



## LT Digest

### Be in the know

#### Legislative initiatives

##### President of Russian Federation signs package of federal laws

- Federal Law No. [105-FZ](#), exempting banks with revoked licences from treating loan loss provisions as non-operating income (for more details, please refer to LT Digest of [28 February – 4 March 2018](#) )
- Federal Law No. [113-FZ](#), entitling the deduction of employee holiday compensation costs for profit tax purposes
- Federal Law No. [87-FZ](#), streamlining the **financial recovery** of insurers
- Federal Law No. [91-FZ](#) of 23 April 2018 on competition protection measures during the 2018 FIFA World Cup
- Federal Law No. [107-FZ](#) of 23 April 2018, clarifying the scope of energy-saving and energetic efficiency improvement powers of the regulatory authorities.

*Official Internet Portal for Legal Information*

[President of Russian Federation signs package of federal laws](#)

[Russian Ministry of Industry and Trade to expand list of tax free shopping regions](#)

[Russian Government approves procedures for exchange of financial information and CbC reports](#)

[Russian State Duma to consider bill on reciprocal measures against USA and other foreign states](#)

[Bill clarifying terms of ban on tobacco discounts submitted to Russian State Duma](#)

[Russian Ministry of Justice determines responsibilities of foreign media qualifying as foreign agents](#)

[Russian State Duma to consider amended bill clarifying online information distribution](#)

[Russian Government approves roadmap towards streamlining regulation and removal of administrative barriers in automotive industry](#)

[Export controls to go paperless](#)

[Russian Ministry of Finance proposes lowering duty-free cap for online purchases](#)

[Russian State Duma to consider lifting restrictions on foreign small business participation in Russian SMEs](#)

[Central Bank of Russia updates procedure for classifying financial instruments as securities](#)

[Software used for receiving, processing, and storing CbC reports and MNE notifications and for filing CbC reports with foreign tax administrations to be tested](#)

[Court permits Telegram blocking](#)

[Court sustains customs authority assessment of extra duties on account of underestimation of leased aircraft value](#)

[Russian Ministry of Finance clarifies assessment of profit tax and VAT on supplies of goods to Russia with further assembly by foreign entity having no Russian branches](#)

[Russian Ministry of Finance comments on apostille requirements for foreign tax residency certificates](#)

[Russian Government to support companies sanctioned by US](#)

[Russian Ministry of Industry and Trade updates bill on legalisation of sales of OTC drugs by retailers](#)

[Russian Ministry of Finance rejects beer licensing and labelling initiative](#)

[Russian Ministry of Health recommends against legalisation of sales of OTC drugs by retailers](#)

[OECD releases fourteen additional country profiles containing key aspects of transfer pricing legislation](#)

## **Russian Ministry of Industry and Trade to expand list of tax free shopping regions**

The list of regions where the tax-free shopping pilot is rolled out can be expanded in 2018 to include Mordovia, Tatarstan, Krasnodar Territory, Volgograd, Kaliningrad, Moscow, Nizhniy Novgorod, Rostov, Samara, and Sverdlovsk Regions, Moscow, and St. Petersburg.

The document will specify the locations of participating retailers and participation eligibility criteria, one of them now being the absence of outstanding tax liabilities as at the first date of the month when the company applies for joining the tax-free shopping pilot. The "first date" is proposed to be replaced with "any date".

[Federal Draft Regulations Portal](#)

## **Russian Government approves procedures for exchange of financial information and CbC reports**

Russian Government Resolution No. 428 of 9 April 2018 approves the procedures for exchanging financial account information and country-by-country reports between the Federal Tax Service (FTS) and foreign tax administrations and establishes requirements for the protection of exchanged information.

The information is exchanged automatically within the deadlines set by Russia's international treaties:

- The multilateral competent authority agreement on the exchange of financial information of 29 October 2014
- The multilateral competent authority agreement on the exchange of country-by-country reports of 27 January 2016
- Other bilateral and/or multilateral treaties.

The documents will be exchanged in the XML format.

Their forms will be established by the FTS.

For the purpose of information exchange, the FTS and other stakeholders are expected to hold consultations in accordance with the applicable treaties.

The Russian Government Resolution will enter into force on 11 May 2018.

[Official Internet Portal for Legal Information](#)

## **Russian State Duma to consider bill on reciprocal measures against USA and other foreign states**

The bill entitles the Russian Government to implement countermeasures in response to the hostile actions of the USA and other foreign states against Russia.

The countermeasures may be implemented if the Russian territorial integrity and security is threatened or its economic destabilisation is attempted by the USA and/or other foreign states.

For the purposes of the bill, 'foreign states' refer to the foreign countries that joined the USA in imposing of the economic sanctions on certain Russian industries, legal entities, and/or individuals, or supported such decisions of other states.

The bill envisages a list of reciprocal measures, including:

- A ban or restriction of import of agricultural produce, raw materials, food, alcohol and tobacco originating from the USA and/or other foreign states

- A ban to entry Russia for particular citizens of the USA/other foreign states
- A termination or suspension of cooperation between the Russian Federation and its legal entities with the entities, directly or indirectly, including through third parties, controlled by a company incorporated in the USA and/or other foreign state that has imposed sanctions on the Russian Federation (through a shareholding exceeding 25 percent), in the nuclear industry, aircraft engineering, and rocket engine manufacturing
- A ban or restriction on the use of technological equipment or software originating from the USA and/or foreign states as per the list approved by the Russian government
- A ban or restriction on the performance of certain types of works (services) by the entities directly or indirectly, including through third parties, controlled by a company incorporated in the USA and/or other foreign state that has imposed sanctions on the Russian Federation (through a shareholding exceeding 25 percent), including consulting, audit and legal services procured for federal and municipal authorities or to particular legal entities
- A ban or restriction on the employment of the US and/or other foreign nationals, including as highly-qualified specialists, in the Russian Federation.

If the USA and/or other countries introduce national treatment envisaged by the international treaties with respect to goods, work, and services originating from the Russian Federation, and/or introduce exceptions from such treatment, the President of the Russian Federation may resolve to apply national treatment with respect to goods, work, and services originating from the above-mentioned countries and/or introduce exceptions from such treatment.

[Official website of the Russian State Duma](#)

## **Bill clarifying terms of ban on tobacco discounts submitted to Russian State Duma**

According to the bill, tobacco retail prices may not be lower than the price caps set by the Russian tax legislation.

The current legislation provides that the minimum retail prices shall be at least 75 percent of the statutory cap, which actually implies a 25-percent discount off the price cap and which is viewed as promoting the tobacco sales.

If adopted, the law will enter into force on 1 January 2019.

[Official website of the Russian State Duma](#)

## **Russian Ministry of Justice determines responsibilities of foreign media qualifying as foreign agents**

In accordance with the Federal Law On Non-Profit Organisations, foreign media qualifying as foreign agents shall:

- Expressly indicate in the materials they issue or distribute, regardless of the form and manner of domestic distribution, that such materials are issued or distributed by a foreign media qualifying as a foreign agent

- Have their annual financial statements audited
- File reports on their activity, management, objectives of their spending, utilisation and disposal of other assets, including those received from foreign sources, and auditor's reports on their annual financial statements with the Ministry of Justice
- Post biannual activity reports online

The documents below must be filed with the Ministry of Justice by way of physical delivery, by mail with a schedule of enclosures attached, or electronically, including via the Ministry's online reporting solutions:

- Reports on activities and management in accordance with Form OIA001 approved by the Ministry of Justice Order No. 50 of 16 April 2013 – by the 15<sup>th</sup> day of the month following the half-year end (15 January, 15 July)
- Reports on the purpose of spending, utilisation, and disposal of property, including the property received from foreign sources, in accordance with Form No. OIA001 – on a quarterly basis, by the 15<sup>th</sup> day of the month following the end of the quarter
- Annual financial statement audit report - annually, by 15 April of the year following the reporting year.

A foreign media is entitled to apply for inclusion in the Ministry's register of foreign media qualifying as foreign agents prior to the start of its activities in Russia.

The criteria for inclusion in and exclusion from the register have also been developed.

Thus, a foreign media can be put on the register by an order of the Ministry of Justice.

[Consultant Plus](#)

### **Russian State Duma to consider amended bill clarifying online information distribution**

The bill sets forth the requirements for owners of social networks and messengers.

The owners of social media and messengers with daily audience across Russia exceeding 100,000 users will be required to:

- Establish a representative office in Russia
- Comply with the online information distributor responsibilities
- Block or delete during 24 hours upon user's request any information that may not be distributed according to criminal or civil laws
- Identify users via their mobile numbers.

The following amendments are proposed:

- To establish a register of social networks and media
- To enable the blocking of social networks and messengers refusing to delete messages containing misrepresentation of information of public importance or distributing information in breach of the law.

If adopted, the law will enter into force on 1 June 2018.

[Official website of the Russian State Duma](#)

### **Russian Government approves roadmap towards streamlining regulation and removal of administrative barriers in automotive industry**

The roadmap contains 75 initiatives aimed at developing and fostering driverless transportation, service telematic platforms, navigation technologies, driver-assistance systems, cyber security technologies, cutting-edge wireless technologies, e-transport technologies, alternative fuel usage and related services.

The document encourages the production of highly-automated transport, sets forth the tax benefits for e-cars and hybrid vehicles, and defines the legal status of big data that will be generated by the automated vehicles.

The roadmap will be implemented gradually during 2018 – 2035.

[Official website of the Russian Government](#)

### **Export controls to go paperless**

The following documents can now be executed electronically:

- Non-recurrent licences issued by the Federal Service for Technical and Export Control (FSTEC) for imports/exports of controlled products and technologies
- The Russian Export Control Commission permits to export controlled products and technologies
- Export/import licence/permit issue, renewal, annulment, suspension or restoration notifications
- Reports by importers/exporters on supplies of licenced products
- Notifications to importers/exporters on approval/denial of re-export of controlled products and technologies
- Suspensions or annulments of issued permits.

[Consultant Plus](#)

### **Russian Ministry of Finance proposes lowering duty-free cap for online purchases**

Resolution of the Eurasian Economic Commission Council No. 107 of 20 December 2017 "On certain matters pertaining to the imports of personal items" enables the EAEU members to set stricter cost, weight, and/or quantity requirements for duty-free imports of certain personal use products.

The Russian Ministry of Finance proposes the following cost, weight, and/or quantity criteria for personal items shipped to the EAEU customs territory (except ethanol, alcohol, beer, and inseparable personal items) or sent by international mail (except inseparable personal items):

- From 1 July through 31 December 2018: up to EUR 500 and/or 31 kg per person per calendar month
- Starting from 1 January 2019: up to EUR 200 and/or 31 kg per person per calendar month.

[Federal Draft Regulations Portal](#)

## **Russian State Duma to consider lifting restrictions on foreign small business participation in Russian SMEs**

In accordance with Article 4 of Federal Law No. [209-FZ](#) of 24 July 2007, to qualify as a small or medium business, an OOO must comply with the capital independence criteria, which requires that the total participation of foreign entities and/or non-SME in the OOO's charter capital shall not exceed 49 percent.

The bill proposes setting forth that the SMEs, in which a foreign small or medium non-offshore company owns more than 49 percent, shall preserve their SME status.

A foreign investor's compliance with the headcount and operating income requirements will be determined based on the auditor's reports.

In light of the above, audit firms will be obliged to annually report to the FTS the list of OOOs with the foreign participation meeting the established requirements as at 1 January of the current calendar year. The list of such companies will be compiled by audit firms based on their analysis of reports filed by the foreign legal entities with the tax authorities of their country of incorporation.

[Official website of the Russian State Duma](#)

## **Central Bank of Russia updates procedure for classifying financial instruments as securities**

The Central Bank of Russia (CBR) classifies foreign financial instruments as securities on the basis of a stakeholder's request and a document made in

accordance with a foreign issuer's national laws, setting forth the rights vested by such foreign financial instruments.

The document approves the format of such request, the filing procedures, the procedure for classifying the financial instruments as securities and for giving notice thereof.

These procedures will apply to the classification of financial instruments that were assigned the ISIN and CFI codes.

The regulation will enter into force 10 months after its official publication.

[Consultant Plus](#)

## **Software used for receiving, processing, and storing CbC reports and MNE notifications and for filing CbC reports with foreign tax administrations to be tested**

The AIS Nalog-3 solution, which automates the receipt, processing, and storage of country-by-country reports and notifications of MNE participation filed by the taxpayers and the exchange of CbC reports with the foreign tax administrations has been soft-launched pursuant to Russian Federal Service Order No.MMB-7-17/175@ of 28 March 2018.

[Garant: Prime](#)

---

## **Court practice**

### **Court permits Telegram blocking**

On 13 April 2018, Taganskiy District Court of Moscow resolved on blocking Telegram across Russia, citing the failure of the latter to perform its obligations of information distributor.

The resolution takes effect immediately.

Access to the service will be restricted until the encryption keys are disclosed to the Russian Federal Security Service.

[TASS News Agency](#)

### **Court sustains customs authority assessment of extra duties on account of underestimation of leased aircraft value**

On 10 April 2018, the Commercial Court of Moscow

Region [settled](#) the dispute between Rusline Airlines (the Company) and the customs authorities over the assessment of additional customs duties following a customs value adjustment.

In 2012, the Company leased an aircraft under a leasing agreement, according to which the aircraft was purchased by a partner bank from a Canadian import-export bank. The Company was making leasing payments for six years and ultimately bought out the aircraft.

According to the customs authorities, the buy-out price in 2012 was understated.

Their position was sustained by the court.

The resolution has not yet been officially published.

[Kommersant](#)

---

## **Clarifications from government bodies**

### **Russian Ministry of Finance clarifies assessment of profit tax and VAT on supplies of goods to Russia with further assembly by foreign entity having no Russian branches**

According to the Ministry, if a foreign entity performs services (works) in Russia, its service revenues will be not be subject to the Russian profit tax unless the services are rendered by the entity's permanent establishment in Russia.

The Ministry has explained that if delivery services

rendered under a supply agreement qualify as an "international carriage" as defined by the provisions of the Russian Tax Code or an applicable tax treaty, the provisions of Sub-Item 8, Item 1, Article 309 and Articles 310 and 312 of the Russian Tax Code shall apply.

A Russian entity, a buyer of goods imported into Russia by a foreign seller, will not qualify as a withholding agent for VAT purposes.

[Consultant Plus](#)



## Russian Ministry of Finance comments on apostille requirements for foreign tax residency certificates

Citing its letters No. [03-08-07](#) of 5 October 2004 and No. [03-08-13](#) of 1 July 2009, the Ministry has advised that an original foreign tax residency certificate issued by a competent foreign authority is a sufficient evidence that a foreign entity is permanently based in a foreign state that Russia has a tax treaty with.

The rule applies even if the tax treaty does not provide for apostilling and legalising such certificates.

The Ministry also noted that the newly signed/amended tax treaties are increasingly dropping the apostilling requirements, which attests to the emerging new standard.

[Consultant Plus](#)

---

## Media review

### Russian Government to support companies sanctioned by US

The support measures to be developed by the government are expected to apply to the Russian energy and metals producers and defence contractors.

[Vedomosti](#)

### Russian Ministry of Industry and Trade updates bill on legalisation of sales of OTC drugs by retailers

According to the updated version, food retailers will not be required to have a pharma licence to sell OTC drugs, but will only have to notify Roszdravnadzor when starting such sales.

The bill also proposes formalising the list of OTC drugs.

It will include 34 categories of pharma products that can be sold in food stores, such as heart medicines, fever and pain relief suppositories, allergy remedies, ear and nose drops, blood transfusion systems, etc.

The document has not yet been officially published.

[Kommersant](#)

### Russian Ministry of Finance rejects beer licensing and labelling initiative

The labelling and licensing requirements now apply to the producers of hard liquor and wines.

The initiative to extend the rules to beer producers has been discussed by the Russian Government since 2017.

The Ministry of Finance proposes establishing a register of producers instead of labelling and licensing beers.

The producers that wish to be put on the register will have to meet the eligibility criteria set by the Federal Service for Alcohol Market Regulation.

[Kommersant](#)

### Russian Ministry of Health recommends against legalisation of sales of OTC drugs by retailers

According to the Ministry, pharmaceutical products must be sold in the certified sales points only to avoid their improper storage and use.

[Kommersant](#)

---

## International taxation news

### OECD releases fourteen additional country profiles containing key aspects of transfer pricing legislation

The OECD has published new transfer pricing country profiles for [Australia](#), [China](#), [Estonia](#), [France](#), [Georgia](#), [Hungary](#), [India](#), [Israel](#), [Lichtenstein](#), [Norway](#), [Poland](#), [Portugal](#), [Sweden](#), and [Uruguay](#).

The new profiles reflect the current transfer pricing legislation and practices of each country.

The profiles of [Belgium](#) and [the Russian Federation](#) have also been updated.

[Official OECD website](#)

# Deloitte publications

## **The Russian State Duma to consider a bill on reciprocal measures against the USA and other foreign states**

A bill enabling the Russian Government to implement reciprocal (counter) measures in response to the hostile actions of the USA and other foreign states towards Russia was submitted to the Russian State Duma on 13 April 2018.

For more details, please refer to Legislative Tracking in Focus of 17 April 20178.

## **Streamlining non-tax charges: incorporation in the Tax Code or a separate law?**

In their effort to put together a uniform list of non-tax charges, the Russian Ministry of Economic Development and Russian Ministry of Finance developed a draft law that would regulate the mandatory payments charged on legal entities and individual entrepreneurs and bring consistency to the non-tax charges framework.

The legislative initiative is meant to improve the business environment and improve transparency of non-tax payments administration. Including the non-tax charges into the Tax Code is another option currently on the table. The draft law that is going through the public hearings now will introduce a number of important developments.

For details, please refer to Legislative Tracking in Focus of [19 February 2018](#).

## **The Customs Code of the Eurasian Economic Union (EEU) enters into force**

The EEU Customs Code (the "Code") entered into force on 1 January 2018 and replaced the Customs Code of the Customs Union.

The Code contains quite a few references to the resolutions of the Eurasian Economic Committee (the "EEC"), thus expanding its authority. Some of the EEC resolutions were enacted together with the Code (e.g. those that regulate the automatic release of goods and introduce the form of application for release of goods prior to filing of customs declaration).

The new Code is intended to considerably simplify the customs formalities and improve the efficiency of cooperation between the customs authorities of the EEU member states, in particular, due to the improvement of electronic document flow systems and implementation of unified customs regulations. At the same time, closer cooperation between the customs authorities of the EEU member states will allow them to analyse the information available (e.g. on customs values of identical/similar goods imported into different EEU member states) and to increase control over the intra-EEU transactions (e.g. via track&trace mechanisms).

For details, please refer to Legislative Tracking in Focus of [6 February 2018](#).

\*\*\*\*\*

We hope that you will find this edition interesting and informative. Should you have any questions on this subject, please do not hesitate to contact us.

Best regards,  
**Deloitte CIS Partners**

# Contacts

## Tax & Legal



**Svetlana Meyer**  
**Managing Partner**  
Tax&Legal, Deloitte CIS  
[smeyer@deloitte.ru](mailto:smeyer@deloitte.ru)



**Gennady Kamyshnikov**  
**Managing Partner**  
Government Relations  
[gkamyshnikov@deloitte.ru](mailto:gkamyshnikov@deloitte.ru)



**Oleg Berezin**  
**Partner**  
Pharmaceuticals  
[oberezin@deloitte.ru](mailto:oberezin@deloitte.ru)



**Oxana Zhupina**  
**Partner,**  
Consumer Products  
[ozhupina@deloitte.ru](mailto:ozhupina@deloitte.ru)



**Yulia Orlova**  
**Partner**  
Metals and Processing  
[yorlova@deloitte.ru](mailto:yorlova@deloitte.ru)



**Vladimir Elizarov**  
**Partner**  
Technology, Media, Entertainment &  
Telecommunications  
[velizarov@deloitte.ru](mailto:velizarov@deloitte.ru)



**Artem Vasyutin**  
**Partner**  
Retail, Wholesale and Distribution  
Tourism and Hospitality  
[avasyutin@deloitte.ru](mailto:avasyutin@deloitte.ru)



**Alexander Sinitsyn**  
**Director**  
Global FSI  
[asinitsyn@deloitte.ru](mailto:asinitsyn@deloitte.ru)



**Tatiana Kofanova**  
**Director**  
Automotive  
[tkofanova@deloitte.ru](mailto:tkofanova@deloitte.ru)

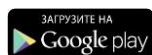


**Alexandra Konova**  
**Director**  
Oil & Gas, Energy & Resources, Mining  
[akonova@deloitte.ru](mailto:akonova@deloitte.ru)



**Yulia Krylova**  
**Director**  
Real Estate  
[ykrylova@deloitte.ru](mailto:ykrylova@deloitte.ru)

## TaxSmart app



## deloitte.ru

### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 244,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.