



LT Digest

Be in the know

Legislative initiatives

Draft law on CRS and CbC passes Russian State Duma's first reading

For more details about the content of the draft, please refer to LT in Focus of [25 July 2017](#).

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

New Double Tax Convention between Russia and Japan released

The new Double Tax Convention and the Protocol thereto were signed by the governments of Russia and Japan on 7 September 2017.

The document will enter into force after its ratification by both parties; in the best-case scenario, it is expected to take effect as of 1 January 2018.

To learn more about the Convention, please refer to LT in Focus of [7 September 2017](#).

[Consultant Plus](#)

[Draft law on CRS and CbC passes Russian State Duma's first reading](#)

[New Double Tax Convention between Russia and Japan released](#)

[CBR's key rate lowered](#)

[Draft law granting certain tax benefits passes State Duma's second reading](#)

[Draft law to regulate special investment contracts developed](#)

[Draft Law ratifying Customs Code Agreement of Eurasian Economic Union submitted to Russian State Duma](#)

[OECD reports on Tax Policy Reforms for 2016](#)

[Russian Federal Tax Service \(FTS\) reports 1H 2017 performance](#)

[First agreement on trading cryptocurrency on exchange signed](#)

[Signing of first pharma SPIC slated](#)

CBR's key rate lowered

On 15 September 2017, the Central Bank of Russia announced a decrease of its key rate from 9 to 8.50 percent.

[Official Russian Central Bank website](#)

Draft law granting certain tax benefits passes State Duma's second reading

In particular, the draft proposes the following changes:

- To ban the use of a multiplier of up to 2 towards high energy-efficient buildings
- To set forth that, starting from 1 January 2018, property tax benefits for newly commissioned assets of the High energy efficiency class will apply only if the respective regional law is adopted
- To envisage a possibility of applying a higher depreciation rate (up to three) to fixed assets employed by water supply and discharge facilities (until 1 January 2023 and with regard to fixed assets commissioned after 1 January 2018)
- To enable the taxpayers registered in the Republic of Crimea or Sevastopol before 1 January 2017 to claim a deduction of MET assessed on the production of natural gas from all hydrocarbon deposits, fully or partially located in the Black Sea. The tax deduction will be granted for the period from 1 January 2018 to 31 December 2020 and will be equal to the costs incurred to purchase the related fixed assets
- To refine the procedure for verifying the individual taxpayers' eligibility for tax benefits
- To repeal the upper time limit for issues of Russian companies' bonds, qualifying their holders for lower personal income tax (currently 1 January 2017 to 31 December 2020)

The draft also proposes revising the procedures that regulate tax exemptions for capital contributions (for more details, please refer to LT of [21 March 2017](#)).

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

International legislation news

OECD reports on Tax Policy Reforms for 2016

The report is an annual publication that provides comparative information on tax reforms across the

Draft law to regulate special investment contracts developed

The Draft proposes procedures for signing and performing under special investment contracts ("SPIC") and developing investment incentives.

The document sets forth the requirements towards SPIC participants, eligible projects, and investors, as well as SPIC terms and duration.

The Draft enables the application of budgetary, tax, and customs incentives.

The Draft also proposes introducing a number of amendments to the tax legislation:

- To specify the tax treatment of SPICs
- To refine the procedure for obtaining a SPIC participant status
- To enable the application of a zero profit tax rate by SPIC participants subject to the following conditions:

-The revenues from the sales of goods attributable to a regional investment project ("RIP") shall account for at least 90 percent of all taxable revenues

- A taxpayer that is a party to a SPIC shall account for the income/expenses attributable to the respective project separately from other operations

To enable the regions to zero the profit tax rate for SPIC participants starting from the period, in which the first profit from the respective SPIC project was received, until the SPIC expires.

[Federal draft legislation portal](#)

Draft Law ratifying Customs Code Agreement of Eurasian Economic Union submitted to Russian State Duma

As a reminder, the EAEU Customs Code Agreement was signed in Moscow on 11 April 2017.

The Customs Code is aimed at enabling the automation of customs procedures, reduction of paperwork, and carryover of customs control until after the goods have been released.

The Code also integrates the stand-alone agreements applied in the EAEU.

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

OECD member countries in 2016 and tracks tax policy developments over time.

[Official OECD website](#)

Media review

Russian Federal Tax Service (FTS) reports 1H 2017 performance

The report was published on the regulator's website. It offers a study of Russia's social and economic environment, an overview of tax revenues administered by the FTS, and a summary of changes in the fiscal framework:

- The implementation of the risk-oriented approach to the selection of field tax audit targets helped reduce the number of such audits by 22 percent in 1H 2017, while their efficiency added 20 percent
- The courts sustained 83.7 percent of claims filed by the tax authorities
- With regard to transfer pricing audits:

For 2012 transactions: 21 audits of nine taxpayers completed, over RUB 1.8 billion in additional tax assessed

For 2013 transactions: seven audits of six taxpayers are underway (five of metals sales and two of mineral fertilisers), one already resulting in RUB 433 million of additional tax

For 2014-2015 transactions: five audits of three taxpayers are underway (two in the grain industry, two in tea imports, and one in fertiliser exports)

- As at 1 July 2017, five pricing agreements for tax purposes were signed with 22 Russia's major taxpayers with respect to oil sales transactions; compliance with four earlier signed pricing agreements was also checked
- Over 16,000 notices of controlled transactions were submitted in 1H 2017.

The FTS also released an analytical [report](#) on its key performance indicators in accordance with the public declaration of tasks and objectives for 1H 2017.

[Official Russian Federal Tax Service website](#)

First agreement on trading cryptocurrency on exchange signed

The Far East Development Fund, the RTS stock exchange, and Skolkovo signed an agreement on the refinement of ICO technologies. The agreement envisages a discussion of regulatory terms of ICOs with the competent authorities, primarily the Central Bank of Russia, on behalf of a number of Skolkovo residents.

The parties will also consider establishing a prototype trading platform for digital assets in Primorsky Krai under the RTS's control.

If successful, Russia's first ICOs of tech companies may take place this autumn.

The companies that will pioneer the project will be announced in October.

[Kommersant](#)

Signing of first pharma SPIC slated

AstraZeneca may be the first pharmaceutical company to enter into a special investment contract (SPIC).

According to the contract, which is to be signed shortly, the company will be obliged to localise production of ten medical drugs.

Over RUB 1 billion will be invested in the modernisation and localisation of production, entitling the company to tax benefits. The medical drugs produced will then be treated as localised.

The company is expecting to localise its entire product chain (except-substances) by 2020.

[Vedomosti](#)

Deloitte publications

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 [7 September 2017](#).

Relevant real estate issues News Kit, August 2017

We are pleased to present our regular [digest](#) of real estate news. The News Kit contains an overview of recent developments, most important legislative initiatives, clarifications from regulatory authorities and court decisions on real estate disputes for August 2017.

Read on for the approved procedures for disclosure of beneficial owners by legal entities, the list of Moscow's real estate that will be taxed on the basis of its cadastral value in 2018, clarifications on what constitutes sufficient evidence of an unjustified tax benefit from the Russian Tax Service and many more.

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

Contacts

Tax & Legal



Grigory Pavlotsky
Managing Partner
Tax&Legal, Deloitte CIS
gpavlotsky@deloitte.ru



Gennady Kamyshnikov
Managing Partner
Government Relations
gkamyshnikov@deloitte.ru



Oleg Berezin
Partner
Pharmaceuticals
oberezin@deloitte.ru



Andrey Panin
Partner
Oil & Gas, Energy & Resources, Mining
apanin@deloitte.ru



Yulia Orlova
Partner
Metals and Processing
yorlova@deloitte.ru



Oxana Zhupina
Partner,
Consumer Products
ozhupina@deloitte.ru



Artem Vasyutin
Partner
Retail, Wholesale and Distribution
Tourism and Hospitality
avasyutin@deloitte.ru



Alexander Sinitsyn
Director
Global FSI
asinitsyn@deloitte.ru



Tatiana Kofanova
Director
Automotive
tkofanova@deloitte.ru



Andrey Goncharov
Director
Legal Services
agoncharov@deloitte.ru



Yulia Krylova
Director
Real Estate
ykrylova@deloitte.ru



Vasily Markov
Director
Technology, Media, Entertainment &
Telecommunications
vmarkov@deloitte.ru

TaxSmart app



deloitte.ru

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 244,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.