

Legislative Tracking

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Clarifications from government bodies

Ministry of Finance clarifies foreign e-service providers' Russian VAT liabilities

The Russian Ministry of Finance Letter No. 03-07-08/4743 clarifies some issues relating to the foreign e-service providers' liability to pay the Russian VAT.

The Ministry underlines that Russia is recognised as a place of supply of foreign e-services if the consumer of such services carries out activities in Russia.

The Russian Tax Code contains a list of criteria for being recognised as carrying out activities in Russia. If an individual (not being an individual entrepreneur) meets any of these criteria, he or she is accordingly considered to be carrying out activities in Russia:

- The consumer is a resident of Russia;
- The consumer uses a Russian bank account or a Russian e-money operator to pay for the services;
- The consumer's IP address used to purchase the services is registered in Russia;
- The phone number used for purchasing or paying for the services has the Russian international country code.

Therefore, if the information on the customer's place of residence is unavailable, the phone number used doesn't contain an international country code, the bank and an IP address of such customer are based in a foreign state, Russia will not be recognised as the place where the customer carries out its activities, and the foreign e-service provider will not be obliged to pay VAT in Russia.

For more details on VAT liabilities of foreign e-service providers that arise starting 1 January 2017, please refer to LT in Focus of [21 June 2016](#).

[Consultant Plus](#)

Legislative initiatives

Ministry of Industry and Trade proposes subsidising Russian brands abroad

The Russian Ministry of Industry and Trade has prepared a draft government resolution that calls for approving the issue of federal subsidies to the Russian Export Center aimed at improving the recognition of well-known Russian brands and Russian products abroad.

The subsidies are meant to support:

- The creation of export brands line, including development of brandbooks and brand guidelines, registration of brands in the foreign markets, and their legal protection in Russia and abroad;

- The development of PR strategies to promote the well-known Russian brands in the foreign markets;
- Market research to evaluate the positioning of well-known Russian brands and products abroad and develop measures to boost brand awareness and appeal to foreign consumers;
- The development of a voluntary certification system for products made in Russia.

[Federal draft legislation portal](#)

Russian Ministry of Labour proposes raising foreign employee quotas

The Russian Ministry of Labour has developed a draft law that proposes raising the foreign employee quotas in 2017.

The highest raise is to take place in Primorskiy Krai (by 3, 263) and Leningrad Region (by 1,636).

[Federal draft legislation portal](#)

Media review

Prospects of initiative to reduce social contributions

The Ministry of Economic Development and the Ministry of Finance are discussing the reduction of social contributions along with the increase of a VAT rate.

The Ministry of Economic Development proposes decreasing a regular rate of insurance contributions to 21 percent with a simultaneous compensatory increase of a VAT rate to 21 percent.

The proposal is being discussed by the relevant Departments along with the [other options](#).

[RBCdaily](#)

Deloitte publications

New IT Legal Drive for January 2017

We are pleased to present a new [IT Legal Drive](#) offering an overview of the latest Russian IT and E-commerce trends and news for January 2017.

Learn about the increase of penalties for breaching personal data laws, amendments to the messenger regulations and Vkontakte's lawsuit against a scoring company.

Roscomnadzor clams down on personal data processing

The penalties for breaching personal data laws will be raised effective 1 July 2017. Along with a significant increase of penalties, the new law introduces a classification of elements of the personal data offenses.

For more details please refer to LT in Focus of [13 February 2017](#)

Recent developments in environmental tax legislation and enforcement practices

"In 2017, for the first time ever the companies will be charged for recycling of their products and packaging that were either manufactured or imported in 2016. However, for most companies the methodology of environmental tax calculation and preparation of statutory reporting remains a big challenge.

This issue offers an update on the planned changes and clarifications on the most disputable issues.

For more details please refer to LT in Focus of [9 February 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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TaxSmart app



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