Legislative Tracking
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Russian Government extends scope of soft lending programme for SME

Loans under the programme called FOT 3.0 are issued for 18 months and are capped at one minimum wage x number of FTEs x 12 months. The repayment period has been doubled, from six to 12 months. The interest rate will be set at three percent p.a.

The first six months are repayment-free, and then payments are made in equal installments over the remaining 12 months.

FOT 3.0 will be open from 1 November to 30 December to businesses from 17 industries (up from 11 in the programme’s first phase).

As requested by the business community, additional education for children and adults, day care, consumer, dry cleaning, and dental services, hairdressing and beauty salons were made eligible for the loans.

The key requirement remains the same: companies must retain at least 90 percent of the original headcount throughout the loan term (to be controlled via the Federal Tax Service data).

Official website of the Russian Government

Roskomnadzor approves personal account rules for foreign IT companies with Russian operations

To remind, new responsibilities have been recently introduced for foreign IT companies operating in Russia without physical presence:

- to create an electronic feedback form according to the requirements established by Roskomnadzor
- to open a personal account on Roskomnadzor’s website to interact with the Russian public authorities
- to open a branch, representative office or a subsidiary in Russia (the requirement enters into force as of 1 January 2022).

The Government recently approved the rules for creating and maintaining personal accounts on Roskomnadzor’s website: a company must submit an application indicating its name, place of registration, registration number, website information, and contact details.

Roskomnadzor will send a personal account login and password within 10 business days following the receipt of the application.

Official Internet Portal for Legal Information

Strategy for low-carbon development of Russian economy until 2050 published

The strategy sets out two scenarios – the baseline (business as usual) and the intensive (which offers a range of decarbonisation measures).

In the intensive scenario, the key task is to ensure the competitiveness and sustainable economic growth of Russia in the context of the global energy transition.

Under this scenario, by 2050, greenhouse gas emissions will be reduced by 60 percent from the 2019 level and by 80 percent – from the 1990 level. It is expected that such indicators can be achieved simultaneously with economic growth. If continued, implementation of this scenario will make Russia climate-neutral by 2060.

The decarbonisation agenda includes the support of the introduction, replication, and scaling of low-carbon and carbon-free technologies, incentivising the use of secondary energy, changing the tax, customs, and budgetary policies, developing green finance, taking measures to preserve and increase the absorptive capacity of forests and other ecosystems, as well as the support of technologies for capturing, using, and utilising greenhouse gases.

Official website of the Russian Government

Rules for identifying foreign hosting providers, advertising system operators, information sources by Roskomnadzor approved

The rules have been approved in furtherance of a recently adopted law regulating the activities of foreign IT companies in Russia.

Roskomnadzor will identify such organisations, include them in a special list, and advise them of the need to comply with the Russian regulatory requirements.

When identifying such organisations, Roskomnadzor will check if they:

- process personal data of Russian users
• receive payments from Russian users
• host tools and programmes owned by Russian individuals and whose users are located in Russia.

To recap, companies listed as foreign hosting providers, advertising system operators, and information sources will be obliged to:
• create an electronic feedback form according to the requirements established by Roskomnadzor
• open a personal account on Roskomnadzor’s website to interact with the Russian public authorities
• open a branch, representative office or a subsidiary in Russia (the requirement enters into force as of 1 January 2022).

Central Bank of Russia publishes its sustainable development commitments
The Central Bank of Russia (CBR) has published a roadmap of key tactical sustainable development goals, demonstrating its commitment to developing a clear strategy and accelerating action in the field.

The CBR’s main goals for the next three years include participation in the development of necessary market infrastructure and creation of sustainable development financing facilities, fostering the introduction of corporate governance practices in public companies necessary for the ESG transformation and improving their transparency.

The regulator underlines the importance of regularly stress-testing the potential impact of climate risks and improving the approaches used.

As its top priorities, the CBR will develop proposals on factoring in ESG risks by financial institutions and assess the potential for using the Russian financial market infrastructure to issue and trade in carbon units.

The CBR will also focus on incorporating sustainable development principles in its own operations.

Official Internet site of the Central Bank of the Russian Federation

Leaders of G20 align approaches in economy, climate, migration, health
In their declaration made at the G20 summit held on 30 and 31 October in Rome, G20 leaders acknowledged the key relevance of achieving global net zero greenhouse gas emissions (or carbon neutrality) by or around mid-century.

The following commitments were declared:
• to develop long-term strategies to achieve carbon neutrality by 2030
• to pursue efforts to limit it to 1.5°C above the pre-industrial levels
• to strengthen actions to halt and reverse biodiversity loss by 2030
• by the beginning of 2022, to prepare proposals on the establishment of a financial facility that would ensure adequate and sustained financing for pandemic prevention, preparedness, and response
• to sustain the recovery, avoiding any premature withdrawal of support measures, while preserving financial stability and long-term fiscal sustainability and safeguarding against downside risks and negative spill-overs.

The leaders of the G20 countries also supported the OECD’s proposal to introduce a minimum global tax for transnational corporations at 15 percent.

They also called on the OECD/G20 Inclusive Framework on BEPS to swiftly develop the model rules and multilateral instruments with a view to ensuring that the new rules will come into effect at the global level in 2023.

Official G20 website

Five European nations and US agree on transitional approach to digital services tax
The governments of Austria, France, Italy, Spain, the United Kingdom, and the United States published a new joint statement announcing a compromise agreement on a transitional approach to phasing out the five European countries’ existing digital services tax (DST) regimes.

The five European countries will continue to collect their DSTs during the interim period prior to the commencement of Pillar One.

Official Internet site of the Central Bank of the Russian Federation
For US tech companies, the countries will subsequently allow a credit for "excess" DST. For more details, please refer to the Tax@hand issue of 22 October 2021.

UK Government may propose tax support measures to businesses

The second budget of the year sets out the UK government’s plans for a stronger economy with a particular focus on investment in infrastructure and technology, alongside changes to business rates. The main tax changes announced are as follows:

- the business rates multiplier in 2022–2023 will be frozen
- a 50-percent reduction in business rates in 2022–2023 will be granted for retail, leisure, and hospitality properties
- R&D tax reliefs will be expanded to bring qualifying expenditure on data and cloud computing.

A number of consultations have been announced, including on a new redomiciliation regime, which the government says would make it possible for companies to move their domicile (place of incorporation) and relocate to the UK. There will also be a consultation exploring the arguments for and against a new online sales tax.

For more details, please refer to the Tax@Hand issue of 27 October 2021.
Deloitte publications

**Russian Carbon Regulation**

In a bid to set up carbon regulation mechanisms, the Government continues working on policies supplementing Federal Law No 296 FZ "On limiting greenhouse gas emissions" of 2 July 2021 ("the Law"): 

- the criteria of legal entities and individual entrepreneurs that must report greenhouse gas (GHG) emissions have been drafted
- a draft template of GHG emission report and reporting rules have been published
- rules for calculating the fees charged by the carbon unit register operator have been developed
- the list of reportable GHG has been approved
- draft rules for assessing the achievement of emission reduction targets by economy sectors have been published.

The Government also announced that it started developing an action plan to prepare the country's economy for the global energy transition.

Read on for more details in our LT in Focus of 12 November 2021

**EU carbon border tax**

As part of the EU commitment to reducing emissions by at least 55 percent by 2030 and making Europe a climate-neutral continent by 2050, the European Commission presented a draft climate package including new proposals and amendments to the existing regulations.

In particular, among the proposed initiatives, the package introduces a Carbon Border Adjustment Mechanism (CBAM), which provides for necessity to buy carbon certificates which should be sold by a specially created authorized body for carbon-intensive products imported into the EU according to an established list.

The CBAM will be phased in gradually: a reporting system will apply as from 2023 and importers will start paying a financial adjustment in 2026.

Read on for more details in our LT in Focus of 20 July 2021.

**New accounting standard – new challenges**

On 7 June 2021, the Ministry of Justice registered the Ministry of Finance’s Order No. 62n of 16 April 2021, approving the Federal Accounting Standard (FAS) 27/2021 Accounting Documents and Document Flow ("the Standard").

The document enters into force as of 1 January 2022, but can be applied voluntarily already now.

The Standard incorporates some of the previous provisions and introduces new ones.

One of the most important changes is the requirement to keep accounting documents and the respective databases in Russia.

Read on for more details in our LT in Focus of 15 July 2021.

**An unexpected development of the dispute on economic substance of intra-group restructuring**

Moscow Arbitration Court released its resolution on the high-profile case of AO Trading House Perekryostok, dealing with the economic substantiation of intragroup restructuring.

The first-instance court resolved in favour of the taxpayer. This came as a surprise because two years ago, when an earlier episode with identical circumstances was disputed, courts of all instances supported the tax authorities.

The majority of arguments refuted back then have now helped the taxpayer defend its position.

Read on for more details in our LT in Focus of 9 August 2021.
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