

Legislative Tracking

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FATCA and QI update

IRS updates FATCA FFI agreement for foreign financial institutions

The US Internal Revenue Service (IRS) issued [Revenue Procedure 2017-16](#) on 30 December 2016 with an updated agreement to be entered into by foreign financial institutions (FFIs) that wish to be treated as participating FFIs under the Foreign Account Tax Compliance Act (FATCA) (FFI agreement). The existing version of the FFI agreement expired on 31 December 2016.

Participating FFIs that seek to renew their FFI agreements must do so through the FATCA registration website. The IRS anticipates that the renewal function for 2017 FFI agreements will be available in May 2017. An FFI that seeks to renew its FFI agreement must renew prior to 31 July 2017, and the renewed FFI agreement shall apply beginning 1 January 2017. Any FFI that does not renew its FFI agreement by 31 July 2017 will be treated as having terminated its FFI agreement on 1 January 2017.

Official US Internal Revenue Service website

Amendments to FATCA regulations

The US Treasury Department and the Internal Revenue Service (IRS) issued regulations on 30 December 2016 to provide amended guidance under FATCA.

The regulations provide guidance on such topics as information reporting by foreign financial institutions (FFIs) with respect to US accounts and withholding on certain payments under FATCA.

Certain revisions in the regulations were previewed in previous IRS notices. More detailed information on the amendments can be found on the official US Federal Register website by following the link: [TD 9809](#).

Official US Federal Register website

IRS issues final qualified intermediary agreement as well as a user guide on QI application

The US Internal Revenue Service (IRS) issued [Revenue Procedure 2017-15](#) on 30 December 2016 to provide the text of the final qualified intermediary (QI) agreement, revising and updating the previous version of the QI agreement which expired on 31 December 2016.

The IRS has also issued [Publication 5262](#) of December 2016 which provides guidance on how to:

- Apply for QI status
- Renew an agreement
- Edit an application or renewal
- Submit a notice of termination

A QI agreement entered into by a foreign financial institution with the IRS allows tax treaty benefits to be applied to certain payments to its account holders and simplifies the QI's withholding and reporting obligations for certain types of US-sourced income.

Official US Internal Revenue Service website

Media review

Federal Tax Service launches online registration service for foreign internet companies providing on-line services

The Federal Tax Service has launched the [VAT Office for Online Service Providers](#), which grants foreign companies the opportunity to take an online test to check whether it is necessary to register with the Russian tax authorities, as well as the ability to submit an application for registration with the Russian tax authorities.

After registration, foreign companies gain access to an online personal account through which VAT returns can

be filed, and documents and letters can be exchanged with the tax authorities.

Please note that from 1 January 2017, foreign companies rendering online services on Russian territory are liable to pay VAT (for more details, please see LT in Focus of [16 June 2016](#)).

[Official Federal Tax Service website](#)

Legislative initiatives

Russian State Duma considers draft law on compulsory classification of tourist industry premises

Draft law No. 69251-7, calling for the introduction of compulsory classification tourist industry premises, has been introduced to the Russian State Duma for consideration.

Under the draft law, the provision of hotel services will only be permitted subject to the possession of documentation confirming that the hotel or other form of accommodation has been assigned to the appropriate category.

If the premises are found not to correspond to the category assigned, the documentation will be suspended.

The procedure for classifying tourist industry premises will be approved by the responsible federal agency.

It is expected that the introduction of compulsory classification will be introduced in stages:

- From 1 January 2018: in relation to hotels and other forms of accommodation with more than 50 rooms;
- From 1 January 2019: in relation to hotels and other forms of accommodation with more than 15 rooms;
- From 1 January 2020: in relation to all hotels and other forms of accommodation.

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

Russian State Duma considers draft law proposing right to dispute reduction in cadastral value of land for municipal authorities

Draft law No. 67484-7 has been introduced to the Russian State Duma for consideration. The draft law proposes that the municipal authorities of the federal cities, Moscow, St. Petersburg and Sevastopol, be granted the right to dispute commission decisions on the value of land in their territory in court if said decisions lead to a significant reduction of the cadastral value of said land in response to a claim filed by the landowner.

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

List of double tax treaties between Russia and other jurisdictions in effect as of 1 January 2017 published

The list of double tax treaties (DTTs) between Russia and other jurisdictions in effect as of 1 January 2017 has been published.

Please note that the following DTTs/new versions of DTTs are in effect from 1 January 2017:

- DTT with the People's Republic of China (for more details, please see LT in Focus of [28 January 2016](#))
- DTT with Singapore
- DTT with Hong Kong (for more details, please see LT in Focus of [11 December 2015](#) и [28 January 2016](#))

[Official website of the Russian Ministry of Finance](#)

Deloitte publications

Tax legislation. Key changes and trends 2017

In recent years, Russia has witnessed sweeping, system-wide changes to its tax legislation that are bringing approaches towards taxation in Russia and abroad closer. So much so that the Russian tax system is becoming an integral partner in global tax relations. These changes are simultaneously helping to build up a tax environment that is stable, predictable and attractive to investors, and to promote economic growth in the country. The tax season that is currently closing has been no exception to this.

Read about the key changes in tax legislation that entered into force on 1 January 2017, trends in taxation and key economic and legislative changes by economic sector in our [overview](#).

CRS in Russia: further steps

On 6 September 2016, a [draft](#) federal law "On the Introduction of Amendments to Part I of the Russian Tax Code (As Regards the Introduction of the International Automatic Exchange of Financial Account Information and Country-by-country Reports) was uploaded to the Federal Portal for Legal Regulations. The draft has been developed to ensure Russia's fulfilment of its obligations under the Multilateral Model Competent Authority Agreement on Automatic Exchange of Financial Account Information in Tax Matters (MCAA), including the OECD Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard or CRS).

As of December 2016, the draft law is at the stage of

public discussion. According to the responsible authorities, the draft law will be passed to the government for discussion in the first half of 2017.

Find out more about the exchange requirements for financial information under MCAA and the risks associated with the identification of clients subject to CRS, which began on 1 January 2017 under current legislation, in Legislative Tracking in Focus of [30 December 2016](#).

Annual bonuses: trends and practices

Given the recent end of the financial year for the majority of Russian companies, the question of annual bonuses for employees is of increased interest.

Find out about the key trends in annual bonuses and our analysis of potential difficulties that may arise in relation to this issue in Legislative Tracking in Focus of [26 December 2016](#).

We hope that you will find the information in this edition interesting and informative. Should you have any questions on the issues covered, please do not hesitate to contact us.

Best regards,

Deloitte CIS Partners

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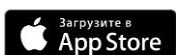


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TaxSmart app



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