

Gontar, N. N., & Polustrueva, M. S. (2022). The peculiarity of the problems of Russian administrative jurisdiction at the present stage of the legal system development. *Actual Issues of Modern Science. European Scientific e-Journal*, 4 (19), 13-18. Ostrava: Tuculart Edition.

Гонтарь, Н. Н., Полуструева, М. С. (2022). Роль Государственной Думы российской федерации в финансовой политике России. *Actual Issues of Modern Science. European Scientific e-Journal*, 4 (19), 13-18. Ostrava: Tuculart Edition. (на англ.)

DOI: 10.47451/jur2022-01-01

The paper is published in Crossref, ICI Copernicus, BASE, Zenodo, OpenAIRE, LORY, Academic Resource Index ResearchBib, J-Gate, ISI International Scientific Indexing, ADL, Mendeley, eLibrary, WebArchive databases.



Nina N. Gontar, Associate Professor, Candidate of Sciences in Jurisprudence (PhD), Department of Public and Municipal Administration, North-West Institute of Management. St. Petersburg, Russia.

Maria S. Polustrueva, Master's Student, North-West Institute of Management. St. Petersburg, Russia.

The role of the State Duma of the Russian Federation in Russia's Fiscal Policy

Abstract: The level of state development and its citizens' welfare largely depends on fiscal policy. It guarantees the main activities of the country: maintaining public order and security, free health care and education, providing social security to the population, reducing poverty, improving the quality of citizens life, creating conditions for economic development. The competence of the State Duma of the Russian Federation includes appointing and dismissing the Chairman of the Central Bank of the Russian Federation. In this case, the State Duma exercises its authority alone without any influence from other bodies. The study purpose is to determine the role of the State Duma of the Russian Federation in Russia's fiscal policy. To achieve the study purpose, comparative, logical and historical methods, which contributed to the disclosure of the topic, were used. The study used materials of federal laws of the Russian Federation, the Budget Code of the Russian Federation, the official website of the State Duma of the Russian Federation and articles by experts in the research. The authors indicate the great importance of the State Duma of the Russian Federation in the fiscal policy of Russia since it is the representative body, which in its essence expresses the will and interests of citizens, should have such broad powers affecting the entire fiscal system of the country.

Keywords: State Duma, Russian Federation, fiscal policy, Budget Code of the Russian Federation, Central Bank of the Russian Federation.



Нина Николаевна Гонтарь, доцент, кандидат юридических наук, кафедра государственного и муниципального управления, Северо-Западный институт управления, Российская Академия народного хозяйства и государственной службы, Российский Государственный университет правосудия. Санкт-Петербург, Россия.

Мария Полуструева, магистрант, Северо-Западный институт управления, Российская Академия народного хозяйства и государственной службы. Санкт-Петербург, Россия.

Роль Государственной Думы Российской Федерации в финансовой политике России

Аннотация: Уровень развития государства и благосостояние его граждан во многом зависит от финансовой политики. Она гарантирует обеспечение основных направлений деятельности страны: поддержание общественного порядка и безопасности, бесплатное здравоохранение и

образование, предоставление социального обеспечения населению, снижение бедности, улучшение качества жизни граждан, создание условий для развития экономики. В компетенцию Государственной Думы РФ входит назначать на должность и освобождать от должности Председателя Центрального Банка РФ. В данном случае Госдума осуществляет свое правомочие единолично без какого-либо влияния со стороны других органов. Целью исследования является определить роль Государственной Думы российской федерации в финансовой политике России. Для достижения цели исследования использовались сравнительный, логический и исторический методы, способствовавшие раскрытию темы. В ходе исследования использовались материалы федеральных законов Российской Федерации, Бюджетный Кодекс Российской Федерации, официальный сайт Государственной Думы Российской Федерации и статьи специалистов в данной области исследования. Авторы обозначают большое значение Государственной Думы РФ в финансовой политике России, поскольку именно представительный орган, который по своей сути выражает волю и интересы граждан, должен обладать такими широкими полномочиями, затрагивающими всю финансовую систему страны.

Ключевые слова: Государственная Дума, Российская Федерация, финансовая политика, Бюджетный Кодекс Российской Федерации, Центральный Банк Российской Федерации.



Introduction

The level of state development and the welfare of its citizens largely depends on financial policy. It guarantees the main activities of the country: maintaining public order and security, free health care and education, providing social security to the population, reducing poverty, improving the quality of life of citizens, creating conditions for economic development.

The Concept of Financial Policy is understood as a set of measures for the accumulation of financial resources, their distribution and use for the implementation of state functions. Financial policy determines the direction and methods of financial activity. “The financial activity of the state is a form of public administration through which centralised funds of funds are formed, distributed and used to ensure the performance of its constitutional functions.” (*Zemlin, 2021*). In turn, it implements financial policy.

Among the bodies engaged in financial activities, there is a representative (legislative) body of the state, i.e., the Parliament. His competence in this area is mainly expressed in the performance of financial control, consideration and approval of the state budget, the establishment of taxes and fees, the adoption of legislation and the implementation of other functions. The principle, which the establishment of public funds’ taxes and the expenditure was not allowed without the consent and approval of a representative body, was the first legislated by the Bill of Rights of 1689. In 1787, the U.S. Constitution enshrined a provision according to which the right to establish and collect taxes belongs exclusively to Congress, i.e., the highest legislative and representative body. And monetary disbursements cannot be made without appointments established by law.

The study subject was the authorised component of the State Duma of the Russian Federation.

The study purpose is to determine the role of the State Duma of the Russian Federation in the financial policy of Russia.

Based on the study purpose, the following tasks were identified:

- conduct a comparative characterisation of the structure of the State Duma;
- determine the competence of the State Duma in the financial policy of Russia;
- actualise the role of the State Duma in the financial policy of modern Russia.

Comparative, logical and historical methods, which contributed to the topic disclosure, were used to achieve the study purpose.

The research used materials of federal laws of the Russian Federation, the Budget Code of the Russian Federation, the official website of the State Duma of the Russian Federation and articles by experts in the research.

Comparative structural characteristics of the State Duma

In most foreign countries, the legislature has been granted quite significant powers in finance at present days, e.g., the supreme legislative body, the National People's Congress, is authorized to check and approve the country's state budget, like the social and economic development plan in China. The Seimas of Finland exercises control over the expenditure of public funds in connection with the submission of an annual government report on the state of the treasury. In Germany, the Parliament exercises state financial control with the help of the Federal Accounting Chamber and the accounting chambers of the lands that have the status of a structural subdivision of a representative body. In France, the competence of the Chambers of Parliament includes the approval of the state budget, the establishment of the limit of public debt, etc. Accordingly, it seems the general powers of the highest legislative bodies are approximately similar in the countries, allowing them to significantly influence the state financial system (*Dolginina, 2018*).

The Russian Federation is no exception. Its legislative body is also endowed with important financial functions. The Parliament in Russia, namely the Federal Assembly of the Russian Federation, consists of two chambers – the Federation Council and the State Duma. The State Duma of the Russian Federation is elected for five years and includes 450 deputies. The Lower House has a wide range of powers, including in the field of finance. From the point of theory view, the State Duma of the Russian Federation can be attributed to the bodies of general financial control, since for it, the financial activities implementation is not the only and main activity. Despite this, it is provided with significant areas of regulation in fiscal policy.

For the effective activity of the State Duma, committees and commissions are formed in it from among the deputies. Among them are the following committees and commissions, the subject of which are financial issues: the Committee on budget and taxes, the committee on the financial market, the committee on economic policy, industry, innovative development and entrepreneurship, the commission for the review of federal budget expenditures aimed at ensuring national defence, national security and law enforcement, the commission for the support of small and medium-sized businesses, etc.

Competence of the State Duma in the fiscal policy of Russia

Since the State Duma of the Russian Federation is a law-making body, it is worth starting with its competence in this matter. Thus, it adopts laws on the federal budget, federal taxes and fees, financial, currency, credit, customs regulation, monetary emission, which are subject to mandatory consideration by the Federation Council. Examples of such legislative acts include

the Federal Law No. 86-FZ “On the Central Bank of the Russian Federation (Bank of Russia)” dated July 10, 2002, Federal Law No. 395-1 “On Banks and Banking Activities” dated December 2, 1990, Federal Law No. 173-FZ “On Currency Regulation and Currency Control” dated December 10, 2003, etc. The State Duma creates the legal basis for the work of financial institutions and governing bodies implementing fiscal policy, the legal core for the successful functioning of the economy.

It separately is worth mentioning the budget adoption in the federal law form by the State Duma of the Russian Federation. This process begins with the submission of the federal budget for the next fiscal year and the planning period by the Government of the Russian Federation to the State Duma to consider the draft federal law. Already at this stage, the State Duma has the right to return the draft law for revision if the submitted materials and documents do not comply with the law. Draft consideration is approved by the State Duma in three readings within 60 days. The first reading discusses the concept of the draft law, the forecast of social and economic development of Russia, including the projected volume of gross domestic product and inflation, the main directions of the budget, tax and customs tariff policy of the Russian Federation. The State Duma has the authority in the first reading not only to reject the draft and return it to the Government but also, in case of rejection of the bill, raise the question of confidence in the Government of the Russian Federation. At the second reading, the draft law articles are considered directly, budget allocations are distributed. At the third reading, an appendix containing the departmental structure of federal budget expenditures is approved. The adopted federal law on the federal budget for the next financial year and the planning period is sent within five days for consideration by the Federation Council. However, the scope of the State Duma’s actions does not end there, since it subsequently monitors the execution of the budget in the form of consideration and approval of reports on the execution of the federal budget and budgets of state extra-budgetary funds of the Russian Federation. Thus, we see that the representative body determines the financial base of the social and economic development of Russia and its regions, the content of the general element of the system of the distribution mechanism of funds.

Together with the Federation Council, the competence of the State Duma of the Russian Federation includes the appointment and dismissal of the Deputy Chairman of the Accounts Chamber and half of all the auditors on the proposal of the President of the Russian Federation. The Accounting Chamber is a permanent supreme body of external state audit (control), which performs control and audit, expert-analytical and information functions. In addition, it is accountable to Parliament. That is, we can say that the State Duma, through its constitutional powers, directly determines the nature of the body’s activities by appointing or dismissing its head (*Krylova, 2012*).

It also applies to the possibility of the State Duma to appoint and dismiss the Chairman of the Central Bank of the Russian Federation. It is worth noting that in this case, the State Duma exercises its authority alone without any influence from other bodies. And since the Central Bank of the Russian Federation is the most important bank of Russia, which provides money issuance, protection and stability of the Russian currency, stability and development of the national payment system, financial market, strengthening of the banking system of the Russian Federation, in other words, is responsible for the efficiency of the entire financial system of the

country, it can be concluded that the high positive performance of the Central Bank of the Russian Federation, and, accordingly, the welfare of the Russian economy as a whole and foreign economic activity depends on the lower house of Parliament. In addition, the State Duma hears the annual reports of the Central Bank of the Russian Federation, that is, it constantly monitors its work (Falshina, 2016).

The authority of the State Duma of the Russian Federation to hear the annual reports of the Government of the Russian Federation on the results of its activities, including on issues raised by it in economics, also talks about the chamber right to control the executive body activities, in particular financial.

Speaking about the role of the lower house of Parliament in Russia's fiscal policy today, it is impossible to ignore the change in the factions' ratio in the State Duma after the elections on September 17-19, 2021. Since it directly affects the general directions of the state's fiscal policy and the functioning of the financial system as a whole. So, according to the results of the vote (Figure 1), it seems there will be no radical changes in the main course of the State Duma's work in finance in the future. That is, the stability of the financial activity of the state is assumed and, accordingly, the predictability of concrete actions for the implementation of fiscal policy is quite easy.

Discussion

At the present stage of the development of Russian society, it is extremely significant to determine the place of the State Duma of the Russian Federation in the state financial system. How big the role of the Duma should be in this system is an urgent issue of the state system. Therefore, further research should determine the efficient level of influence of the State Duma on the transformation of the financial system and the main directions of domestic and foreign fiscal policy.

Conclusion

Thus, summing up, it can be asserted the great importance of the State Duma of the Russian Federation in Russia's fiscal policy. This conclusion is very obvious since it is the representative body, which in its essence expresses the citizens' will and interests, that should have such broad powers affecting the entire state financial system. The list of powers of the State Duma is mainly aimed at creating a solid foundation for the perfect functioning and development of the Russian economy.



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Appendix

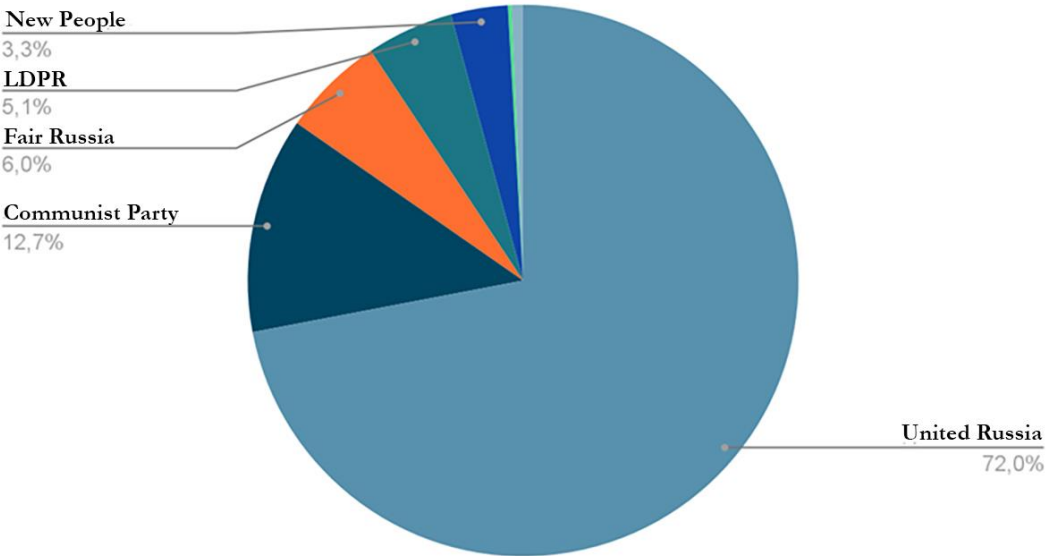


Figure 1. Factions of the State Duma of the Russian Federation after the vote in 2021