

Article info

Received – 2018 August 18

Accepted – 2018 October 20

Available online – 2018 December 07

Keywords

Entrepreneurship, small business, medium
entrepreneurship, state support, subsidies, budget
subsidies, misuse, Budget Code, budget funds, responsibility

The subject of the paper is Russian the legal framework and law enforcement practice concerning granting subsidies to business entities.

The purpose of the paper is to identify the legal problems of state support for small and medium – sized businesses by granting subsidies.

The methodology of paper includes the formal logical interpretation of Russian legislation, systematization of the court practice concerning application of art. 15.15.5 (pt. 2) Code of Administrative Offences of the Russian Federation and other regulations.

The main results and scope of their application. The legal basis of providing subsidies is characterized. The business support programs in Russia are analyzed. The author's approach to the distinction between the concepts of "terms of granting subsidies", "terms established when granting subsidies" and the "terms of using subsidies" is substantiated. The valid and invalid conditions for the granting of subsidies as well as the reasons for their return are proven. The results of research may be used as the basis of correction of Russian and foreign legislation concerning granting subsidies to business entities as well as step in future legal research in this sphere.

Conclusions. Public authorities and local governments do not take into account differences between the terms "conditions for granting subsidies" and "conditions for the use of subsidies", unreasonably apply civil law norms to the rules for granting subsidies. Regional authorities do not effectively use the legal opportunities provided to them by the Federal legislator, as well as often allow the abuse of power. The terms for granting subsidies to the small business and middle business must be checked anytime for their compliance with the criteria of objectivity, efficiency, targeted nature, the gratuitousness, and the inevitability of legal responsibility for breach the rules.

1. Introduction

The direct consequence of the adoption of the Decree of The President Of the Russian Federation of 07.05.2018 No. 204 “On national goals and strategic objectives of the development of the Russian Federation for the period up to 2024” was the active development of a set of measures to reform the existing system of support for business entities and eliminate existing deficiencies by various levels of government, relevant ministries and departments. This is largely due to the fact that current regulatory legal framework and established law enforcement practice does not always provide effective incentives for the development of the domestic sector of the economy [1, p. 16; 2, p. 74]. Although legal science pays considerable attention to the analysis of the effectiveness of legislation in the field of providing subsidies to business entities [3-7], many problematic aspects have not been properly analyzed.

2. The procedure for granting subsidies to small and medium-sized businesses

Para. 1 Art. 78 of the Budget Code of the Russian Federation (hereinafter - the Budget Code) as one of the measures of state support provides on gratuitous and irrevocable basis of subsidies for businesses and individuals to provide costs in connection with the production (sale) of goods

(except for excisable goods, besides cars and motorcycles, wine products produced from grapes grown in the territory of the Russian Federation), performance of works, provision of services.

According to para 4 of 8 Art. 78 of the Budget Code the provision of subsidies provided for in this paragraph from the federal budget, the budget of a constituent entity of the Russian Federation, the local budget, including requirements for agreements (agreements) on the provision of subsidies, the terms and conditions for their provision, shall be established by the regulatory acts of the Government of the Russian Federation, the highest executive body of state subject of the Russian Federation, municipal legal acts of local administration.

Meanwhile items 3 and 3.1 of the Art. 38 of the Budget Code determine general requirements for regulatory legal acts and municipal legal acts regulating the provision of subsidies (hereinafter - the procedure for granting subsidies, the rules for granting subsidies), attributing the establishment of requirements for the competence of the Russian Federation. So, in particular, they should indicate:

- 1) categories and (or) criteria for selecting beneficiaries;
- 2) the purpose of the conditions and procedure for granting subsidies;
- 3) the procedure of the return of subsidies to the appropriate budget in case of violation of the conditions established for their provision (clause 3 part 3 and part 3.1 of article 78 of the Civil Code of the Russian Federation);
- 4) cases and procedures for the recipient of subsidies in the current fiscal year to return the subsidy balances provided for the purpose of financially ensuring costs in connection with the production (sale) of goods, the performance of works, and the provision of services not used in the reporting fiscal year (except for subsidies provided within the amounts required to pay the recipient's monetary obligations, the source of financial support for which is specified subsidies);
- 5) provisions on mandatory verification by the main manager (manager) of budgetary funds providing the subsidy, and by the state (municipal) financial control body of compliance with the conditions, objectives and procedure for granting subsidies to their beneficiaries.

General requirements for normative legal acts regulating the procedure for granting subsidies, are set by the Resolution of the Government of the Federation of 06.09.2016 Nr 887 "On general requirements for regulatory legal acts, the municipal legal acts regulating the provision of subsidies to legal entities (except for state subsidies (municipal) institutions), individual entrepreneurs, as well as individuals - producers of goods, works, services (hereinafter - General Requirements).

In addition, since the granting of subsidies to small and medium undertaken imatelstva refers to measures by the statutory support, the procedure for granting subsidies must comply with Federal Law 24.07.2007 number 209-FZ "On the development of small and medium enterprises in the Russian Federation", the Federal Law of 06.10.1999 Nr 184-FZ "On general principles of organization of legislative (representative) and executive bodies of state power of subjects of the Russian Federation".

In accordance with Part 1 of Article 6 of the Federal Law "On the Development of Small and Medium-Sized Businesses in the Russian Federation", the state policy in the field of the development of small and medium-sized businesses in the Russian Federation is part of the state social and economic policy and is a set of legal, political, economic, social, informational, consulting, educational, organizational and other measures carried out by the state authorities of the Russian Federation, the state authorities of the constituent entities of the Russian Federation, local authorities and aimed at ensuring the realization of the goals and principles, established by this Federal Law.

In order to implement the state policy in the field of development of small and medium-sized businesses in the Russian Federation, federal laws and other regulatory legal acts of the Russian Federation may provide for measures to ensure financial support for small and medium-sized businesses (paragraph 7 of Article 7 of the Federal Law of 24.07.2007 No. 209 -FZ).

Accordingly, the procedure for granting subsidies to small and medium-sized businesses is usually part of the program's development and support of this category of entrepreneurs [8, p. 22].

An analysis of existing programs, judicial practices and Part 2 of Article 15.15.5 of the Administrative Code, associated with the return of subsidies, suggests that the authorities are often quite inefficiently using the discretionary powers granted to them, give incorrect interpretation of a number of terms and unreasonably spread on budgetary relations civil law regulations.

The Constitutional Court of the Russian Federation in the definition No. 134-O dated January 26, 2017 "On refusal to accept the complaint of Ruslan Sulumbekovich Chigaev for violation of his constitutional rights by subparagraph 3 of paragraph 3 of article 78 of the Budget Code of the Russian Federation" indicated that "Article 78 of the Budget Code of the Russian Federation, determining the procedure for granting subsidies to legal entities, individual entrepreneurs, individuals It provides for the possibility of returning such subsidies in case of violation of the conditions established for their provision (sub-clause 3 of clause 3). In this case, the *procedure for the return of subsidies is determined by normative legal acts, municipal legal acts regulating the provision of subsidies, adopted in accordance with the general requirements* established by the Government of the Russian Federation (Resolution of the Government of the Russian Federation of September 6, 2016 No. 887). This legal regulation is consistent with the principles of the Russian budget system, defined by Art. 28 of the Budget Code of the Russian Federation, including the principles of efficiency of use of budgetary funds, as well as targeting and targeted nature of the budget, and makes it possible to return the budget in case of breach conditions established by their provision.

Article 78 of the BC of the Russian Federation given her the interpretation of the Constitutional Court of the Russian Federation and the General Requirements provides public authorities and local self-sufficiently broad discretion th in legal regulation the provision subsidies , and the public entity (the subsidizing body), in turn, is limited only by general legal , constitutional principles and requirements of federal laws (for example, competition law).

The proposed toolkit is sufficient and eliminates any need to apply to the subsidiary application of civil law rules on unjustified enrichment (Chapter 60 of the Civil Code of the Russian Federation), the accrual of interest for using other people's money (Article 395 of the Civil Code), and the more of a public competition (Chapter 57 of the Civil Code), as subsidizing bodies should independently regulate the return procedures and sanctions in the procedure for granting subsidies.

3. Differentiation of the terms "conditions for granting subsidies", "conditions established in the provision of subsidies" and "conditions for the use of subsidies"

It should be recognized that in the context of the issues under consideration important is delimitation concepts "conditions for granting subsidies", "conditions established for granting subsidies" , on the one hand, and "terms of use" , on the other hand . This is due to frequent with the term "conditions of the grant" and "conditions of use of subsidies," both in their legal nature, and on the legal consequences of violations of conditions of detection and use of subsidies [10].

From a systematic interpretation of articles 28, 38, 78 and 306.4 of the BC of the Russian Federation, it follows that the principles of granting subsidies are budget efficiency, targeting, target character, gratuitousness and irrevocability [11, p . 6] . Exceptions to the principle of irrevocability are violations by the recipients of the subsidy, which may entail the appeal of the authorized bodies with the requirements for the return of subsidies or administrative liability.

In the tie with this differentiation of concepts is essential for the qualification of violations as a base first measures of administrative responsibility, discretion before Art. 15.15.5 of the Administrative Code of the Russian Federation and budget responsibility in the form of a return of the subsidy (clause 3.1. Art. 78 of the Civil Code of the Russian Federation).

BK of the Russian Federation operates with the concept of "conditions established in the provision of subsidies," and in article 15.15.5 Code of Administrative Offenses and in general requirements the term "terms of the grant" is used. And, proceeding from the literal interpretation of these interrelated acts, it can be concluded that the federal legislator and the body authorized by him (the Government of the Russian Federation) understand the terms "conditions established for the provision of a subsidy" and "conditions for the provision of a subsidy" as identical.

This understanding is consistent with the terminology used in international instruments adopted within the framework of the World Trade Organization.

The Constitutional Court of the Russian Federation in paragraph 2.3 of the judgment of 09.07.2012 No. 17-P "In the case of the verification of the constitutionality of a non-effective international treaty of the Russian Federation - the Protocol on the accession of the Russian Federation to the Marrakesh Agreement Establishing the World Trade Organization" indicated that the "protocol of accession to the Marrakesh Agreement as an international treaty of the Russian Federation - in accordance with the Federal Law "On international Treaties of the Russian Federation", and articles 14 and 15 of the Vienna Convention on the Law of Treaties - *becomes an integral part of the Marrakesh Agreement, and at the same time, the normative legal base of the inclusion of the Marrakesh Agreement in the Russian legal system and its application in the territory as a result of the completion of the whole process of its adoption* (conclusion).

The point is, 3 of the same Regulation states that "one of the means of peaceful cooperation between nations, including in the economic sphere, is international treaties, which *also serve as sources of international law* (preamble to the Vienna Convention on the Law of Treaties) and as such enshrines the rights and obligations of the participating States as subjects of international communication (Decree of the Constitutional Court of the Russian Federation of March 27, 2012 N 8-P)".

The need to apply the Agreement on Subsidies and Reimbursement Measures is mentioned in legal literature [12, p. 68]. In it, in particular, it recognizes that subsidizing bodies establish *objective criteria or conditions determining the right to receive and the amount of subsidies*.

We support the view that, that the federal legislator distinguishes between the notions of "conditions for granting a subsidy" and "conditions for using a subsidy" both by their legal nature and by the legal consequences of violations of the conditions for granting and using subsidies [10].

At this In accordance with the General Requirements, the subsidizing body has the right to give a definition of concepts in the procedure for granting subsidies that it is developing.

The analysis of the court practice shows that the concept is, "the conditions provided subsidies Ia 'in many cases unnecessarily expand. They arbitrarily include any conditions, including those that do not comply with the principle of objectivity and which cannot be verified at the time of the competition (for example, a condition for achieving specific planned indicators).

However, checking the order grants to meet the criteria of objectivity, efficiency, royalty-free, irrevocable, targeting and targeted nature allowing e t distinguish valid and invalid conditions for granting subsidies.

4. Acceptable and unacceptable conditions for granting subsidies

The permissible requirements for the provision of subsidies include the establishment of commitments and the targeted use of budgetary funds [13, p. 35] (the obligation to use the leased asset for a specified period, of the costs of which recovered through subsidies, the obligation for defined ie specified time conduct business; the obligation to operate in a specific room, if a grant has been provided on this premise equipment).

Thus, in case No. 47-APG16-5 (appeal determination of 07/13/2016) the Supreme Court of the Russian Federation checked the condition of the obligation to conduct business in the period of 3 years after receiving the grant, established the Procedure of granting small businesses in Orenburg region in the creation and development of their own business, approved by the Orenburg Region Government of 25.06. 2012 № 508-p. This condition correlates with the goals of state support for small and medium-sized businesses and the objectives of the procedure for providing grants to beginning small businesses in the Orenburg region, consistent with the requirements of articles 28, 38, 78 of the Civil Code of the Russian Federation, as established in accordance with the principles of targeted nature and targeting.

Among the weeks of allowable requirements, we can single out conditions for achieving certain results of economic activities, which the authorized bodies interpret as conditions for granting a subsidy.

The Supreme Court of the Russian Federation in the definitions of 03.05.2017 №304-АД17-3740 in case number А75-4042 / 2016, dated 30.03.2017 No. 310-АД17-1861 in case number А83-1864 / 2016 dated 12.22.2015 No. 305-АД15-14579 in case number А41-25664 / 2015, dated 02.17.2016 No. 309-АД15-19447 in case No. А76-23481 / 2014 formulated the legal position according to which the achievement of certain results of operations is a prerequisite for the use of subsidies, rather than the condition of its presentation, and therefore cannot lead to administrative responsibility for part 2 of Article 15.15.5 of the Administrative Code.

This position is justified, since the verification of compliance with the conditions for granting subsidies is carried out at the stage of competitive selection, including the analysis of documents submitted by the applicant for compliance with the criteria for granting [14, p. 47]. The achievement of certain planned indicators cannot be checked at the time of the competition for a subsidy, the assessment of the documents submitted to them and depends not only on the actions of the recipient of the subsidy, but also on the influence of external factors that are outside the control of the recipient (economic, political, social and economic).

In this regard, the obligation to create jobs and (or) to achieve a certain level of wages, especially expressed in conventional units (SMIC), should be qualified as absolutely unacceptable.

As an example, it may be considered the procedure for granting subsidies to small and medium-sized enterprises of the Omsk region (application number 2 to the subprogram "Development of small and medium-sized enterprises in the Omsk region" of the state program of the Omsk region "Development of the economic potential of the Omsk Region", approved by the Government of Omsk region dated 10.16.2013 No. 266-p).

Decree n ravitelstva Omsk region from 06.08.2014 №164-p in the said Order was introduced subparagraph 5 of paragraph 13, according to which recipient are obliged to preserve the size of the average monthly gross wages and salaries, as well as ensuring the increase of average monthly gross wages and salaries to the level of \$ not less than 1.5 minimum wages (if it was less than 1.5 minimum wages) following the results of one year from the moment of receiving the subsidy (in the current edition). During the existence of this item, the level has changed: initially it was set at 1.5 MW, 2 April 2015 - 2.0 MW; 10.21.2015 - 2.5 minimum wage; 08/31/2016 - 1.5 minimum wage.

This position in itself does not meet the above indicated criteria I m subsidy. In addition, this obligation cannot be regarded as effective, as it will be considered fulfilled if the leadership of the recipient's grant will establish themselves salaries so that "on average, in the ward" reached s required level. At the same time, the task of wage growth declared in other programs (for example, in the direction of the socio-economic development of the region) will be achieved only formally - for the report, but from a substantive point of view, the income of workers will not grow either nominally or really.

The analyzed obligation is best illustrated by the dissenting opinion of the judge of the Constitutional Court of the Russian Federation A.L. Kononov that the "*favorite method*" of finding a balance of private and public interests ... contrary to the criterion of Article 2 of the Constitution of the Russian Federation, always for some reason leads to a preference for public-state motives".

5. Grounds of refund of budget funds provided in the form of a grant

And the withdrawal of funds allocated as a subsidy is an *exceptional* measure of responsibility for their improper use.

At the same time, the provisions for the return of budget funds provided in the form of a subsidy are determined by law (Decision of the Presidium of the Supreme Arbitration Court of the Russian Federation of 27.07.2010 №3393 / 10).

In the decision of May 22, 2015, in case No. А55-2634 / 2015, analyzing the obligation of the recipient of the reporting grant, the Arbitration Court of the Samara Region indicated that "the provision for reporting on the results of sowing is not a condition established for the provision of a subsidy, this condition is directly related to the control over the use of funds already provided. Assigning any obligations to the recipient of the subsidy is intended to control the use of the funds provided, the non-performance of which within the prescribed period is the basis for the control measures, and may also be the basis for collecting the sanction (fine) for improper performance of

the agreement, if such sanctions are provided but not for the return of all received in the order of the grant".

This conclusion corresponds to the position indicated at the beginning of the article that the discretionary powers of subsidizing bodies include the right to establish differentiated measures of responsibility depending on the severity of the violation. Only in this case imply the principles of fairness, reasonableness and proportionality.

In addition, if there is in accordance with the formula "in accordance with the law", responsibility for budgetary violation cannot be considered established, since in this case the legal norm does not meet the requirements of certainty, clarity and unambiguity (Decisions of the Constitutional Court of the Russian Federation of April 25, 1995 No. 3-P dated 07.15.1999 No. 11-P).

The need to establish *specific* measures of responsibility in the regulatory legal act of the executive authority is also indicated by the standard form of the grant agreement, approved by Order No. 199n of the Ministry of Finance of the Russian Federation dated October 31, 2016 "On Approval of Standard Forms of Agreements (Contracts) on the Grant from the Federal Budget individuals (with the exception of state institutions), individual entrepreneurs, individuals - producers of goods, works, services" and applied from 01.01.2017.

C practice practice to significant violations of the conditions for granting subsidies, entailing the withdrawal of the subsidy in full, include:

- 1) submission of unreliable, including false, documents (files), the recipient does not have the right to receive subsidies in principle (case number A38-1800 / 2014, A76-22586/2016, A46-6622 / 2016, No.A46-12510 / 2015, A46-11639 / 2015);

- 2) non-return unused from subsidy (case number A46-15373 / 2016) and inappropriate use of subsidies (case number A04-4702 / 2017, A27-2272 / 2015, A46-14634 / 2015, A46-11754 / 2015, A46-8665 / 2017, A46-8497 / 2017).

In the first case, the violation is related to the unlawful receipt of the subsidy, while it can be identified both at the stage of the competition and later. In the second case there is a misuse of public funds, it is detected at the stage of monitoring the use of subsidy funds.

When confirming the targeted nature of the use of subsidies, other violations of the conditions cannot be considered as a basis for the return of the subsidy in full (case number A32-29259 / 2013, A03-18638 / 2013, No.A75-11791 / 2014, A80-161 / 2014).

According to paragraph 5 of Article 14 of the Federal Law "On the development of small and medium enterprises in the Russian Federation" in support shall be refused if:

- 1) the documents defined by the regulatory legal acts of the Russian Federation, the regulatory legal acts of the constituent entities of the Russian Federation, municipal legal acts adopted for the implementation of state programs (subprograms) of the Russian Federation, state programs (subprograms) of constituent entities of the Russian Federation, municipal programs (subprogrammes), or unreliable information and documents are submitted;

- 2) the conditions for providing support are not met;

- 3) earlier, in relation to the applicant - a small and medium-sized business, it was decided to provide similar support (support, the terms of which are the same, including the form, type of support and goals for its provision) and the timing of its provision has not expired

- 4) less than three years have passed since the recognition of a small and medium-sized business that committed a violation of the procedure and conditions for providing support, including those that did not ensure the targeted use of support funds.

Such grounds meet the criterion of objectivity.

The problem of qualifying relations was especially vividly expressed in arbitration cases No.A47-4428 / 2014, A47-4429 / 2014, A47-4431 / 2014, A47-4624 / 2014, in which the claimant (prosecutor's office), the court of first and appeal instances defined the agreements on the provision of subsidies as civil law transactions, and only the court of cassation instance indicated that such interpretation was inadmissible.

At the same time, there is a steady trend towards civil law qualification of agreements in court practice and with the application of civil law norms: the subsidy received or used with violations is considered unjust enrichment, the agreement on granting a subsidy belongs to civil law contracts, return subsidies are allowed for violation of any terms of the agreement, interest is charged on the amount of the subsidy under article 395 of the Civil Code of the Russian Federation.

The first position seems to be more reasonable than the opposite of the qualification of agreements on subsidies as civil law contracts, as well as on the possibility of applying the rules of the Civil Code of the Russian Federation to budgetary relations in the subsidiary order.

The budget legislation defined in Article 2 RF Budget Code does not include the Civil Code.

By virtue of para. 3 Article 2 of the Civil Code to the property relations based on administrative or other authoritative subordination of one party to another, including tax and other financial and administrative relations, civil law does not apply, unless otherwise provided by law.

The federal legislator has not provided for the possibility of applying the rules on unjust enrichment to the budgetary legal relations related to the return of subsidies.

In addition, there are no signs of agreements on the provision of subsidies in civil contracts [15, p. 60].

Pointing to the capability s subsidiary application of civil law, the competent authorities argued that the applicant is entitled to not to participate in competition for a subsidy, and in the case of a decision on the payment of the subsidy is entitled not to sign an agreement , thereby implementing the principle of freedom of contract. In this regard, it is concluded that when concluding an agreement on granting subsidies, freedom of contract is realized in full.

At the same time, the freedom of the contract is not exhausted only by the right to enter into relations, it also implies the possibility of choosing a partner, discussing the terms of the contract , its type . When receiving a subsidy, the choice of counterparty is limited exclusively by the authorized body acting as an agent of public law education. With the announcement is in accordance with the standard form, stating th constant organ of state or local authority, its content is determined by the authority unilaterally to influence the content of which recipient can not , the agreement is only the provision of budgetary funds.

In this regard, it is legitimate to conclude that with the announcement of a subsidy only in form and title looks like a civil law contract, but it is not, since the autonomy of the will, freedom of contract, equality of the parties, equivalence and retribution of the contract, as well as other beginnings of civil law in this case are absent [15, p. 61].

In the light of the above, the indication in the rules for providing subsidies of references to civil law contradicts the essence of legal relations, unreasonably expands the effect of civil law norms in the absence of the will of the federal legislator.

Just ignoring the differences at methods of legal regulation and the existing procedures can be explained by the presence of some of the rules for granting subsidies references to Chapter 57 of the Civil Code governing the conduct the competition.

In the above mentioned analysis of the procedure for granting subsidies in the Omsk region, inter alia, on the arbitrary change of wages.

In this regard, the question arises whether in this case the terms of the grant agreement or the procedure for granting the grant in the editorial office on the day of compliance with the conditions should be applied.

As indicated above, the withdrawal (return) of a subsidy by its legal nature is a measure of responsibility for an offense related to the improper use of budgetary funds (financial and legal liability), and therefore general relations, including including constitutional principles.

According to Article 54 of the Constitution of the Russian Federation the law establishing or aggravating responsibility shall not be retroactive. No one can be held responsible for an act that at the time of its commission was not recognized as an offense. If, after committing the offense, responsibility for it is eliminated or mitigated, the new law is applied. Therefore, verification of compliance with the conditions of use of subsidies cannot be conducted without subsequent changes in the rules for granting subsidies.

Otherwise it violates the principle of equal access of small and medium-sized businesses to receive support in accordance with the terms of its provision, established by government programs (sub-programs) of the Russian Federation, government programs (sub-programs) of the Russian Federation, municipal programs (routines) (item 4 Art. 6 of the Federal law dated 24.07.2007 № 209-FZ "on the development of small and medium enterprises in the Russian Federation").

6. Conclusions.

And the analysis of the rules for the provision of subsidies and the judicial practice related to their application leads to the conclusion that problems remain. State authorities and local governments do not take into account the differences in the terms "conditions for the provision of subsidies", "conditions for the use of subsidies", civil law norms are unreasonably applied to the rules for granting subsidies. At the same time, in the area of their competence, they ineffectively use the tools provided to them by the federal legislator, and also allow interference in a sphere that goes far beyond what is permitted.

Checking the conditions of compliance of the criteria of objectivity, effectiveness, targeting, targeted nature, gratuitousness and accountability measures - the principles of reasonableness, fairness and proportionality, can be an effective way at the time processing and adjustment of the corresponding order of subsidies.

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Gerasimenko Yu.V., Syntin A.V. Problematic issues of granting subsidies to business entities: Russian experience. *Pravoprimerenie = Law Enforcement Review*, 2018, vol. 2, no. 3, pp. 52–63. DOI: 10.24147/2542-1514.2018.2(3).52-63. (In Russ.).