EK Strategic Communications Center

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The Kremlin Shifts More of the War's Cost onto Russians

An Overview of Russia's Draft 2027–2029 Budget

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Tax and fee increases announced after the elections could raise up to ₽1.5 tn ($17.7 bn), while defense accounts for 35% of the draft 2027 budget. Public discontent is growing, even among pro-war supporters.

Key topics:

1. Fiscal Tightening and Public Discontent
2. Record Military Spending Planned For 2027
3. The Pro-War Z Community Feels Deceived Again

Executive Summary

The Kremlin presented Russians with the bill just a week after the State Duma elections. At a September 23 cabinet meeting, Vladimir Putin had portrayed the election results as public support for his efforts to "strengthen the country."

> The government then announced a package of tax and fee increases that it had avoided discussing or highlighting before the vote, although some of the planned measures were already known.

From 2027, progressive personal income tax rates of 13–22% will apply to passive income, overseas online purchases will be subject to a 22% VAT and a customs fee of ₽100 ($1.18), the tax rate for the self-employed will rise from 4–6% to 13%, and mining companies will face a windfall tax of up to 30%. Airline passengers will also pay an additional fee of up to ₽1,000 ($11.77) per flight.

Other increases had been deferred until after the elections. Utility rates rose by 8–22% on October 1, depending on the region, while passenger rail fares and freight charges increased by 9.2% and 8.5%, respectively. The planned increase in alcohol and tobacco excise taxes has doubled from 3% to 6%, and a levy on smartphones and laptops will take effect in December.

A September 29 decree by Putin also capped the amount of cash in rubles that individuals may take to member states of the Eurasian Economic Union (EAEU), Azerbaijan, Tajikistan, and Uzbekistan at ₽1 mn ($11,800). The independent outlet The Bell estimates that the entire package could raise up to ₽1.5 tn ($17.7 bn) for the treasury.

The draft budget for 2027–2029, published on September 30, **leaves little doubt about where these revenues will go**. Finance Minister Anton Siluanov had already identified "defense and the front line" as the main priority on September 21,

and the Finance Ministry formally designated it as the budget's strategic priority.

Compared with the 2027 allocations approved in late 2025, defense spending has been raised by ₽3.6 tn ($42.4 bn) to ₽17.1 tn ($201.3 bn). Russia plans its budget three years ahead, making it possible to compare successive plans for the same year.

A similar increase is proposed for 2028, while the projected 2027 deficit has risen from ₽3.2 tn ($37.7 bn) to ₽5.4 tn ($63.6 bn). The "National defense" category's share of federal spending has grown from 17% in 2022 to 35% in the current draft.

Funding for propaganda is set at ₽146 bn ($1.72 bn), up from the previously planned ₽100 bn ($1.18 bn), while spending on social policy, education, health care, and the economy has been cut by 6–7.4%.

> This budget structure points to preparations for a potentially larger military confrontation as well as a commitment to sustained high military spending.

Even Kremlin-affiliated pollsters are recording the consequences. In the first week after the elections, the government's approval rating fell by 3.2 p.p., according to the state-run Russian Public Opinion Research Center (VTsIOM). The Kremlin-affiliated Public Opinion Foundation (FOM) reported a decline of 5 p.p. over two weeks.

VTsIOM also recorded a decline of 4.1 p.p. in Prime Minister Mikhail Mishustin's approval rating. FOM found that respondents who felt anxious once again outnumbered those who felt calm, at 47% and 46%, respectively, as expectations of worsening household finances reached their highest level since 2022.

Criticism is spreading on social media. A video posted by a Pyaterochka supermarket merchandiser showing price tags being replaced after the elections received 5.8 million views; she was subsequently fired.

Propaganda outlets, which usually ignore inflation, have begun urging Russians to buy groceries and New Year gifts in advance.

Nezygar, a Telegram channel close to the Presidential Administration, notes that the connection between military spending, taxes, and living standards is now being discussed more widely. In 2025, it was mainly opponents of the war who made that connection.

The response from the pro-war Z community is especially revealing. Its members paid little attention to the increase in military spending, but the tax package provoked open fury. **Hardline pro-war commentator Anastasia Kashevarova accused** the government of having "lost its mind" and asked how anyone could trust the authorities after this. Her post received 187,000 views and almost 19,000 reactions.

A few days later, she mocked the authorities for using a supposed "European threat" to justify tighter controls. In a sarcastic reference to NATO, she wrote:

> "All right, what are you so scared of? There are just 84 laws raising what's already been raised, and one saying NATO is a bunch of faggots. They won't fine you for a rumbling stomach yet. 'United Russia has already prepared 85 bills,' Dmitry Medvedev said."

Volunteer fighter Alexei Zhivov criticized the authorities for having "stopped bothering with any niceties." He also argued that plans to raise ₽1.7 tn ($20 bn) over four years through fines ran counter to the principles of a welfare state. The Rusich paramilitary group responded with

> "Never happened before, yet here we are again."

Pro-war Z blogger Yana Poplavskaya posted figures on rising utility rates in Moscow and the surrounding region alongside the sarcastic comment:

> "The elections are over! Life is getting better!"

Fiscal Tightening and Public Discontent

The Russian government announced new tax and fee increases just a week after propaganda proclaimed United Russia's "triumphant victory" in the 2026 State Duma elections.

At a September 23 cabinet meeting, Putin himself had presented the result as evidence that

> "the people of Russia support our efforts to strengthen the country."[1]

The measures include applying progressive personal income tax rates to passive income from 2027.[2] Rates of 13–22% will replace the current rates of 13% and 15%, generating an additional ₽450 bn ($5.3 bn) a year over the next three years.[3] A 22% VAT will apply to overseas online purchases from 2027,[4] raising an additional ₽75 bn ($883.1 mn) annually.[5] Individuals currently pay no separate VAT on such purchases. A customs fee of ₽100 ($1.18) will also apply to goods worth up to €200 shipped from abroad for personal use,[6] generating another ₽24.6 bn ($289.6 mn) a year.[7]

Certain mining companies will face a windfall tax of up to 30% on "additional income resulting from increases in global prices for solid minerals, expressed in rubles, relative to the 2025 baseline,"[8] with projected annual revenues of ₽200 bn ($2.35 bn).[9] Tax rates for the self-employed will rise from 4–6% to personal income tax rates starting at 13%.[10] Airline passengers will face an additional fee "to offset the cost of leasing and operating new Russian aircraft." The charge is estimated at up to ₽500 ($5.89) per domestic flight and ₽1,000 ($11.77) per international flight.[11]

The authorities also deliberately postponed several scheduled increases in rates and fees until after the elections. On October 1, utility rates rose by 8–22%, depending on the region.[12] Passenger rail fares increased by 9.2% and freight charges by 8.5% on the same

date.[13] The vehicle recycling levy is scheduled to rise by 10–20% from January 2027, depending on the type of vehicle.[14] Excise taxes on alcohol and tobacco are set to increase by 6% in 2027, twice the originally planned 3%.[15]

A technology levy on consumer electronics, including smartphones and laptops, will take effect on December 1.[16] Eligibility requirements for the subsidized Family Mortgage program have also been tightened.[17] A decree by Putin published on September 29 explicitly prohibits individuals from taking more than ₽1 mn ($11,800) in cash to member states of the Eurasian Economic Union (EAEU), Azerbaijan, Tajikistan, and Uzbekistan.[18]

According to the independent Russian business outlet The Bell, these measures could collectively raise up to ₽1.5 tn ($17.7 bn).[19]

This "fine-tuning of the tax system," as the Kremlin often calls it, has already had a marked effect on public sentiment, visible even in polling by Kremlin-affiliated organizations. Surveys conducted on September 21–27, the first week after the parliamentary elections, show a sharp decline in approval of the government and Prime Minister Mikhail Mishustin. They have borne the brunt of public criticism fueled by economic discontent.

The state-run Russian Public Opinion Research Center (VTsIOM) recorded a drop of 3.2 p.p. in the government's approval rating in a single week,[20] while the Kremlin-affiliated Public Opinion Foundation (FOM) reported a decline of 5 p.p. over two weeks.[21] VTsIOM recorded an even larger drop in Mishustin's approval rating, at 4.1 p.p.; FOM did not report a notable change in his rating.

In FOM's survey on the week's most important events, at least 3% of respondents mentioned increases in taxes, utility rates, and similar charges, making this the third most prominent issue after the war in Ukraine and the elections. Anxiety also increased: respondents who felt anxious once again outnumbered those who felt calm, at 47% and 46%, respectively, in FOM's October 2 release.

Expectations of worsening household finances are at their highest level since 2022. According to FOM's September 22 release, one in five Russians describes their financial situation as poor, and 19% expect it to worsen.[22] Disapproval of the authorities' economic policies is also high: 42% of Russians said they were "generally dissatisfied" with them in VTsIOM's August 31 release.[23]

Criticism of rising prices, utility rates, and taxes is widespread on social media, where users are posting large amounts of independently produced critical content.[24] A merchandiser at Pyaterochka, one of Russia's major supermarket chains, posted a video of price tags being replaced with the caption

> "The elections are over. So are reasonable prices."[25]

The video received 5.8 million views, and she was subsequently fired.[26] Propaganda outlets have also responded in an unusual way. Although they generally ignore inflation, some reports are now urging Russians to "order New Year gifts now" because "prices could rise,"[27] and to "buy groceries"[28] to "save money."[29] On September 28, Nezygar, a Telegram channel close to the Presidential Administration, wrote that "those interviewed expect social and economic problems to remain on the agenda," linking this to rising defense and security spending. It added that

> "in 2025, such assessments came mainly from opponents of the war, but the connection between budget spending, taxes, and living standards is now becoming a subject of wider public discussion."[30]

Record Military Spending Planned For 2027

The draft federal budget for 2027–2029, published on September 30, provides further evidence that the Kremlin's overriding priorities are the war and funding for the security apparatus. Both the proposed allocations and government officials' statements make this clear. At the Moscow Financial Forum on September 21, Finance Minister Anton Siluanov said that

> "the top priority now is defense and the front line."[31]

In its accompanying press release, the Finance Ministry emphasized that

> "the budget's strategic priority is to fund the country's defense and security needs and provide social support for participants in the 'special military operation' (SMO) and their families."[32]

Russia plans its budget over a three-year horizon. When approving the budget for the coming year, the authorities also adopt the main projections for the following two years. This makes it possible to compare the current targets for 2027 with those set for the same year when the previous budget was adopted.

The comparison shows how the authorities respond to changing conditions and adjust their priorities, substantially revising previously approved budget projections. The current draft[33] puts 2027 spending almost ₽2.6 tn ($30.6 bn), or 5.6%, above the level planned a year earlier.[34]

The deficit has been revised even more sharply. It is now projected at ₽5.4 tn ($63.6 bn), about 1.7 times the previous forecast of roughly ₽3.2 tn ($37.7 bn) for 2027.

The sharp rise in military spending is the main driver of this revision. The budget adopted in late 2025 allocated approximately ₽13.5 tn ($159 bn) to defense in 2027. The current draft raises that amount by more than a quarter, adding ₽3.6 tn ($42.4 bn) to bring the total to ₽17.1 tn ($201.3 bn).

A similar revision is proposed for 2028: the draft allocates approximately ₽16.6 tn ($195.5 bn) to defense, up from the roughly ₽13 tn ($153.1 bn) planned in late 2025. Here, too, the increase is approximately ₽3.6 tn ($42.4 bn).

> **These revisions indicate** that the Kremlin is preparing the budget for the possibility of a larger military confrontation while also seeking to maintain high military spending.

Propaganda spending follows a similar pattern. The budget adopted in late 2025 allocated approximately ₽100 bn ($1.18 bn) for this purpose in 2027. The current draft raises the allocation to ₽146 bn ($1.72 bn), effectively maintaining the elevated funding level of ₽148 bn ($1.74 bn) planned for 2026.

At the same time, civilian spending has been cut substantially compared with the 2027 plans approved a year earlier. Funding for social policy is down 7%, education 6%, and health care 6.8%. Spending on the economy, infrastructure projects, and subsidies has been reduced by 7.4%.[35]

> This reallocation shows a further shift in budget priorities toward the war economy and sustaining the Kremlin's capacity for a prolonged, largescale confrontation.

The "National defense" category accounted for approximately 17% of total federal spending in 2022. Its share had already reached 29.3% in the 2027 plan adopted in 2025 and now stands at 35% in the current draft.

The Pro-War Z Community Feels Deceived Again

The increase in military spending in Russia's draft 2027 budget attracted little attention in the pro-war Z community. Monitoring identified only one post on a closely related subject, from the Russky Legion Z channel, which criticized Reuters for supposedly scaring Western audiences:

> "And if we end up with a budget deficit ourselves and have to raise taxes, that's no big deal, just part of life. Those are the nightmares their news agency dreams up. Are they scared? Good. We'll give them all something to be scared of, won't we?"[36]

The increases in taxes, utility rates, and other charges, however, prompted an outspoken and furious response from several Z commentators.

On September 24, immediately after officials announced the new measures, hardline pro-war commentator Anastasia Kashevarova wrote:

> "The elections are over. They haven't announced mobilization, but the government has lost its mind and just slapped taxes on EVERYTHING!!!! [...] How are we supposed to trust you, comrades???"[37]

The post received 187,000 views, was quoted 118 times by other channels, mostly from the Z community, was shared 4,300 times, and drew almost 19,000 reactions. These figures offer a clear indication of sentiment among pro-war audiences.

On September 28, she continued her criticism, mocking the authorities for using a supposed "European threat" to justify tighter controls. She invoked NATO in a sarcastic post:

> "All right, what are you so scared of? There are just 84 laws raising what's already been raised, and one saying NATO is a bunch of faggots. They won't fine you for a rumbling stomach yet. 'United Russia has already prepared 85 bills,' Dmitry Medvedev said."[38]

The Rusich paramilitary group responded to the news with "Never happened before, yet here we are again."[39] Volunteer fighter Alexei Zhivov wrote on his pro-war Z channel:

> "The worst thing about this 'piggy bank' they decided to empty the very morning after the wedding [...] is that they've stopped bothering with any niceties. They didn't wait or roll out one initiative a week as they used to. They dumped everything on us at once. Unpleasant."[40]

Zhivov later criticized the increase in projected budget revenues from fines:

> "The government has included unprecedented revenues from fines and fees in the budget: ₽1.7 tn ($20 bn) over four years. [...] It looks as though citizens and businesses are being turned into the main source of budget revenue: fines are rising, and the vehicle recycling levy is increasing. The authorities call it treasury revenue, but for ordinary people it means one thing: having to pay more and more. [...] People are being pushed into committing administrative offenses that carry fines. [...] Am I the only one who thinks this is a thoroughly unhealthy trend that runs counter to the fundamental principles of a welfare state?"[41]

The pro-war Z channel Zerguilo added:

> "We need a tax on bast shoes, too. To cover the cost of the asphalt we wear out walking in them."[42]

Pro-war Z blogger Yana Poplavskaya captured the community's sense of helplessness through sarcasm. Alongside figures showing increases in utility rates in Moscow and the surrounding region, she wrote:

> "The elections are over! Life is getting better!"[43]

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