



## LT Digest

### Be in the know

#### Legislative initiatives

##### [Standard agreements on automatic exchange of financial information and country-by-country reports approved](#)

Relevant amendments were introduced to Resolution of the Russian Government No. [805](#) of 14 August 2014 "On Signing Agreements on Information Exchange in Tax Matters".

The legislators have also defined the factors enabling pro-active information exchange (other than requested), e.g., when there are reasons to believe that the other country is to face potential tax losses or if a decrease in taxes payable may result from the intentional profit shifting within a group of companies.

[Official website of the Russian Government](#)

##### [Bill on transferring certain corporate property and land tax benefits to regions developed](#)

Starting from 1 January 2019, the following tax benefits will be delegated to the regions:

- Property and land tax benefits for residents of special economic zones (SEZ) (Item 17, Article 381 and Sub-Item 9, Item 1, Article 395 of the Russian Tax Code)

[Standard agreements on automatic exchange of financial information and country-by-country reports approved](#)

[Bill on transferring certain corporate property and land tax benefits to regions developed](#)

[Banks with revoked licenses may not be required to treat loan loss provisions as non-operating income](#)

[Moscow suspends corporate movables tax for 2018](#)

[St. Petersburg to introduce tax benefits for SPIC participants](#)

[Text of Presidential address to Federal Assembly released](#)

[Russian Federal Tax Service releases public declaration of tasks and objectives for 2018](#)

[Russian Ministry of Finance unveils plans on gradual transition to accounting alcohol in USAIS on a piece-by-piece basis](#)

[Central Bank of Russia \(CBR\) approves formats of e-documents used for currency controls purposes](#)

[Russian Federal Tax Service sets forth criteria for regional tax administration of large taxpayers](#)

[Russian Federal Tax Service \(FTS\) clarifies certain aspects of deductibility of interest-free loans for tax purposes](#)

[Russian Ministry of Finance clarifies VAT treatment of conference, forums and other event management services rendered by foreign entity to Russian entity](#)

[Russian Ministry of Finance clarifies applicability of participation exemption in case of change of corporate form](#)

[Russian Federal Tax Service \(FTS\) reminds of second round of capital amnesty starting from 1 March 2018](#)

[Tax and customs authorities: consolidation cancelled](#)

[Russian Ministry of Communications and Media calls for creating crypto exchange](#)

[Center for Strategic Development calls for customs administration reform](#)

[Rosselkhoznadzor lifts ban on imports of certain Turkish agricultural produce](#)

[Russia suspends ban on import of dairy products from Belarus](#)

[European Commission plans EU-wide tax crackdown on tech giants](#)

- Property and land tax benefits for shipbuilding companies-residents of industrial production SEZ (Item 22, Article 381 and Sub-Item 11, Item 1, Article 395 of the Russian Tax Code)
- Property and land tax benefits for residents of free economic zones (Item 26, Article 381 and Sub-Item 12, Item 1, Article 395 of the Russian Tax Code)
- Property tax benefits for SEZ management companies that recognize immovable property created for the purpose of implementing SEZ agreements as fixed assets (Item 23, Article 381 of the Russian Tax Code).

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

### **Banks with revoked licenses may not be required to treat loan loss provisions as non-operating income**

A respective bill was submitted to the Russian State Duma.

The bill proposes that the loan loss provision balance as of the date of a license revocation will be used in a manner established by the Central Bank of Russia.

If adopted, the document will apply starting from 1 January 2018.

Until now, the courts tended to support the tax authorities in treating the loan loss provisions of banks with licenses revoked as income (e.g. cases No. [A40-52321/-438](#), [A40-31152/2016](#), [A40-42312/2017](#)).

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

### **Moscow suspends corporate movables tax for 2018**

The relevant law was officially published.

[Official Moscow Duma website](#)

### **St. Petersburg to introduce tax benefits for SPIC participants**

A bill adopted in the first reading proposes the following incentives:

- A five-year tax exemption on real estate that the SPIC participants invested at least RUB 300,000 in and a share of revenues from SPIC products of at least 70 percent
- A 13.5-percent rate on a regional profit tax component (12.5 percent for 2018-2020) subject to the SPIC investment of at least RUB 750 million and a share of revenues from SPIC products of at least 70 percent
- A zero tax rate on the regional tax component for specific types of businesses (production of pharmaceuticals, electric supplies and motor vehicles stc) subject to the minimum investment of RUB 750 million and the share of revenues from such products of at least 90%.

If adopted, the law will apply retrospectively starting from 1 January 2017.

[Official website of St. Petersburg Legislative Assembly](#)

### **Text of Presidential address to Federal Assembly released**

The President of the Russian Federation has given the following assignments:

- To refine the calculation procedures for private property tax and cadastral property value (which shall not exceed the market value)
- To gradually shift from co-investment into construction projects by individuals to project financing with risks borne by developers and banks
- To establish a single EAEU market for electricity, oil, petroleum products, and gas; to ensure the harmonisation of financial markets and alignment of the customs authorities efforts; to implement the greater Eurasian partnership project
- To reduce the share of the state in the Russian economy
- To simplify tax reporting for businesses using cash register equipment

[Garant: legislative tracking](#)

### **Russian Federal Tax Service releases public declaration of tasks and objectives for 2018**

The following priorities have been set for 2018:

- To improve the efficiency of using the tax administration tools, including the development of risk analysis and remote automated control and monitoring systems, and the mechanisms fostering cooperation with large taxpayers (pricing agreements and enhanced information exchange agreements)
- To settle more disputes out of court, including through creation of easy-to-use services to improve taxpayer communications with the tax authorities
- To improve the efficiency of collecting tax, duty, and social contribution debts and mitigate future debt risks
- To efficiently apply bankruptcy proceedings to collect tax debts and to prevent using bankruptcy for tax evasion
- To improve the quality of taxpayer services
- To optimise incorporation procedures for legal entities and sole traders, including through digital services
- To streamline controls over residents' and non-residents' currency transactions; to set up and monitor reports on new accounts(deposits) with foreign banks and operations on them
- To automate the currency controls procedures

[Official Russian Federal Tax Service website](#)

### **Russian Ministry of Finance unveils plans on gradual transition to accounting alcohol in USAIS on a piece-by-piece basis**

The Ministry views it as an advancement of the USAIS and a measure that will help identifying sources of counterfeits.

According to the [Guidelines on introduction of piece-by-piece accounting in USAIS](#), the initiative will be implemented starting from 1 July 2018.

[Consultant Plus](#)

## Central Bank of Russia (CBR) approves formats of e-documents used for currency controls purposes

The CBR Guidelines No. [181-I](#) of 16 August 2017 introducing new rules for reporting on foreign exchange transactions enter into force on 1 March 2018.

The Guidelines repeal the requirement to submit transaction passports introducing instead the bank registration of contracts under unique numbers and the maintenance of electronic bank control records.

[Consultant Plus](#)

## Russian Federal Tax Service sets forth criteria for regional tax administration of large taxpayers

Specifically, the following changes have been introduced:

- The NAV threshold of RUB 20 billion and the total

limit of federal taxes and duties of RUB 1 billion were excluded

- The regional tax administration regardless of the set criteria can be ordered by the Russian Federal Tax Service

The applicability of new large taxpayer criteria set by FTS Order No. [MMB-7-7/1083@](#) of 25 December 2017 was clarified.

Starting from 12 February 2018, the new provisions will apply to the companies registered by Interregional Tax Inspectorate No. 8 in charge of large taxpayers as well as to the companies that, in view of the updated criteria, will be subject to the new tax administration requirements.

[Consultant Plus](#)

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## Clarifications from government bodies

### Russian Federal Tax Service (FTS) clarifies certain aspects of deductibility of interest-free loans for tax purposes

The FTS has reminded that starting from 1 January 2017, interest-free loan transactions between related parties that are residents of or are registered in Russia will be deemed uncontrolled.

A lender will not be generating taxable interest income.

At the same time, the Russian Ministry of Finance has noted that other income generated from such transactions can potentially be taxed on a case-by-case basis depending on the economic substance and underlying factors, though it has not specified which type of income that is.

As for material gains received by interest-free loan borrowers, the Ministry previously expressed its [opinion](#) on the matter stating that such income was not envisaged by Chapter 25 of the Russian Tax Code.

The regulator may have meant the more complicated scenarios, though, like the reclassification of interest-free loans into gratuitous property contribution, investment or dividends. There are already a number of court orders on the matter. Thus, for instance, in case No. [A60-39009/2016](#) a tax inspectorate attempted to qualify an interest-free loan as free-of-charge receipt of funds, while in case No. [A51-25978/2016](#) a tax inspectorate successfully challenged the deductibility of foreign exchange gains under an interest-free foreign currency loan qualified as investment.

[Garant: Prime](#)

### Russian Ministry of Finance clarifies VAT treatment of conference, forums and other event management services rendered by foreign entity to Russian entity

According to the regulator, given the provisions of [Sub-Item 5, Item 1, Article 148 of the Russian Tax Code](#), the services will be deemed supplied at a provider's location and hence will not be subject to the Russian VAT.

The letter implies that in the opposite situation where the event management services are rendered by a Russian company to a foreign entity, the services will be deemed supplied in Russia and will be subject to the Russian VAT.

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### Russian Ministry of Finance clarifies applicability of participation exemption in case of change of corporate form

According to the Ministry, company restructuring by way of change of a corporate form will be deemed complete and a restructured entity will be deemed terminated upon the incorporation of a new legal entity.

The new legal entity established as a result of such restructuring will be treated as a new taxpayer for corporate profit tax purposes.

Therefore, the time of stock ownership for participation exemption purposes will be calculated starting from the **public registration** of the new entity.

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## Media review

### Russian Federal Tax Service (FTS) reminds of second round of capital amnesty starting from 1 March 2018

A hard copy of a special declaration can be optionally submitted to any tax inspectorate or the central administration of the FTS personally or via an authorised agent and can be filled out manually or printed.

The printed form can be generated using the designated software ("[Corporate Taxpayer](#)" vers. 4.56.4)

[Official Russian Federal Tax Service website](#)

### Tax and customs authorities: consolidation cancelled

The Russian Government decided against merging the regulators, First Prime Minister Igor Shuvalov said at the meeting of the FTS grand board.

[Kommersant](#)

## **Russian Ministry of Communications and Media calls for creating crypto exchange**

A bill on digital assets awaiting the submission to the Russian State Duma envisages the establishment of a special facility for trading cryptocurrencies for fiat money, Deputy Minister of Communications and Media Alexey Kozyrev said at the digital currency conference sponsored by Vnesheconombank.

According to Mr. Kozyrev, the arrangement will enable the declaration and taxation of mining gains.

[\*Kommersant\*](#)

## **Center for Strategic Development calls for customs administration reform**

The proposed measures include reducing the scope of border control and introducing a review of the pre- and post-shipment activities.

The initiative envisages a mandatory preliminary declaration of goods to record imports by a particular importer. When imported, a batch of goods will be assigned a single number, enabling the control of the goods until their sale to retail customers.

Goods are proposed to be cleared before the payment of duty against the importer's financial guarantees.

The clearance will be completed after the goods have

been recognised for accounting purposes and the calculation and payment of duties have been validated.

The reform envisages the establishment of a full-cycle monitoring system to enable tracking of goods from import to retail sale, which will require the integration of the customs and tax databases. The Russian Federal Tax Service will be enabled to collect indirect taxes and administer all customs payments.

[\*Kommersant\*](#)

## **Roselkhoznadzor lifts ban on imports of certain Turkish agricultural produce**

Starting from 5 March 2018, the imports of pomegranates, aubergines, peppers, lettuce, pumpkins, zucchini, and other vegetables from Turkey will [resume](#).

[\*Vedomosti\*](#)

## **Russia suspends ban on import of dairy products from Belarus**

The ban to import powdered, condensed milk and cream, milk whey, whey and milk protein concentrate was postponed until 15 March 2018.

[\*RBCdaily\*](#)

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## **International tax news**

### **European Commission plans EU-wide tax crackdown on tech giants**

The tax may range from 1 to 5 percent of gross revenue and will be charged on companies with annual global revenues exceeding EUR 759 million and European revenues of at least EUR 10 million.

The tax will apply to companies selling user-targeted online ads, such as Google, digital marketplaces (like Amazon) or providers of advertisement space on the Internet (such as Facebook, Twitter or Instagram) as

well as Airbnb and Uber.

Online media, streaming services like Netflix, online gaming, cloud computing or IT services would instead be exempt from the tax

The draft document is expected to be released by the end of March 2018.

[\*Kommersant\*](#)

# Deloitte publications

## **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](#).

## **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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## TaxSmart app



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

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