



## LT Digest

### Be in the know

#### Legislative initiatives

##### **President of Russian Federation signs package of laws on capital amnesty and extension of tax-exempt CFC liquidation**

The packages includes:

- Federal Law No. [33-FZ](#) of 19 February 2018 on capital amnesty
- Federal Law No. [34-FZ](#) 19 February 2018 on the extension of tax-exempt CFC liquidation
- Federal Law No. [35-FZ](#) of 19 February 2018, granting immunity from criminal prosecution to capital amnesty participants for offences committed before 1 January 2018.

*Official Internet Portal for Legal Information*

##### **Finalised bill legalising online sale of alcohol released**

The updated version refines the timeline of legalisation.

Thus, the online sale of wines/sparkling wines with protected designation of origin (**PDO**) and protected geographical indication (**PGI**), as well as beer, cider, perry, and mead will be permitted in 2019.

[President of Russian Federation signs package of laws on capital amnesty and extension of tax-exempt CFC liquidation](#)

[Finalised bill legalising online sale of alcohol released](#)

[Moscow keeps property tax relief for movables in 2018](#)

[Copyright-infringing websites may be blocked without court injunction](#)

[Bills to streamline regulation of disability hiring quotas developed](#)

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[Russian Ministry of Finance clarifies applicability of "look-through" approach where dividends owned by Russian individuals are paid to BVI resident](#)

[Russian Ministry of Finance clarifies applicability of look-through approach to payment of dividends to Cypriot resident via another foreign company](#)

[Russian Federal Tax Services clarifies tax treatment of assignment of dividend rights under Russia-Mongolia tax treaty](#)

[Russian Federal Tax Service \(FTS\): more initiatives to support Russian exporters](#)

[Rostelecom develops biometric identification system](#)

[Russian Ministry of Finance proposes exempting individuals from PIT on FX gains from Russian eurobonds](#)

[Russian Ministry of Labour to develop bill on electronic employment record books](#)

[Duty-free ceiling for online purchases to be lowered](#)

[Central Bank of Russian to launch marketplace for bank and insurance products](#)

[Russian Ministry of Construction proposes easing down on developers using escrow accounts](#)

[OECD releases analysis of corporate loss carry over](#)

[OECD releases consultation document on misuse of residence by investment schemes](#)

**Starting from 1 January 2020**, all alcohol products can be sold online; however, the stores that have a retail licence only will not be licensed for online sales until **1 January 2022**.

Before **1 January 2021**, only the companies whose production equipment is registered in the relevant state register will be authorised to sell beer, cider, perry, and mead online.

For more details, please refer to LT Digest's of [31 July - 6 August 2017](#), [18 - 24 September 2017](#) and [13 - 26 November 2017](#).

[Federal draft legislation portal](#)

### **Moscow keeps property tax relief for movables in 2018**

[Official Moscow Duma website](#)

### **Copyright-infringing websites may be blocked without court injunction**

The Russian Ministry of Culture developed amendments to the Federal Law "On Information, Information Technologies and Data Protection", regulating the protection of copyright and/or related rights to online content and obliging website owners to post their contact information so that the right holders could submit copyright takedown notices. If a website owner is unwilling to cooperate or the takedown request is not addressed within 24 hours, the copyright holder may seek a website restriction from the hosting provider.

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## **Clarifications from government bodies**

### **Russian Ministry of Finance clarifies applicability of "look-through" approach where dividends owned by Russian individuals are paid to BVI resident**

According to the Ministry, if construed strictly, provisions of the Russian Tax Code (Item 1.1, Article 312) may apply to a foreign recipient of Russian-sourced dividends, resident in a state that Russia has no tax treaty with, that acknowledges its non-ownership of such income.

Therefore, the rates set for individuals by Item 1, Article 224 of the Russian Tax Code may apply to dividends, beneficially owned by a Russian individual and paid to a BVI resident, subject to the confirmation of the Russian resident's beneficial ownership.

[Consultant Plus](#)

### **Russian Ministry of Finance clarifies applicability of look-through approach to payment of dividends to Cypriot resident via another foreign company**

A taxpayer sought clarifications of the tax treatment of dividends payable to a foreign founder that were received by a Cypriot company, holding an indirect interest in a Russian company.

The Ministry explained that the Russia-Cyprus tax treaty can be applied under the circumstances subject to the submission of the following documents required by the Russian Tax Code:

- Documents evidencing that the direct foreign shareholder is not the beneficial owner of the income
- Information on the person receiving the income (indicating the ownership interest and confirming a

If the latter disregards the request, the copyright holder may apply to Roskomnadzor to initiate the standard website restriction procedure.

[Federal draft legislation portal](#)

### **Bills to streamline regulation of disability hiring quotas developed**

According to the proposals, labour inspectorates will be authorised to oversee compliance with the statutory disability employment quotas.

Non-compliant employers will be **obliged** to pay a compensation of at least RUB 7,800 per month to the disability employment fund (the exact amount will be determined by the regions).

On top of the above, the bills also **propose** higher penalties for such non-compliant employers (from RUB 100,000 to RUB 500,000).

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

[Federal draft legislation portal](#)

### **Switching tax inspectorate will no longer require fiscal reconciliation**

According to the Russian Federal Tax Service, taxpayers switching tax inspectorates will not be required to have their tax payments reconciled.

[Garant: Prime](#)

direct participation in the foreign shareholder and indirect participation in the Russian company)

- A tax residency certificate

Interestingly, the Ministry commented only on the applicability of a lower tax rate envisaged by Sub-paragraph "b", Paragraph 2, Article 10 of the tax treaty (10 percent), but said nothing about the five-percent rate envisaged by Sub-paragraph "a", Paragraph 2, Article 10 of the treaty that requires a direct capital investment in a dividend-paying company of at least EUR 100,000. It implies that if the look-through approach is applied, the direct investment provision of the tax treaty will not be deemed complied with.

[Consultant Plus](#)

### **Russian Federal Tax Services clarifies tax treatment of assignment of dividend rights under Russia-Mongolia tax treaty**

A Russian company assigned its rights to dividends accrued by its Mongolian subsidiary to another Mongolian company.

The question concerned the tax treatment of capital gains from such assignment of rights.

According to the regulator, such capital gains shall be treated as dividends and taxed at a 13-percent rate envisaged by Sub-Item 2, Item 3, Article 284 of the Russian Tax Code or, subject to certain conditions, at a zero rate as per the participation exemption rules set forth in Sub-Item 1, Item 3, Article 284 of the Russian Tax Code.

[Garant: Prime](#)

## Media review

### Russian Federal Tax Service (FTS): more initiatives to support Russian exporters

Speaking at the XVII Russian Investment Forum, Deputy Head of the FTS Dmitry Satin said the FTS was working with the customs authorities to simplify the verification of a zero VAT on exports.

In particular, the following changes are proposed:

- To allow the e-stores that sell and ship products internationally to file only CN 23 declarations stamped by the customs authorities
- To allow the taxpayers that file electronic tax registers to submit customs declarations without stamps confirming product exportation from Russia
- To introduce pre-stamped electronic declarations for rail carriers and forwarders
- To release exporters supplying goods to the EAEU countries from an obligation to submit transportation documents on top of declarations (an electronic register of applications for product importation and payment of indirect taxes will be considered sufficient)

[Official Russian Federal Tax Service website](#)

### Rostelecom develops biometric identification system

The system is now ready for integration with the IT systems of the banks participating in the pilot.

The solution will be further applied in public services, healthcare, education, retail, and other industries.

Personal data will be stored on protected servers, while the system itself will be attested and certified against the Russian Security Service requirements.

The digital platform is located in Rostelecom's protected cloud infrastructure accessed by the banks via special electronic interfaces.

The single biometric system is planned to go live in Russia on 1 July 2018.

A fee of RUB 200 will be charged for access, half of the amount payable to the bank that collected the biometrics and the other half distributed among other stakeholders (platform operators, public services portal, and technology providers).

Data collection and remote client identification processes are now being tested by 20 banks.

[RBCdaily](#)

### Russian Ministry of Finance proposes exempting individuals from PIT on FX gains from Russian Eurobonds

A bill granting the exemption is being developed by the Ministry of Finance.

According to the document, gains from Russian sovereign eurobonds denominated in a foreign currency will be accounted for PIT purposes at an exchange rate applicable as of the date of purchase of all bonds issued after 1 January 2018.

The document has not yet been officially published.

[Vedomosti](#)

### Russian Ministry of Labour to develop bill on electronic employment record books

According to Deputy Minister of Labour and Social Security Lyubov Eltsova, the new regulation will cover HR paperwork administration, electronic employment record books, and an electronic supervision mechanism.

The electronic employment record book will be designed as an employment history database and will accumulate data transferred by employers to the Russian Pension Fund.

The new system is expected to be launched in 2020.

[Rossiyskaya gazeta](#)

### Duty-free ceiling for online purchases to be lowered

All purchases from foreign e-stores worth above EUR 500 (starting from 2019) and EUR 200 (starting from 2020) will be subject to a 15-percent customs duty that will be embedded in the price.

An authorised operator to sign contracts with e-stores and arrange the duty transfer mechanism will be selected in 2018.

[RIA Novosti](#)

### Central Bank of Russian to launch marketplace for bank and insurance products

Starting 2019, individuals will be able to remotely open a deposit, take out a loan or purchase insurance, using the CBR's new platform.

[Izvestiya](#)

### Russian Ministry of Construction proposes easing down on developers using escrow accounts

In particular, the proposal calls for exempting the developers that attract co-investments via escrow accounts from paying contributions to the compensations fund.

Other options have also been put on the table, such as removing the limitation on the number of building permits per company.

[Kommersant](#)

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## International taxation news

### OECD releases analysis of corporate loss carry over

The OECD has published a technical paper analysing the impact of corporate loss carryover provisions on tax

symmetry across 34 OECD members and non-member states.

[Official OECD website](#)

**OECD releases consultation document on misuse of residence by investment schemes**

The [document](#) assesses how these schemes are used to circumvent the Common Reporting Standard requirements.

It also identifies the types of schemes that present a high risk of abuse and explains next steps the OECD will undertake to further address the issue.

[Official OECD website](#)

# Deloitte publications

## **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](#).

## **Federal Law on Tax Free in Russia signed**

On 27 November 2017, the President of the Russian Federation signed a [federal law](#) (the "Law") that sets forth the key principles of the tax-free system in Russia. According to the Law, citizens of foreign non-EAEU states will be entitled to a refund of VAT paid on the purchases made in Russian retail stores, provided the purchased goods are then moved outside the EAEU customs territory.

The new regime is primarily aimed at boosting the retail sales and fostering tourism. Tax-free was discussed for quite a while in Russia, but never made it into the legislation until recently. Now the implementation is expected in 2018.

Read on for an overview of the key provisions of the Law and opinions of Deloitte's specialists, who were actively involved in the development of the Russian tax-free system, on its systemic impact on the Russian retail industry and the economy in general.

For details, please refer to Legislative Tracking in Focus of [8 December 2017](#).

## **Changes in VAT law: electronic services; payers of unified agricultural tax; "5% rule" for input VAT allocation; zero VAT rate for international transportation, freight forwarding services and re-export of goods; and more**

Federal Laws No. 335-FZ and No. 350-FZ, introducing amendments to Parts One and Two of the Russian Tax Code and setting forth, in particular, the new rules for

accounting for and payment of VAT with respect to certain transactions, were officially published on 27 November 2017.

Some amendments will enter into force starting from 1 January 2018, some – from 1 January 2019.

For details, please refer to Legislative Tracking in Focus of [30 November 2017](#).

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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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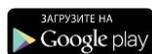


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## TaxSmart app



## [deloitte.ru](https://deloitte.ru)

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