



Preparation of the new VAT Return in year 2015

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Dear colleagues,

We are hereby pleased to offer you our approach to providing professional services concerning preparation of the VAT return in a new format effective since 2015.

According to recent amendments in Russian legislation on Value Added Tax, hereinafter VAT, the obligatory VAT return format has been significantly altered, the process of VAT return preparation becoming rather complicated. We thereby propose our services to help make this process easier.

Deloitte will be happy to offer you a flexible approach tailored to your needs that neither requires modification of your existing IT systems nor the purchase of additional IT solutions.

Our consultants will arrange preparations for VAT return based on data downloaded from the accounting systems already used by your company with the help of special Deloitte VAT return software.

We look forward to mutually beneficial cooperation and believe that our knowledge and experience will bring value to your Company (hereafter referred to as "the Company").

Please be informed that this presentation bears preliminary status. Certain mandatory Deloitte risk management procedures must be passed before services may be provided.

Should you have any questions or concerns please do not hesitate to contact Kazbek Dzalaev at kdzalaev@deloitte.ru or myself at pbalashov@deloitte.ru.

You may also contact us by phone at + 7 (495) 787 06 00

Yours sincerely,

Pavel Balashov, Partner

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Modifications in new format of VAT Return

According to recent amendments in Russian legislation regarding VAT, the obligatory VAT return format will be significantly altered from 2015*.

The new format VAT return will contain the following new sections:

Section 8: Information from purchase book on transactions for the past tax reporting period;

Appendix 1 to Section 8. Information from additional purchase book pages.

Section 9: Information from sales book on transactions for the past tax reporting period;

Appendix 1 to Section 9. Information from additional sales book pages.

Section 10: Register data on outgoing VAT-invoices issued to tax agents for the reporting period.

Section 11: Register data on incoming VAT-invoices received from tax agents for the reporting period.

Section 12: Information on VAT-invoices issued by persons stipulated by p.5 art. 173 of the Russian Tax Code.

The image displays four overlapping screenshots of the new Russian VAT Return form. Each screenshot shows a different section of the form, which is structured as a grid with columns for 'Лователи' (1), 'Код строки' (2), and 'Значения показателей' (3). The sections shown are:

- Section 8:** 'Сведения из книги покупок об операциях, отраженных за истекший налоговый период'. It includes fields for 'Принятая детализация ранее представленных сведений', 'Порядковый номер', 'Код вида операции', 'Номер счета-фактуры продавца', 'Дата счета-фактуры', 'Номер исправленного счета-фактуры продавца', 'Дата исправленного счета-фактуры продавца', 'Номер корректировочного счета-фактуры продавца', 'Дата корректировочного счета-фактуры продавца', 'Номер исправленного корректировочного счета-фактуры продавца', 'Дата исправленного корректировочного счета-фактуры продавца', 'Номер документа, подтверждающего оплату', and 'Дата документа, подтверждающего оплату'.
- Section 9:** 'Сведения из книги продаж об операциях, отраженных за истекший налоговый период'. It includes fields for 'ИИН / КТП продавца', 'ИИН / КТП покупателя (комиссионер, агент, посредник или налогового клиента)', 'Номер таможенной декларации', 'ИИН / КТП продавца', 'ИИН / КТП покупателя (комиссионер, агент, посредник или налогового клиента)', 'Номер документа, подтверждающего оплату', and 'Дата документа, подтверждающего оплату'.
- Section 10:** 'Сведения на книги продаж об операциях, отраженных за истекший налоговый период'. It includes fields for 'ИИН / КТП покупателя', 'ИИН / КТП продавца (комиссионер, агент, посредник или налогового клиента)', 'Номер документа, подтверждающего оплату', and 'Дата документа, подтверждающего оплату'.
- Section 11:** 'Сведения на книги продаж об операциях, отраженных за истекший налоговый период'. It includes fields for 'ИИН / КТП покупателя', 'ИИН / КТП продавца (комиссионер, агент, посредник или налогового клиента)', 'Номер документа, подтверждающего оплату', and 'Дата документа, подтверждающего оплату'.

* According to Draft Law № 00/03-10966/12-13/78-13-5 (latest status from 12.08.2014)

** Persons who are not treated as taxpayers for VAT purposes or persons who issued VAT-invoices for operations exempt from VAT

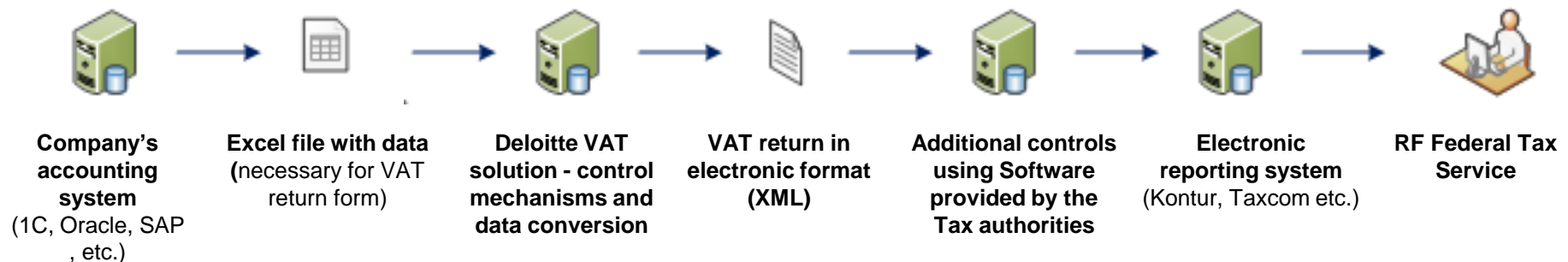
Preparing of the new VAT return

Deloitte approach

Preparing the new VAT return using Deloitte's VAT solution (convertor)

Main steps:

1. Data export from the existing accounting system (1C, Oracle, SAP, etc.) into a pre-developed Excel template;
2. Aggregation and enrichment of data in the Excel template;
3. Verification of data in the Excel template:
 - A. Manually - checking overall correctness and verifying data provided in the template, including verification of data with physical VAT-invoices
 - B. Automatically - using the convertor's built-in mechanisms, which include a wide range of arithmetic and logic controls (more than 150 control algorithms)
4. Transformation of Excel spreadsheet into VAT return in XML format, using Deloitte's VAT convertor;
5. VAT return automatic consistency verification using software provided by the tax authorities;
6. Submission of the VAT return to the RF Federal Tax Service in electronic format by uploading the (XML) file into an electronic reporting system.



Preparing the new VAT return

Deloitte's new VAT tool

Deloitte.

Налоговая декларация по налогу на добавленную стоимость. Титульный лист.

| | |
|---|----------------|
| Номер корректировки | |
| Предоставляется в налоговый орган (код) | |
| Налоговый период (код) | |
| Отчетный год | 2014 |
| По месту нахождения (учета) (код) | 216 |
| Налогоплательщик | |
| ИНН | |
| КПП | |
| Код вида экономической деятельности по классификатору ОКВЭД | |
| Форма реорганизации (ликвидация) (код) | |
| ИНН реорганизованной организации (код) | |
| КПП реорганизованной организации (код) | |
| Количество страниц с приложением подтверждающих документов | |
| Количество листов копий подтверждающих документов | |
| Номер контактного телефона | +7(495)7870600 |
| Тип подписанта | 2 |
| Фамилия подписанта | Дзалаев |
| Имя подписанта | Казбек |
| Отчество подписанта | |
| Наименование организации - представителя налогоплательщика, налогового агента | |
| Наименование документа, подтверждающего полномочия представителя | Доверенность |

| | |
|----------------------|---|
| Заполняются разделы: | Заполняемые разделы отмечаются символом "X" |
| Раздел 1 | x |
| Раздел 2 | |
| Раздел 3 | x |
| Раздел 3. Прил. | |
| Раздел 3. Прил. | Раздел 2 декларации заполняется налоговым агентом отдельно по каждому иностранному лицу, не состоящему на учете |

The proposed Excel template contains specifications for all fields included in the VAT return form.

This Excel template was developed to support automated data downloading to create a VAT return in a convenient format directly from your accounting system.

It contains:

- Color indication on optional fields,
- Notes with instructions for completing the template,
- Relevant data on required registers.

Deloitte.

Налоговая декларация по НДС. Раздел 2. Сумма налога, подлежащая уплате в бюджет по данным налогового агента

| Раздел | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
|---------------|---|---|--------------------------------|-----------------------------|---|--|--------------|---|---|---|
| Код строки | 010 | 020 | 030 | 040 | 050 | 060 | 070 | 080 | 090 | 100 |
| Название поля | КПП подразделения иностранной организации, состоящей на учете в налоговых органах | Наименование налогоплательщика-продавца | ИНН налогоплательщика-продавца | Код бюджетной классификации | Код по ОКТМО | Сумма налога, исчисленная к уплате в бюджет (руб.) | Код операции | Сумма налога, исчисленная при отгрузке товаров (выполнении работ, оказании услуг, передаче имущественных прав) (руб.) | Сумма налога, исчисленная при получении оплаты, частичной оплаты в счет предстоящей отгрузки товаров (выполнения работ, оказания услуг, передачи имущественных прав) (руб.) | Сумма налога, исчисленная налоговым агентом с оплаты, частичной оплаты при отгрузке товаров (выполнении работ, оказании услуг, передаче имущественных прав) в счет этой оплаты, частичной оплаты (руб.) |
| | | По строке 030 отражается ИНН лица, указанного по строке 020 (при его наличии), при отсутствии - ставится прочерк. | | | По строке 070 отражается код операции, осуществляемой налоговыми агентами, указанными в статье 161 Кодекса. Код операции указывается в соответствии с приложением № 1 к настоящему Порядку. См. вкладку "Справочники", 9. Коды операций | | 1011703 | | | |

Preparing the new VAT return

Project structuring options

Within the framework of our approach, we can offer you three options of our collaboration:

Option A: Extended outsourcing of VAT return preparation (“turnkey” preparation of the VAT return by our specialists based on the data exported from Client’s accounting system – maximum involvement of Deloitte consultants)

Option B: Limited outsourcing of VAT return preparation (preparation of the VAT return with medium involvement of Deloitte consultants)

Option C: Online access to Deloitte’s VAT convertor (minimum involvement of our specialists)

All approaches are described below in details.

Preparing the new VAT return – our approach

Options: A, B, C

| | | | |
|---------------------|---|--|--|
| Approach | Support in preparing the new VAT return for 1Q 2015 and beyond We can offer three options for collaboration: Option A: Extended outsourcing of VAT return preparation Option B: Limited outsourcing of VAT return preparation Option C: Online access to the Deloitte VAT convertor | | |
| Steps | <u>Option A:</u> 1) Deloitte demonstrates the Excel template; 2) Deloitte develops data request and provides consulting support to the Company's specialists in exporting data from the existing accounting system; 3) Deloitte consolidates exported data and, completes the Excel template; 4) Deloitte arranges technical and manual check of the Excel template, arranges corrective actions (if required); 5) Deloitte reviews uncertain operations from VAT standpoint (up to 4 positions per quarter) 6) Deloitte arranges a conversion of the Excel template to XML format; 7) Deloitte checks conversion's final results (using existing software provided by the tax authorities). | <u>Option B:</u> 1) Deloitte arranges technical check of Excel template completed by the Company (optional); 2) Deloitte consults on corrective actions (if required); 3) Deloitte arranges a conversion of the Excel template to XML format; 4) Deloitte checks conversion's final results (using existing software provided by the tax authorities). 5) Deloitte reviews uncertain operations from VAT standpoint (up to 4 positions per quarter) | <u>Option C:</u> 1) Deloitte consults on using Deloitte's online VAT convertor; 2) Deloitte consults on updating the Excel template in case of errors in the online downloading process. |
| Deliverables | <ul style="list-style-type: none"> Prepared by Deloitte VAT return for the quarter in XML format | <ul style="list-style-type: none"> Excel template for preparing the new VAT return Prepared VAT return for the quarter in XML format | <ul style="list-style-type: none"> Online access to the Deloitte VAT convertor Support in case of errors in the downloading process (limited to 16 h) |
| Duration | <ul style="list-style-type: none"> 10-15 days | <ul style="list-style-type: none"> 5-10 working days | <ul style="list-style-type: none"> Online |
| Fees | <ul style="list-style-type: none"> USD 9,000-14,000* per quarter | <ul style="list-style-type: none"> USD 4,500-6,500* per quarter | <ul style="list-style-type: none"> USD 9,000 annually |

Key assumptions

- This presentation is marketing information and bears preliminary status. Certain mandatory Deloitte risk management procedures must be passed before services may be provided;
- This presentation was prepared earlier than the Order of the Federal Tax Service N MMB-7-3/558@ dated 29.10.2014 stipulating the new form of the VAT return, was registered by the Russian Justice Department, however we are closely monitoring the status and submit an additional notification in case of any significant changes;
- During the project Deloitte will be provided with a contact person from the Company's IT / Finance/ Tax Department who will be able to export necessary data from its accounting system in accordance with our requests;
- Terms and conditions in this marketing material are effective for the preparation of the return for one legal entity and are not applied for corrective VAT declarations and will be agreed individually.
- Under Option A and in case some information is missing in the accounting system, the Client will provide Deloitte with such data in a separate list which corresponds to the data exported from accounting system using Excel tools;
- Hours spent on consulting services regarding the export of data from accounting system should not exceed 16 hours;
- During this project Deloitte will be provided with a contact person who is proficient in the Company's VAT accounting methodology and will be able to answer Deloitte's questions proactively;
- Under the proposed services, we shall not perform any type of assessment of the VAT accounting methodology or VAT risks (excluding 4 positions indicated in the scope of options A, B);

Key assumptions

- Time spent on consulting services related to the review of uncertain operations from VAT standpoint (up to 4 positions per quarter) should not exceed 16 hours;
- During the course of the project, we will fully rely on data provided by the Company and the Company will be responsible for the accuracy and validity of the data provided. We will arrange a number of data verification procedures in order to reduce the associated risks. However our control procedures cannot guarantee 100% correctness of the VAT return.

Contact information



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