



LT Digest

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Legislative initiatives

[Bill on countermeasures in response to anti-Russian sanctions passes State Duma's third reading](#)

The updated wording of the bill has been considerably toned down and now offers only 6 countermeasures, to name but a few:

- To terminate or suspend international cooperation
- To ban or restrict imports of products/raw materials (to be determined by the Government)
- To ban or restrict exports of products/raw materials (to be determined by the Government)
- To ban or restrict participation in government procurement
- To ban or restrict the participation in the privatisation of federal or municipal property
- Other measures as may be resolved by the President of the Russian Federation.

The measures suggested in the new version are more general and do not refer to any particular products/works/services.

[Bill on countermeasures in response to anti-Russian sanctions passes State Duma's third reading](#)

[Bill on criminal prosecution for compliance with anti-Russian sanctions: first reading passed](#)

[Criminal prosecution for implementation of anti-Russian sanctions: Russian State Duma to take up bill on specifics of criminal process](#)

[Russian State Duma to consider another bill on government monopoly on production and distribution of ethanol, liquor, ethanol-based products](#)

[Russian Emergency Ministry to reform fire supervision procedures](#)

[Concept of federal programme for development of domestic and international tourism in Russia for 2019-2025 approved](#)

[Penalties for non-repatriation of foreign earnings may be cancelled for sanctioned companies](#)

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[OECD releases decisions on new preferential regimes of BEPS Inclusive Framework Members](#)

The bill expressly sets forth that the measures will not apply to the vital drugs that have no Russian equivalents.

The measures may be applied to the USA and other hostile states, companies incorporated in such states or entities directly or indirectly, through a shareholding exceeding 25 percent, controlled by such companies, if such companies, their officials, and other individuals are implicated in the imposition of sanctions on the Russian Federation.

For more details on the original version, please refer to LT in Focus of [17 April 2018](#).

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

Bill on criminal prosecution for compliance with anti-Russian sanctions: first reading passed

According to the bill, any action (lack of action) leading to the restriction or denial of regular business transactions to Russian citizens, companies, regions, municipalities, and their affiliates for the purposes of complying with anti-Russian sanctions will be prosecuted.

A regular business transaction will mean an execution of a contract, which, by virtue of applicable legislation, must be entered into with any requesting party (contract of adhesion), or a discharge of continuing obligations, or other actions that commonly cannot be rejected based on the nature of a counterparty's business, such as opening bank accounts, making and accepting payments, entering into security transactions, etc.

The above-mentioned breaches will be punishable with a fine of up to RUB 600,000 or in the amount of a convict's salary/other income for the period of up to four years, or community service for the period of up to four years, or imprisonment for up to four years coupled with a fine of up to RUB 200,000, or such convict's salary/other income for up to one year, or without such fine.

The facilitation of anti-Russian sanctions will be punishable by a fine of up to RUB 500,000 or in the amount of a convict's salary/other income for the period of up to three years, or community service for the period of up to three years, or imprisonment for up to three years coupled with a fine of up to RUB 200,000 or in the amount of such convict's salary/other income for up to one year, or without such fine.

Such punishable actions may include providing recommendations and disclosure of information that "led or could have led to the imposition of restrictive measures on Russian individuals, public authorities or officials, and their controlled entities".

The second hearing of the bill was postponed (originally was scheduled for 17 May 2018), the new date of the reading has not yet been appointed.

[It has been noted](#) that the document will be additionally discussed with the business community and experts, who disapproved of the initiative.

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

Criminal prosecution for implementation of anti-Russian sanctions: Russian State Duma to take up bill on specifics of criminal process

According to the bill, offences envisaged by the new Article 284² "Restriction or rejection of regular business operations or transactions in pursuance of sanctions imposed by a foreign state, alliance of foreign states, or an international organisation" of the Russian Criminal Code are excluded from competence of the justice of the peace and shall be investigated by the Russian Investigation Committee or a law enforcement body that discovered the offence.

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

Russian State Duma to consider another bill on government monopoly on production and distribution of ethanol, liquor, ethanol-based products

The proposals calls for introducing the monopoly since 1 January 2020.

In 2016, Bill No. [1031799-6](#) was submitted to the Russian State Duma; it also proposed establishing the government monopoly on the production and distribution of liquor.

The dedicated Duma's committee suggested that the bill be turned down; the hearing of the bill has been postponed several times and has not yet taken place.

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

Russian Emergency Ministry to reform fire supervision procedures

According to the initiative, fire supervision will focus on buildings rather than their operators (legal entities or sole traders).

Fire safety checks must not be planned and, if necessary, will be carried out without property owners.

Fire drills must be held on a quarterly basis and involve the Emergency Ministry officers; fire supervision authorities must be engaged in the expert review of building designs, issue of construction permits, and commissioning of densely populated buildings.

Fire safety systems must be licensed by the Emergency Ministry, which will also have the authority to revoke the licenses.

The changes are expected to enter into force on 1 January 2019.

[Federal Draft Regulations Portal](#)

Concept of federal programme for development of domestic and international tourism in Russia for 2019-2025 approved

The concept approved by Russian Government Resolution No. 872-r of 5 May 2018 sets forth the

following objectives:

- To boost the comprehensive development of tourism cluster infrastructure by priority tourism segments
- To train and develop personnel in the tourism industry
- To promote Russia as a travel destination globally and domestically

- To incentivise business and private initiatives by extending subsidies and grants
- To build and develop industry's information and communication infrastructure

[Official website of the Russian Government](#)

Media review

Penalties for non-repatriation of foreign earnings may be cancelled for sanctioned companies

The Russian Government has approved the proposal to cancel penalties for non-repatriation of export earnings for sanctioned companies and to reduce the penalty size for all other companies.

The proposed amendments have not yet been officially published.

[Vedomosti](#)

Companies may be allowed not to disclose their shareholders and executives

The Russian Ministry of Economic Development has developed a bill permitting the major companies to hold in confidence certain information (to be approved by the government).

The measure is expected to help the systemically important organisations and their managers avoid sanctions.

The draft has not yet been officially published.

[Izvestiya](#)

Russian Ministry of Transport calls for zeroing VAT for regional flights

The initiative has been introduced to comply with the presidential assignments on fostering regional air service.

The Russian Ministry of Finance said it had not yet received any specific proposals from the Ministry of Transport.

[Kommersant](#)

New SPICs with car and agricultural machine manufacturers approved

On 15 May 2018, the Interdepartmental Committee in charge of assessing the SPIC viability resolved to support three investment projects:

- A trilateral SPIC between the Russian Ministry of Industry and Trade, PAO Kamaz, and OOO Daimler Kamaz Rus, aimed at fostering the production of KAMAZ and Mercedes-Benz models and modernisation of production capacities
- The Isuzu Sollers project, establishing the production of UAZ and ISUZU vehicles (chassis) at OOO Isuzu Sollers plant in Ulyanovsk Region
- The OAO Kovron Electromechanical Plant project to roll out the domestic production of multifunctional Drawbar 1 ANT 4135F wheeled tractors (which are currently not produced in Russia).

[Official website of the Russian Ministry of Industry and Trade](#)

Initiatives to establish offshore zones in Russia

Speaking at the St. Petersburg Legal Forum, Prime Minister Dmitry Medvedev reaffirmed the plan to establish special administrative regions enjoying a special legal status and tax regime in Primorskiy Kray and Kaliningrad Region (islands Russkiy and Oktyabrskiy).

[Vedomosti](#)

International taxation news

OECD releases decisions on new preferential regimes of BEPS Inclusive Framework Members

The release sets out the updates to the results for preferential regime reviews. For more details, please refer to [Deloitte tax@hand](mailto:Deloitte_tax@hand).

[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 2018](#).

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

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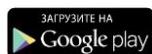


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