



LT Digest

Be in the know

Legislative initiatives

President of Russia signs package of federal laws

The President of the Russian Federation has signed a package of federal laws:

- Federal Law No. [317-FZ](#) on the ratification of the Eurasian Economic Union's Customs Code Agreement
- Federal Law No. [325-FZ](#), strengthening the currency controls (for more details, please refer to LT in Focus of [9 November 2017](#))
- Federal Law No. [323-FZ](#), expanding the list of grounds for tax deferrals
- Federal Law No. [323-FZ](#), simplifying the recovery of excessively charged taxes, fines, and late payment penalties
- Federal Law No. [319-FZ](#), regulating the collective rights management organisations, and Federal Law No. [318-FZ](#), introducing penalties for non-disclosure of financial statements and audit reports by collective rights management organisations

[President of Russia signs package of federal laws](#)

[Russian Government approves list of countries whose sanctions give grounds to surrender of Russian tax residency by individuals](#)

[Russian Ministry of Finance refines list of tax havens and offshores](#)

[Russian Government approves introduction of added income tax for oil industry from 2019](#)

[Russian Federal Tax Service excludes British Virgin Islands and South Korea from list of states and territories that fail to exchange tax information with Russia for CFC regulation purposes](#)

[FTS to develop form for beneficial owner enquiries](#)

[Updated draft law legalising online sale of alcohol released](#)

[Roskomnadzor may be allowed to investigate into Russian media owners' family ties to identify indirect control](#)

[Roszdravnadzor develops roadmap towards gradual transition to mandatory medicine labelling](#)

[Russian Government to streamline regulation of passenger transportation](#)

[Russian Government considers merging tax and customs regulators](#)

[Comprehensive US tax reform: latest developments](#)

[U.S. House of Representatives approves tax overhaul](#)

- Federal Law No. [340-FZ](#) of 27 November 2017 on **country-by-country reporting and automatic exchange of financial accounts information** (for more details, please refer to LT in Focus of [22 November 2017](#) and [27 November 2017](#))
- Federal Law on **profit tax deduction on investments** No. [335-FZ](#) of 27 November 2017 (for more details, please refer to LT in Focus of [23 November 2017](#))
- Federal Law No. [341-FZ](#) of 27 November 2017 on tax-free in Russia (for more details, please refer to LT Digest of [27 March – 2 April 2017](#))
- Federal Law No. [350-FZ](#) that enables the exporters to voluntarily surrender the application of a zero VAT and use zero VAT on **re-exports** instead (for more details, please refer to LT in Focus of [30 November 2017](#))
- Federal Law No. [348-FZ](#) of 27 November 2017, reducing the federal component of profit tax for special economic zone residents
- Federal Law No. [244939-7](#) of 27 November 2017, aimed at supporting the residents of Kaliningrad Region's special economic zone (for more details, please refer to LT Digest of [7 - 13 August 2017](#))
- Federal Law No. [352-FZ](#) of 27 November 2017, exempting transactions related to Moscow's housing stock renovation programme from PIT
- Federal Law No. [333-FZ](#) of 27 November 2017, changing the PIT treatment of savings on loan interest
- Federal Law No. [343-FZ](#) of 27 November 2017, refining the procedure for assessing tax on bank accounts (deposits), denominated in precious metals, by the tax authorities
- Federal Law No. [342-FZ](#) of 27 November 2017, exempting the compensations payable to 214-FZ property buyers in case of developer's insolvency, from PIT
- Federal Law No. [342-FZ](#) of 27 November 2017, refining the imposition of PIT on gains received in contests or games
- Federal Law No. [361-FZ](#) of 27 November 2017, extending the current social contribution rates until 2020
- Federal Law No. [339-FZ](#) of 27 November 2017, refining the term of profit tax benefits for residents of advanced development territories and the Free Port of Vladivostok (for more details, please refer to LT Digest of [31 July - 8 August 2017](#))
- Federal Law No. [344-FZ](#) of 27 November 2017, refining the types of non-taxable income for corporate profit tax purposes (includes payments received by the Russian sports organisations from bookmakers)
- Federal Law No. [349-FZ](#) of 27 November 2017,

enabling the individual entrepreneurs that pay the unified tax on imputed income and the taxpayers that apply the tax patent regime to deduct the cost of purchase of duly registered tills

- Draft Law No. [275060-7](#) on out-of-court blocking of websites that contain data on unwelcome organisations and on the grounds for listing foreign media outlets as foreign agents
- Federal Law No. [328-FZ](#) of 25 November 2017, regulating the issue and circulation of electronic mortgage certificates

Official Internet Portal for Legal Information

Russian Government approves list of countries whose sanctions give grounds to surrender of Russian tax residency by individuals

The list includes Australia, Iceland, Canada, Lichtenstein, Norway, USA, Switzerland, and Japan, which imposed sanctions on individuals.

According to Federal Law No. [58-FZ](#) of 3 April 2017, individuals under foreign sanctions may be entitled to surrender their tax residency in Russia, regardless of how long they have stayed in the country.

For more details, please refer to LT Digest of [6 - 16 March 2017](#).

Official Internet Portal for Legal Information

Russian Ministry of Finance refines list of tax havens and offshores

Notably, Hong Kong was excluded from the list, following the ratification of the Double Taxation Agreement between Russia and Hong Kong.

The respective Ministry's directive will enter into force on 1 January 2018.

Official Internet Portal for Legal Information

Russian Government approves introduction of added income tax for oil industry from 2019

The introduction of a tax on the added income from extraction of hydrocarbons was approved at the Russian Government's [meeting](#) of 23 November 2017.

The new tax regime [is expected](#) to be approved by the Russian State Duma in 1Q 2018 and to apply starting from 1 January 2019.

The draft law has not been officially published yet.

[RBCdaily](#)

Russian Federal Tax Service excludes British Virgin Islands and South Korea from list of states and territories that fail to exchange tax information with Russia for CFC regulation purposes

The directive will enter into force on 1 January 2018.

[Official Internet Portal for Legal Information](#)

FTS to develop form for beneficial owner enquiries

The Russian Federal Tax Service is developing a new form for requesting the information on the beneficial owner(s) of legal entities and on the measures taken to identify such owner(s). The new form is expected to be launched in February 2018. The rules governing the provision of owner information by legal entities were approved by Russian Government Resolution No. [913](#) of 31 July 2017.

[Federal draft legislation portal](#)

Updated draft law legalising online sale of alcohol released

The updated version refines the timeline of the

Media review

Roskomnadzor may be allowed to investigate into Russian media owners' family ties to identify indirect control

The Ministry of Communications and Media is reported to be working on [amendments](#) to the Federal Law On Vital Records.

In particular, the amendments propose enabling Roskomnadzor to access the federal Vital Records system starting from 1 January 2018.

Roskomnadzor will need such access to retrieve information about media owners' close relatives.

Starting from 2016, foreign citizens are prohibited from having a direct or indirect controlling interest in any Russian media and the foreign shareholding is limited to 20 percent.

If a media owner has a close relative abroad, it may be interpreted as potential indirect foreign control.

[RBC daily](#)

Roszdravnadzor develops roadmap towards gradual transition to mandatory medicine labelling

According to the roadmap, all medicines procured as part of the government drug support programme for patients suffering from seven cost-intensive disease types must be labelled by 31 March 2018.

The essential medicines worth over RUB 500 are to be mandatorily labelled by 30 June 2018, and those worth over RUB 100 – by 3Q 2018.

legalisation.

Thus, the online sale of PGI/PDO wines and sparkling wines as well as beers, cider, perry, and mead will be permitted until 1 January 2019, only to:

- Organizations, licensed to produce, store and supply the PGI/PDO wines and sparkling wines
- Organizations, licensed to procure, store and supply alcohol.

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

The retailers licensed only to engage in retail sales of alcohol will not be permitted to sell alcohol online until 1 January 2021.

[Federal draft legislation portal](#)

Labelling of all other drugs must be started the end of 4Q 2018.

[Kommersant](#)

Russian Government to streamline regulation of passenger transportation

The Government developed the following assignments:

- To consider establishing a system that would enable the immediate sourcing of funds to arrange for the transportation of the customers of those carriers whose operations are suspended
- To develop proposals for using the compensation fund formed by the mandatory carrier liability insurance contributions or overflight fees payable to Aeroflot by foreign airlines
- To develop proposals:
 - On the development of the methodology for assessing the financial and economic position of airlines that would enable the preventive control and timely identification of risks and threats of service interruptions
 - On the imposition of flexible restrictive measures, other than suspension or cancellation of air operator certificates, on high-risk airlines to enable such airlines to perform under the existing contracts of carriage.

[Official website of the Russian Government](#)

Russian Government considers merging tax and customs regulators

The Russian Prime Minister has informed that the single fiscal regulator might be established and the tax reform priorities announced in May 2018.

Furthermore, the maintenance of the real estate title register is planned to be delegated to the Federal Tax Service.

[RBCdaily](#)

International legislation news

Comprehensive US tax reform: latest developments

On 9 November 2017, the Ways and Means Committee approved amendments to the Tax Cuts and Jobs Act.

The Joint Committee on Taxation (JCT) released a summary of the US Senate's tax proposals and the international amendments to the Tax Cuts and Jobs Act developed by the House of Representatives, as well as a comparison chart of the international tax provisions proposed by the House of Representatives and the Senate.

For details, please refer to United States Alert of [13 November 2017](#).

U.S. House of Representatives approves tax overhaul

On 15 November 2017, the House of Representatives voted 227-205 to approve a broad package of corporate

and individual tax cuts.

The bill reduces the corporate tax rate from 35 percent to 20 percent and introduces a 25-percent tax for pass-through businesses, which will ease the tax burden for many companies.

The reform also proposes consolidating seven personal income tax brackets into three brackets with rates of 12 percent, 25 percent, and 35 percent (the current lowest bracket's rate is 10 percent, the highest – 39.6 percent)

For details, please refer to United States Alert of [13 November 2017](#).

[Kommersant](#)

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,
Deloitte CIS Partners

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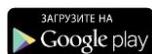


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