

## Legislative Tracking

### Be in the know

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### Legislative initiatives

#### Draft law adjusting tax accounting procedure for debt forgiveness and procedure for calculating doubtful debt provisions

The Russian Ministry of Finance has prepared a draft law proposing to adjust the accounting procedure for debt forgiveness by:

- Stipulating that taxpayers' liabilities terminated through debt forgiveness are recognised as donated ownership rights, which potentially impedes the application of sub-item 11, item 1 of Article 251 of the Russian Tax Code in case of debt forgiveness by a parent company, since ownership rights are not mentioned in sub-item 11, item 1 of Article 251 of the Russian Tax Code.

Please note that in accordance with sub-item 11, item 1 of Article 251 of the Russian Tax Code, assets donated by a founder whose stake is greater than 50 percent, or by a subsidiary in which the stake of the recipient of said assets exceeds 50 percent, is not subject to profit tax;

- Significantly limiting the scope of application of sub-item 3.4, item 1 of Article 251 of the Russian Tax Code by stipulating that only unclaimed dividends restored to undistributed profits be recognised as income not subject to taxation.

Please note that in accordance with the current version of sub-item 3.4, item 1 of Article 251 of the Russian Tax Code, any assets, ownership rights or non-property rights transferred by shareholders or participants to increase net assets, including the restoration of unclaimed dividends to undistributed profits and increases in net assets through debt forgiveness by founders, are not subject to profit tax;

- Adjusting the rules for calculating doubtful debt provisions by stipulating that only the excess of the entity's doubtful debt over said entity's accounts payable towards the taxpayer is taken into account;
- Subjecting the concession provider's cash payment to profit tax.

[Federal Portal for Draft Regulations](#)

### **Russian State Duma considering draft law on easing regulations governing advertising content in printed periodicals for purposes of 10-percent VAT rate**

Draft Law No. 1183284-6 has been introduced to the Russian State Duma, which proposes to reduce the limit on advertising content in printed periodicals for the purposes of applying VAT at the rate of 10 percent.

The proposed changes would raise the maximum allowable advertising content in each issue from 40 percent to 45 percent.

[Official Russian State Duma website](#)

### **Draft on main areas of development for Russian customs policy in 2017-2019 published**

The Russian Ministry of Economic Development has prepared a [draft](#) of the Main Areas for Customs Policy Development for 2017 and the Planning Period 2018-2019.

The following areas of development are envisaged under the document:

- Supporting the competitiveness of producers; stimulating investment processes in the economy, including the attraction of foreign direct investment; controlling the growth of domestic prices; and lowering the direct and indirect expenses of participants in international trade;
- Enhancing the administration of customs tariffs in relation to goods acquired using telecommunications systems, including analysis of the associated risks, granting exemptions for electronically shipped digital products; in relation to the levying of customs duties on physically shipped goods; and in relation to goods shipped in traditional manners as duty-free imports for personal use;

- Developing e-commerce standards and approaches towards regulation and taxation under Eurasian Economic Union free trade agreements with third countries;
- Developing international free trade zones;
- Gradually lowering customs duty rates on certain products until the duties are abolished;
- Raising export customs duties in relation to highly refined liquefied petroleum gas;
- Granting import customs exemptions for technical equipment as well as related spare parts and accessories, and for raw materials being imported for major investment projects in priority economic sectors requiring state support.

[Official website of the Russian State Duma Committee for the Budget and Taxes](#)

### **Draft protocol on electronic exchange of information between CIS tax services approved**

The Coordinating Council of Leaders of Tax Services of CIS Member States approved a draft of the Protocol on the Electronic Exchange of Information between the Tax Services of CIS Member States at the Council's XXIII session.

The introduction of e-VAT invoices and the integration of tax and customs risk management systems was also discussed.

[Official Federal Tax Service website](#)

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We hope you will find the information in this edition interesting and helpful. Our specialists are ready to answer any questions you may have on the issues covered in this edition.

Sincerely,

**Deloitte CIS partners**

# Contacts



**Grigory Pavlotsky**  
Managing Partner  
Tax & Legal  
Deloitte CIS  
[gpavlotsky@deloitte.ru](mailto:gpavlotsky@deloitte.ru)



**Gennady Kamyshnikov**  
Managing Partner  
Public Sector  
[gkamyshnikov@deloitte.ru](mailto:gkamyshnikov@deloitte.ru)



**Oleg Berezin**  
Partner  
Pharmaceuticals  
[oberezin@deloitte.ru](mailto:oberezin@deloitte.ru)



**Artem Vasyutin**  
Partner  
Travel Hospitality & Leisure  
[avasyutin@deloitte.ru](mailto:avasyutin@deloitte.ru)



**Yulia Orlova**  
Partner  
Metals  
[yorlova@deloitte.ru](mailto:yorlova@deloitte.ru)



**Andrey Panin**  
Partner  
Oil & Gas, Energy & Resources,  
Mining  
[apanin@deloitte.ru](mailto:apanin@deloitte.ru)



**Artem Vasyutin**  
Partner  
Retail, Wholesale & Distribution  
[avasyutin@deloitte.ru](mailto:avasyutin@deloitte.ru)



**Vasily Markov**  
Director  
Technology, Media & Communications  
[vmarkov@deloitte.ru](mailto:vmarkov@deloitte.ru)



**Tatiana Kofanova**  
Director  
Automotive  
[tkofanova@deloitte.ru](mailto:tkofanova@deloitte.ru)



**Alexander Sinitsyn**  
Director  
Banking & Securities, Insurance  
[asinitsyn@deloitte.ru](mailto:asinitsyn@deloitte.ru)



**Yulia Krylova**  
Director  
Real Estate  
[ykrylova@deloitte.ru](mailto:ykrylova@deloitte.ru)



**Oxana Zhupina**  
Director  
Food, Beverages & Agriculture  
[ozhupina@deloitte.ru](mailto:ozhupina@deloitte.ru)

### TaxSmart app



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