



LT Digest

Be in the know

Legislative initiatives

[Russian Federal Tax Service \(FTS\) releases information on CRS application in Russia](#)

A [notification](#) on the adoption of Federal Law No. 340-FZ “On Common Reporting Standard” has been posted on the FTS website. The application of the Law will be governed by the Resolution of the Russian Government (for details of the [initial resolution draft](#), please refer to LT in Focus of [16 October 2017](#)), which is expected to be adopted in early 2018.

The first reports on the financial accounts of clients that are not Russian residents are to be filed by financial institutions by 31 July 2018 for accounts opened before 2018; going forward, reports will have to be submitted by 31 May of the year following the reporting year.

The document provides for a transitional period, during which penalties for non-filing will not be charged.

Official Russian Federal Tax Service website

[Draft law on added income tax submitted to Russian State Duma](#)

The Draft proposes supplementing the Russian Tax Code with a separate chapter on added income tax.

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[Procedure and format of confirming Russian tax residency approved](#)

[Russian Government develops tax-free eligibility criteria](#)

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[FTS clarifies applicability of tax benefits to movables](#)

[FTS clarifies applicability of tax benefits to energy-efficient buildings](#)

[Russian Security Council demands identification of online gamers](#)

[Roskomnadzor develops procedures for revoking permits for foreign printed media distribution in Russia](#)

[Russian Federal Tax Service \(FTS\) launches interactive tool for requesting tax residency confirmation](#)

[Transneft and Sberbank of Russia to amicably settle derivatives dispute](#)

[OECD releases additional guidance on country-by-country reporting](#)

The new tax will be charged on the added income from the extraction of hydrocarbons on the fields, meeting the statutory criteria, including in terms of location (the draft singles out several field categories the tax formula will depend on).

The added income from extraction of hydrocarbons will include the estimated income from the hydrocarbon extraction less the total actual and estimated expenses.

The formula for estimating income, expenses, and deductible expenses will be established by the Russian Tax Code.

The tax will be charged at a rate of 50 percent, but cannot be less than a threshold established in the Russian Tax Code.

Furthermore, the Russian State Duma will consider a [draft law](#), regulating the payment of customs duties on imports following the introduction of the new tax.

A detailed analysis of the proposed changes will follow shortly.

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

Procedure and format of confirming Russian tax residency approved

A certificate confirming the Russian tax residency will be issued to a taxpayer (a taxpayer's representative) upon request that may be supported by the substantiating documents.

The request can be filed personally, by regular mail or electronically and will be considered within 40 days.

[Official Internet Portal for Legal Information](#)

Russian Government develops tax-free eligibility criteria

According to the draft document, to participate in the tax-free system, a retailer will have to meet all of the following criteria:

- Be a VAT payer
- Have a point of sale in a location from the approved list
- Be established at least two years prior to the calendar year, in which it applies for participation in the tax-free system
- Have no outstanding taxes, levies, social

contributions or tax offence penalties as at the first day of the month, in which it applies for participation in the tax-free system (a certificate of good standing needs to be issued by a tax authority).

The document also sets forth a list of approved locations in Moscow, Moscow Region, St. Petersburg, Krasnodar Territory, Novgorod Region, Kaliningrad Region, and Primorskiy Territory.

[Federal draft legislation portal](#)

Draft Law changing regulation of residential developers submitted to Russian State Duma

In particular, the draft law provides for:

- Setting a ban on raising funds through the issue of housing certificates
- Creating and updating a single information system of residential construction projects
- Refining the powers of public authorities exercising control over 214-FZ construction projects
- Setting forth the joint and several liability for the owners (beneficiaries) of developers for damages inflicted to the 214-FZ home buyers
- Obliging the developers to disclose their founders and individuals (beneficial owners) that are directly or indirectly entitled to five percent and more of the total voting rights
- Setting forth an action plan in case a developer fails to comply with the solvency requirements (including the suspension of registration of 214-FZ property purchase contracts until the issue has been addressed)
- Establishing the mechanism of cooperation between developers and authorised banks.

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

Russian State Duma to introduce administrative liability for regulatory breaches by foreign media qualifying as foreign agents

The draft proposes charging fines for the breach of applicable regulations by foreign media qualifying as foreign agents and/or their Russian affiliates qualifying as foreign agents (RUB 500,000 for legal entities; RUB 1 million for a repeated breach; and RUB 5 million for multiple breaches (two and more)).

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

Clarifications from government bodies

FTS clarifies applicability of tax benefits to movables

According to the Russian tax regulator, the tax benefits envisaged by [Item 25, Article 381 of the Russian Tax Code](#) do not apply to the equipment accounted for as a set of structurally interconnected components, partially obtained from a related party.

[Consultant Plus](#)

FTS clarifies applicability of tax benefits to energy-efficient buildings

The regulator has reminded that an organisation can apply a tax benefit if a building is newly commissioned and is assigned the High energy efficiency class.

According to the FTS, multifamily apartment buildings

are subject to the mandatory assignment of an energy efficiency class, while for other buildings such classification is optional.

However, the FTS noted that the determination of the energy efficiency class for non-multifamily buildings is not regulated.

According to the recent court practice, this tax benefit

cannot apply to buildings other than multifamily residential buildings, as assignment of an energy efficiency class to such buildings is not regulated (see cases No. [A41-90181/2016](#), [A40-51603/2017](#), [A40-51627/2017](#), [A40-51633/2017](#), [A19-6209/2017](#), [A65-30815/2016](#), [A40-37643/2017](#) and [A41-899/17](#)).

[Consultant Plus](#)

Media review

Russian Security Council demands identification of online gamers

The online games and social networks operators may have to identify their users by phone number and submit the data to the law enforcement authorities.

[Kommersant](#)

Roskomnadzor develops procedures for revoking permits for foreign printed media distribution in Russia

A permit can be cancelled for breaches of the anti-extremism law and provisions of Article 4 of the Federal Law "On Mass Media" that prohibit the abuse of media freedom and its use to disclose state secrets, distribute pornography, promote violence and cruelty, and use the

offensive language.

[Kommersant](#)

Russian Federal Tax Service (FTS) launches interactive tool for requesting tax residency confirmation

Effective 2018, the taxpayers will be able to file a request for tax residency confirmation via an electronic tool (now they can use their [personal taxpayer accounts](#)).

Each confirmation will be assigned a unique identifier to verify its authenticity.

[Official Russian Federal Tax Service website](#)

Court practice

Transneft and Sberbank of Russia to amicably settle derivatives dispute

The Moscow District Commercial Court postponed the consideration of Transneft's cassation appeal on 30 November 2017, citing the parties' pending settlement.

The next court hearing is scheduled for 9 January 2018.

As a reminder, the first instance court awarded the claim to Transneft, while the appellate court took the side of Sberbank.

For more details, please refer to LT in Focus of [4 July 2017](#).

[Interfax](#)

International legislation news

OECD releases additional guidance on country-by-country reporting

The additional guidance addresses a number of specific issues, such as reporting the amounts taken from financial statements prepared using fair value

accounting, treatment of negative accumulated earnings, results of mergers/acquisitions, and the definition of the total consolidated group revenue.

[Official OECD website](#)

Deloitte publications

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](#).

The CbC Law: Overview Of Key Provisions

On 22 November 2017, the Federation Council approved the Federal Law On Amendments To Part One Of The Russian Tax Code (the "CbC Law", or the "Law"), aimed at implementing the international automatic exchange of financial account and multinational enterprise information.

Read on for an overview of the key aspects of the Law that regulates the preparation and the scope of documentation to be filed by multinational enterprise groups ("MNE Group").

In our previous overview we analysed the key provisions of the Draft Law. In this paper we focus on the latest amendments.

For details, please refer to Legislative Tracking in Focus

of [27 November 2017](#).

The Russian Federation Council votes to tighten currency regulations

On 8 November 2017, the Russian Federation Council approved the draft of Federal law On amending Articles 19 and 23 of the Federal Law On Currency Regulations and Control and the Russian Administrative Offences Code (Draft Law No. [1166026-6](#)) (the "Draft").

We already reviewed the Draft in our previous issues (please refer to LTs of 6 September 2016 , 23 January 2017 and LT Digest of 16 –22 October 2017).

The final version of the Law envisages a number of important changes, to name but a few:

- Tightening control over the repatriation of foreign currencies and Russian rouble
- Expanding the authorised banks' powers to deny currency operations
- Introducing of administrative sanctions for corporate officers committing offences in sphere of currency control.

For details, please refer to Legislative Tracking in Focus of [9 November 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,
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