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State Duma Approves 2027-29 Budget With Record Military Spending

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A session of the State Duma. **duma.gov.ru**

Lawmakers in Russia's lower house of parliament, the State Duma, passed the third and final reading of the 2027-29 federal budget on Tuesday, a move that cements record spending on defense and security, as well as a series of new tax hikes aimed at financing the ongoing war against Ukraine.

The projected 2027 deficit of 5.44 trillion rubles ($66.26 billion) will account for 2.2% of gross domestic product, which is set at 248.32 trillion rubles ($3 trillion), according to the budget plan.

Deputy Prime Minister and Finance Minister Anton Siluanov said the federal budget deficit is projected to decrease from this year's record 7.34 trillion rubles ($89.47 billion), or 3.2% of 2026 GDP.

"Amid the ongoing special military operation, that means a great deal," Siluanov told reporters as he acknowledged that drafting the federal budget has become "more and more

complicated" each year as policymakers miss annual deficit targets due to spending on the war.

Combined budget deficits between 2027 and 2029 will total 15.81 trillion rubles ($192.57 billion). To cover rising war expenses, the budget introduces a progressive tax scale of up to 22% on passive personal income, a 22% VAT on cross-border online retail transactions and a 30% windfall profit tax on mining and metallurgy corporations.

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The State Duma's press service said lawmakers added more funding for military personnel and war veterans ahead of the budget bill's second reading. Spending on so-called "civilian" sections of the federal budget, like education and healthcare, will be more modest in comparison.

National defense expenses in 2027 will climb 27% to a record 17.1 trillion rubles ($208.28 billion), accounting for more than a third of the 48.74 trillion rubles ($593.68 billion) of spending allocated for next year. Combined with national security and policing, defense and security forces will absorb 44% of total government spending at 21.3 trillion rubles ($259.43 billion).

Earlier reporting by the exiled news outlet Vyorstka suggested that more than a third of government spending will remain classified.

State Duma Speaker Vyacheslav Volodin said the federal budget contains "everything we need" to support Ukraine war veterans while underscoring that the voting process comes as Russia faces nearly 35,500 Western sanctions.

After a 396-0 vote in the lower house of parliament, where there were 37 abstentions, the federal budget bill now heads to the upper-house Federation Council for approval before it can be signed into law by President Vladimir Putin.

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