



LT Digest

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Legislative initiatives

Draft law on tax-free regime passes State Duma's first reading

For more details about the content of the draft, please refer to LT from [29 November 2016](#) and [29 March 2017](#).

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

Russian State Duma Legislative Committee approved draft law on online sales of medical drugs

The draft proposes permitting licensed pharmacies to sell non-prescription drugs online.

The e-shops selling prescription drugs will be included in the register of domain names, web pages, and IP addresses, enabling the identification of websites that distribute banned information.

[Official website of the Russian Government](#)

[Draft law on tax-free regime passes State Duma's first reading](#)

[Russian State Duma Legislative Committee approved draft law on online sales of medical drugs](#)

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[CBR to audit top banks](#)

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Russian Government issues official opinion on draft law on remote identification of bank customers

In particular, the government proposes the following changes:

- To introduce security requirements for the biometric personal data in the to-be-established information system at all stages of customer journey and liability for breaching them
- To entitle the banks to hold supplementary video conferences with individuals that wish to open an account with them to enable the identification or validation of the required information on the identified person
- To identify and assess the remote identification risks

The government supports the draft subject to its adjustment according to the issued opinion.

For more details about the content of the draft, please refer to LT Digest, [24 – 30 April 2017](#).

[Official website of the Russian Government](#)

Russian Ministry of Finance updates draft law on online sales of alcohol

The updated version entitles the producers and wholesalers to sell alcohol (irrespective of the alcohol content by volume) online, starting from 1 January 2018, while the retailers and restaurant owners will be admitted to the Internet sales only from 1 January 2021.

The online sales of alcohol will be a separately licensed activity, however, the online sellers of beers, cider, perry, and mead will enjoy certain concessions: they will be put on a special registry and will not need licences to sell their products.

The retail sales of alcohol on the Internet will be permitted only via the websites in the .egais.ru domain: a domain name of the website will be indicated in the licence or recorded in the registry of online sellers of beer, cider, perry, and mead.

[Federal draft legislation portal](#)

Media review

Russian Ministry of Finance proposes enabling regions to extend federal tax benefits

The Ministry calls for breaking the federal tax benefits into categories by duration (e.g. five, three years, one year).

Once the statutory tax benefit term expires, the regional authorities would decide whether they are to be extended.

Russian Ministry of Finance to pilot tobacco product labelling

The piloted is scheduled for 15 January to 31 December 2018, participation is voluntary.

The decision whether the labelling of tobacco products should be mandatory for fiscal purposes and replace excise stamps will be made based on the pilot's results.

The pilot guidelines will be developed by 10 November 2017.

[Federal draft legislation portal](#)

Draft regulation on creation of government healthcare database

The database will comprise a federal register of medical providers, federal electronic medical records desk, consolidated electronic medical record data, and specialised patient registries. It will also contain statistics and analytics on monitoring and control of federal and municipal procurement of medical drugs.

If adopted, the document will enter into force on 1 January 2018.

As a reminder, the Federal Law "On Telemedicine" was signed by the President of Russia on 29 July 2017 (for more details, please refer to LT in Focus of [2 August 2017](#))

[Federal draft legislation portal](#)

Moscow Regional Duma preserves tax benefits for movable property

The draft law preserving tax benefits for movable property recognised as fixed assets as of 1 January 2013 passed all three readings of the Moscow Regional Duma on 21 September 2017.

The tax benefits can be applied during three years starting from 1 January 2018 to 1 January 2021.

Moscow Region is the first region to resolve on keeping the tax benefit.

[Official website of the Moscow Regional Duma](#)

A similar initiative was implemented last year with respect to the movables tax benefits. This year, the similar proposal applies to facilities of the High energy efficiency class (please refer to LT Digest, [11 – 17 September 2017](#)).

The text of proposal has not been published yet.

[Vedomosti](#)

Russian Government to raise excise tax on fuel

The decision was made at the Government's budget meetings.

The increase is expected to be implemented in two steps: by RUB 0.5/l starting from 1 January 2018 and 1 July 2018.

A relevant draft law has not been officially released yet.

[Vedomosti](#)

Initiative to raise excise tax on passenger cars

According to the explanatory memo to the 2018-2020 federal budget [blueprint](#), the brackets of Russian excise tax charged based on engine capacity can be expanded starting from 2018.

There are currently three categories of car engines; the third category covers engines producing 150 horsepower subject to an excise tax of RUB 420 per litre (vs. RUB 437 in 2018).

The initiative proposes adding four more categories to the scale: cars with a horsepower of 200–300, 300–400, 400–500, and above 500 subject to an excise tax of RUB 897, 925, 965 and 1,084 respectively.

[Vedomosti](#)

Potential indexation of recycling duty

The federal budget blueprint for 2018-2020 provides for the indexation of recycling fees for wheeled and self-propelled Russian and foreign vehicles.

Thus, the duty may grow by 15 percent starting from 1 January 2018.

The federal budget blueprint has not been officially published yet.

[Vedomosti](#)

Initiative to charge VAT on purchases from foreign e-stores

The Russian Association for Electronic Communications has called for the introduction of VAT on purchases made from foreign online retailers.

The initiative that was previously put forward and is currently supported by the Russian Ministry of Finance.

VAT is planned to be integrated into the bill, therefore, no return filing or separate tax payments will be required.

[Rossiyskaya Gazeta](#)

Draft order refining forms and types of medical care to be rendered using telemedical technology developed

The National Telemedicine Association has developed [a draft](#) order of the Russian Ministry of Health that

describes the functions of telemedicine operators and proposes stipulating the guarantees of patient's rights and legal remedies for doctors.

In particular, online operators will be able to accept payments for medical services and retain commission, but will be liable to a medical provider for the quality and timeliness of information receipt and transmission.

Damages to patients' life and health resulting from telemedical care will be indemnified by medical providers. At the same time, the latter will not be held liable if the medical care was of poor quality or rendered with a delay or could not be rendered at all due to the telemedicine technology failure.

The remote medical care can only be rendered subject to the identification and authentication of doctors and patients.

As a reminder, the Federal Law "On Telemedicine" was signed by the President of Russia on 29 July 2017 (for more details please refer to LT in Focus of [2 August 2017](#))

[Kommersant](#)

Russia to get digital economy fund

The fund is designed as a financing tool for the [Digital Economy](#) program (for more details, please refer to LT Digest, [3 – 9 July 2017](#)).

The program covers five priority areas focusing on statutory regulation, education, human resources, research competencies, IT infrastructure and cyber security.

The fund's budget may be sourced from the telecom operators' payments for radio frequencies assigned to them.

[Rossiyskaya gazeta](#)

CBR to audit top banks

Elvira Nabiullina, Chairman of the Central Bank of Russia, announced at the Rossiya Association's XV International Banking Forum that by 1 November 2017 all banks with assets worth over RUB 500 billion must report to the CBR on their risk management and capital adequacy assessment procedures.

By the end of 2017, the CBR will perform a complete audit of these procedures, assessing their quality, the banks' risk management and capital planning processes, and their adequacy for covering all assumed and potential risks. If a bank is found to have inadequate capital for covering the assumed risks or poor risk management procedures, its individual capital requirements will be raised.

All other credit institutions are to be audited against the same parameters next year.

[Official Russian Central Bank website](#)

International legislation news

OECD releases research on tax liability, legal remittance and tax incidence

This paper examines the role of businesses in the tax system as taxpayers, withholding agent and remitters of tax on behalf of others.

[Official OECD website](#)

Deloitte publications

The allocation of advertising expenses between related functional entities imply significant tax risks

On August 21, 2017, the first instance Commercial Court of Lipetsk Region delivered a [judgment](#) in a rather unusual tax dispute over allocation of marketing expenses between a producer and a distributor.

The court has ruled in the tax authority's favour acknowledging that the producer's strategic marketing expenses had been actually incurred for the benefit of the related distributor that had also acted as the sole executive body.

The court held that the producer had rendered free-of-charge marketing services to the distributor, denied the deductibility of respective expenses and assessed VAT on those services.

Read on for a detailed review of the dispute and the analysis of an unconventional approach applied by the tax authorities in the Legislative Tracking in Focus of [28 September 2017](#).

OECD releases additional CbC guidance

On 6 April 2017, the Inclusive Framework on BEPS released [additional guidance](#) on implementation of Country-by-Country reporting by multinational enterprises.

The guidance clarifies what data should be included in the CbC report. For details, please refer to Legislative Tracking in Focus of [8 September 2017](#).

Special issue of LT in Focus for Japanese companies and their Russian branches

On 7 September 2017, the new Double Tax [Convention](#) between Russia and Japan was signed. The document is still subject to ratification by both parties, meanwhile, at the best case scenario it could be enacted starting from 1 January 2018.

Double taxation matters between Russia and Japan are currently regulated by the Double Tax [Convention](#) signed by the USSR and Japanese governments in 1986. Read on for an overview of the key changes and their

implications for the business in the Legislative Tracking in Focus of [4 September 2017](#).

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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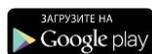


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