, and Smolensk regions, a small northern section of the border with the Yaroslavl Region, just like in the center with the city of federal significance, the capital of Russia, Moscow. Historically, the region was preceded by the Moscow Governorate, formed in 1708. On January 14, 1929, the Central Industrial Region was formed,

and on June 3, 1929, it received its modern name – the Moscow Region. Region's territory from north to south is 310 km; from west to east – 340 km, the area is 44.3 thousand square kilometres.

The regional administrative center is Moscow (de facto), and Krasnogorsk (part of the state authorities). As of 2021, region's population is 8,524,665 people. There is a steady increase in the population (e.g., from 2002 to 2019, the increase was 14.8%) due to an increase in the number of urban residents, in particular, due to external migration.

By nationality, the majority of the population (92.92%, 6202 thousand people) are Russians; the second largest population is Ukrainians (119.4 thousand people), and in third place are Tatars (56.2 thousand people). The Moscow Region is also home to a large number of illegal migrant workers, mainly from neighboring countries.

The region consists of 52 cities of regional subordination (with their administrative territories), three urban-type settlements of regional subordination (with their administrative territories) and five closed administrative-territorial entities. From the point of view of municipal division, the region consists of 60 urban districts.

The Moscow Region is located within the forest belt and the forest-steppe zone; infertile, sod-podzolic soils prevail.

It is worth noting the unique geographical and geopolitical position of the region, having a diversified industrial, scientific, technical and agricultural potential.

The Moscow Region has strong economic, financial and social potential, which has been formed due to its advantageous economic and geographical location near the capital, a well-developed transport network and the availability of highly qualified labor resources. The integrated development of the economy and social sphere allowed the Moscow Region to maintain its leading position in the ratings of regions in various areas of socio-economic development by the end of 2020.

The draft budget of the Moscow region is drawn up and approved for three years (the next financial year and the planning period).

The results of the study

1. Analysis of Moscow Region's budget revenues

First, it is necessary to turn to the data for the current and previous years to track changes in budget indicators and reflect the full picture of this issue. The table shows the indicators of budget revenues of the Moscow region from 2021 to 2022. As can be seen, over the annual budget period, income indicators are increasing, which demonstrates the dynamic development of the region. It is worth noting that not in all categories of budget revenues does the assigned income for the period November 1, 2022, exceed the executed income for the current period, e.g., income from the use of property owned by the state and municipal is assigned for a specific period of 4,322.42 million rubles, while budget execution for this category of income has significantly exceeded, amounting to 12,521.36 million rubles.

When analysing the budget of any region, in particular, the Moscow region, all revenues are divided into two large groups according to sources of income: tax and non-tax ([Table 1](#)).

From the presented table, the growth rate of budget execution by revenue has a stable turnover is drawn as generalised conclusions. Thus, for the designated period from November 2021 to November 2022:

- the income growth rate is 18.39% (from 581,555.28 to 688,522.62);
- tax and non-tax budget revenues are 16.35% (from 519,895.73 to 604,897.42);
- tax revenues are 14.20% (from 502,523.22 to 573,878.03);
- non-tax income is 67.48% (from 15,878.06 to 26,591.91);
- the budget deficit is -103,988 million rubles;
- the surplus was 58.0 million rubles.

Gratuitous receipts from other Russian Federation's budget systems to Moscow Region's budget:

- amounted to 61,659.55 billion rubles in November 2021 and 83,625.20 billion rubles in November 2022, therefore, the total percentage of execution is 84.30%;
- inter-budget transfers amounted to 59,282.13 million rubles in November 2021 and 76,719.5 billion rubles in November 2022, the total percentage of execution was 82.11%;
- subsidies amounted to 997.74 billion rubles for the period 2021 and 1,140.32 billion rubles for 2022, the total percentage of execution was 96.89%;
- subsidies amounted to 20,001.92 billion rubles in November 2021 and 35,984.71 billion rubles for the period 2022, the total percentage of execution was 84.93%;
- subventions amounted to 15,681.10 billion rubles in November 2021 and 13,082.29 billion rubles for the period 2022, the total percentage of execution was 81.06%;
- other inter-budgetary transfers amounted to 22,652.65 billion rubles for November 2021 and 27,075.07 billion rubles for the period 2022, the total percentage of execution was 78.84%;
- other gratuitous receipts amounted to 545.68 billion rubles for November 2021 and 2,900.24 billion rubles for the period 2022, the total percentage of execution was 122.65% ([Table 2](#)).

2. Analysis of Moscow Region's budget expenditures

Budget expenditures are monetary funds, paid from the budget, with the exception of funds that, in accordance with this Code, are sources of financing budget deficits ([Budget Code ...](#)).

Moscow Region's budget expenditures are funds paid from the Moscow region budget for the implementation of Moscow Region's expenditure obligations stipulated by laws, other regulatory legal acts, contracts or agreements of the Moscow Region.

Budget funds are spent on:

- salaries for public sector employees;
- construction (reconstruction), major repairs and equipping of social facilities;
- the development of healthcare, education, culture, physical culture and sports;
- social security of the population;

- providing housing for certain categories of citizens; on providing subsidies to local budgets for the modernisation and reconstruction of facilities municipal infrastructure, stimulation of housing construction;
- repair, overhaul of the road network, organisation of passenger transportation;
- subsidising agricultural sectors;
- the development of forestry, water management, environmental protection;
- social support of unemployed citizens and promotion of employment;
- the development of innovative activities, investment potential; for financial assistance to cities and districts.

From the table presented in the appendix, the expenditure figures for 2021 to the current 2022 are seen (*Table 3*) (*Regional Electronic Budget of the Moscow Region*).

Total expenses:

- 5,30761.11 completed in 2021;
- 893,390.83 scheduled for 2022;
- 630,474.90 completed in 2022.

3. Moscow Region's planned budget for 2022

Next, it is necessary to consider the forecast of the characteristics of Moscow Region's consolidated budget for 2022.

The indicators of the 2022 forecast of the consolidated budget of the Moscow Region show us the level of income, which is 861,182.51, which, compared with the budget of 2021, exceeds the growth rate of execution by 17.25%; expenditures for 2022 amount to 786,944.27, which is also significantly higher by 17.45% compared with expenditures for 2021.

In addition, the Law of the Moscow Region No. 251/2020-OZ "On the Budget of the Moscow Region for 2021 and for the Planning Period of 2022 and 2023", dated December 04, 2020, defines in what amount and to which areas of state regulation the budget of the region will be directed.

The Law of the Moscow Region No. 252/2021-OZ "On the Budget of the Moscow Region for 2022 and for the Planning Period 2023 and 2024", dated December 10, 2021 (hereinafter – the Law on the Budget of the Moscow Region) approves the main characteristics of the Moscow region budget for 2022:

- the total amount of Moscow Region's budget revenues in 759,497,629 thousand rubles, including the volume of inter-budget transfers received from other budgets of the Russian Federation budgetary system, in the amount of 6,812,013 thousand rubles;
- Moscow Region's total budget expenditures in 805,431,152 thousand rubles;
- Moscow Region's budget deficit in 4,5933,523 thousand rubles.

In addition, for the current 2022, additional standards for deductions to the urban districts' budgets of the Moscow Region from the personal income tax to be credited to Moscow Region's budget are being approved.

In particular, subsidies to non-profit organizations that are not government agencies are provided for in the budget expenditures of the Moscow Region. For 2022, the budget for

expenses to organisations is provided in the amount of 4,182,905 thousand rubles as specified in article 17 of the Law on the Moscow Region Budget, including for events:

- 176,030 thousand rubles in social protection of the population,
- 20,000 thousand rubles in culture,
- 20,000 thousand rubles in physical culture and sports,
- 1,345,311 thousand rubles in education,
- 232,058 thousand rubles in tourism,
- 1,291,220 thousand rubles in entrepreneurship,
- 938,084 thousand rubles in housing and communal services,
- 150,000 thousand rubles in computer science and the use of information systems,
- 9,202 thousand rubles for the development of volunteerism (volunteerism),
- 1,000 thousand rubles in security.

Thus, based on the analysis of the legislation approving the budget for the current 2022, it can be concluded that, in comparison with the budget level for 2021, the costs of implementing expenditure obligations have significantly increased. At the same time, the main problem of the budget remains the public debt. The Russian government explains its low level, but even with a debt of about 20% of GDP, more and more funds are being spent on its maintenance: in 2021, interest payments cost the budget 1,156 trillion rubles, and in 2022 they will cost 1,403 trillion. It is also worth noting that Russian Federation's budget is in surplus: in 2022, 1,327 trillion rubles should remain in the treasury, which will be used to replenish the National Welfare Fund.

4. The main directions of Moscow Region's tax policy for 2023, for the planning period of 2024 and 2025

Next, it is necessary to analyse Moscow Region's tax policy, planned for 2023, 2024 and 2025. Tax policy is formed considering the orientation towards stimulating investment attraction, levelling the socio-economic situation of Moscow Region's urban districts, expanding the revenue base of the budget and ensuring the establishment of regional tax benefits with a mandatory assessment of the effectiveness of their application (*On the Budget of the Moscow Region for 2022 and for the Planning Period 2023 and 2024*).

The main directions of Moscow Region's tax policy for 2023 and the planning period 2024-2025 are aimed at sustainable socio-economic development of the region and the creation of favourable conditions for entrepreneurship development in the Moscow Region.

Thus, the formation of the main directions was performed based on the forecast of socio-economic development of the Moscow region for 2022-2024, subject to the provisions of decrees of Russian Federation's head:

"On National Goals and Strategic Objectives for the Development of the Russian Federation for the period up to 2024" No. 204 dated May 7, 2018;

"On National Development Goals of the Russian Federation for the period up to 2030" No. 474 dated July 21, 2020.

Also, there are messages of the President of the Russian Federation to the Federal Assembly of the Russian Federation dated April 21, 2021, priority goals and objectives of national projects and state programmes of the Moscow Region.

The purpose of forming the main directions of Moscow Region's tax policy is to determine the conditions for the development of approaches to realise region's tax policy, approaches to the formation of the main characteristics and projected parameters of Moscow Region's budget for 2023 and the planning period 2024-2025.

The objectives of the Moscow region tax policy for 2021 and the planning period 2022-2023 are:

- increase the revenue base of Moscow Region's consolidated budget;
- stimulate the growth of investment in the economy of the Moscow Region;
- support socially vulnerable segments of the population in the form of providing tax benefits for transport tax;
- conduct an annual assessment of Moscow Region's tax expenditures effectiveness;
- preserve in Moscow Region's effective tax benefits;
- establish an optimal tax burden on entrepreneurs applying the patent taxation system, just like on corporate property tax, which allows maintaining a balance between supporting the growth of entrepreneurial activity and replenishing the revenue side of Moscow Region's budget system;
- continue work on improving Moscow Region's tax legislation.

Based on the approved goals and objectives in Moscow Region's tax policy for 2023, for the planning period of 2024 and 2025, the policy of active tax support for entrepreneurial activity and adaptation of the region's economy to rapidly changing internal and external economic conditions will be continued.

To date, the Draft Law of the Moscow Region "On the Budget of the Moscow Region for 2023 and for the Planning Period 2024 and 2025" (hereinafter referred to as the Draft Law on the Budget of the Moscow Region) has already entered into force, which approves Moscow Region's budget main characteristics for 2023 and for the planning period 2024 and 2025. Thus, for 2023, the total amount of Moscow Region's budget revenues in the amount of 867,913,991 thousand rubles is presented, including the volume of inter-budget transfers received from other budgets of Russian Federation's budgetary system in the amount of 77,916,270 thousand rubles; the total regional budget expenditures in the amount of 946,551,879 thousand rubles; the Moscow region budget deficit in the amount of 78,637,888 thousand rubles.

For the planning period of 2024 and 2025:

- Moscow Region's total budget revenues for 2024 in the amount of 984,222,324 thousand rubles, including the volume of inter-budget transfers received from other budgets of Russian Federation's budgetary system in the amount of 80,469,717 thousand rubles, and for 2025 in the amount of 1,062,639,594 thousand rubles, including inter-budget transfers volume, received from other budgets of Russian Federation's budgetary system, in the amount of 42,488,037 thousand rubles;
- Moscow Region's total budget expenditures for 2024 in the amount of 1,036,481,972 thousand rubles, including conditionally approved expenses in the amount of 143,401,838 thousand rubles, and for 2025 in the amount of 1,068,936,591 thousand rubles, including conditionally approved expenses in the amount of 205,289,711 thousand rubles;

- Moscow Region's budget deficit for 2024 the amount of 52,259,648 thousand rubles and for 2025 in the amount of 6,296,997 thousand rubles.
- budget allocations for the fulfilment of public regulatory obligations for 2023 in the amount of 69,604,974 thousand rubles, for 2024 in the amount of 65,303,130 thousand rubles and for 2025 in the amount of 65,863,589 thousand rubles.

Thus, achieving the targets of national projects set for 2023-2025, ensuring the sustainability and stability of Moscow Region's budget system, focusing on the development of progressive directions in the social and economic spheres, including by increasing the level of digitalisation of events, will become the basis for forming Moscow Region's budget policy for a three-year period.

Conclusion

Based on the analysed data from Moscow Region's budget, it was concluded that the formation of budget expenditures is based on available funds, i.e., income and expenses are closely interrelated. Conducting a comparative description of the budget for 2021 and the current 2022, a significant difference in income and expenditure funds of the executed and designated budget, indicating significant calculations and unplanned spending of funds from the regional budget, was noted.

Budget funds are the basis of the financial base for social transformation implementation and the transition to a new level of social services for the population. An analysis of the allocated budget funds, just like the main characteristics of budget execution, is necessary for the careful development of a draft budget for planned three-year periods, ensuring the stability and stability of the Moscow region budget system and focusing on the development of progressive directions in the social and economic spheres.



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Appendix

Table 1. Moscow Region budget execution in 2021-2022

Indicators	Executed on November 01, 2021	Scheduled for November 01, 2022	Executed on November 01, 2022
Budget revenues – Total	581,555.28	789,509.77	688,522.62
Tax and non-tax revenues of the budget	519,895.73	690,304.55	604,897.42
Tax revenues	502,523.22	664,259.96	573,878.03
Corporate income tax	206,232.41	265,920.13	229,751.14
Personal income tax	169,132.91	233,891.98	200,664.01
Corporate property tax	45,156.66	52,056.30	48,537.06
Excise taxes	44,461.09	57,466.26	50,144.56
Transport tax	8,541.06	17,106.18	9,194.22
Other tax income	28,999.09	37,819.12	35,587.03
Non-tax income	15,878.06	21,184.47	26,591.91
Income from the use of state and municipal owned property	3,492.82	4,322.42	12,521.36
Payments for the use of natural resources	391.83	638.25	412.87
Income from the sale of tangible and intangible assets	458.64	1,686.22	337.37
Fines, sanctions, damages	10,611.93	13,558.14	11,977.15
Other non-tax income	922.84	979.44	1,343.16

Table 2. Gratuitous receipts to the Moscow region budget

Indicators	Executed on November 01, 2021	Scheduled for November 01, 2022	Executed on November 01, 2022
Gratuitous receipts	61,659.55	99,205.22	83,625.20
Inter-budget transfers	59,282.13	93,433.00	76,719.50
Grants	997.74	1,176.89	1,140.32
Subsidies	20,001.92	42,369.75	35,984.71
Subventions	15,681.10	16,138.17	13,082.29
Other inter-budget transfers	22,652.65	34,340.88	27,075.07
Other gratuitous receipts	-545.68	2,364.61	2,900.24

Table 3. Expenditure indicators for the Moscow region budget for 2021-2022

№	Indicator	Executed on November 01, 2021	Scheduled for November 01, 2022	Executed on November 01, 2022
Budget expenditures – Total		530,761.11	893,390.82	630,474.90
1.	National issues	19,730.77	24,361.19	24,361.19
2.	National defense	93.92	481.13	481.13
3.	National security and law enforcement agencies	7,117.23	9,008.50	9,008.50
4.	National economy	92,683.03	124,045.53	124,045.53
5.	Housing and communal services	12,870.29	24,039.62	24,039.62
6.	Environmental protection	6,435.05	16,893.17	16,893.17
7.	Education	130,066.65	166,742.16	166,742.16
8.	Culture, cinematography	2,857.67	3,164.48	3,164.48
9.	Healthcare	93,712.27	83,043.54	83,043.54
10.	Social policy	143,102.91	157,330.53	157,330.53
11.	Physical education and sports	4,938.12	6,500.91	6,500.91
12.	Mass media	2,940.94	3,061.67	3,061.67
13.	Servicing of state and municipal debt	10,940.94	7,917.46	7,917.46
14.	Inter-budgetary transfers of a general nature to the budgets of the budgetary system of the Russian Federation	3,269.98	38,885.02	38,885.02