

## Legislative Tracking

### Be in the know

[Russian Ministry of Finance publishes finalised version of Key Areas of Fiscal Policy for 2017 and Planning Period of 2018 and 2019](#)

[Draft law aimed at implementing key areas of fiscal policy submitted for consideration of Russian State Duma](#)

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### Legislative initiatives

#### **Russian Ministry of Finance publishes finalised version of Key Areas of Fiscal Policy for 2017 and Planning Period of 2018 and 2019**

The Russian Ministry of Finance published the finalized draft of the Key Areas of Fiscal Policy for 2017 and the Planning Period of 2018 and 2019.

The draft extends and specifies the list of key areas and suggests:

- Excluding the prices of transactions between entities operating in the same region of the Russian Federation from tax control;
- Raising the controlled transaction threshold to exclude transactions that are immaterial for the budget from tax control;
- Reducing the total rates of contributions to the extra-budgetary funds from 34 percent to 30 percent in 2019-2020;
- Simplifying the accrual administration process for VAT included in advance payments received by sellers as well, as the deductibility of VAT included in advance payments by buyers;
- Establishing a progressive scale of penalties imposed on legal entities while preserving the current penalty rate for payments overdue by less than 30 calendar days. In instances where the overdue period exceeds 30 days, the higher rates (up to 1/150 of the key rate of the Central Bank of Russia) will apply;
- Enabling individuals, prior to the entry into force of a decision on the imposition of sanctions for a tax offence, to pay the tax sanctions in an amount twice lower than otherwise due, subject to the payment of the outstanding amount and respective penalties;
- Effective 2018, it is suggested that the federal tax benefits granted for corporate movable property be repealed.

For more details about the content of the original draft of the Key Areas of Fiscal Policy, please refer to LT of 5 October 2016.

[Official Russian Ministry of Finance website](#)

## Draft law aimed at implementing key areas of fiscal policy submitted for consideration of Russian State Duma

A draft law introducing amendments to the legislation concerning taxes and levies was submitted for the consideration of the Russian State Duma. The proposed amendments are as follows:

- For organisations and individual entrepreneurs: to raise the penalty rates for the late payment of taxes, levies and insurance contributions overdue for more than 30 calendar days to 1/150 of the key rate of the Central Bank of Russia.
- To limit the amount of past years' loss carryforwards (up to 30 percent of the profit tax base for an accounting/tax period) while canceling the carry-forward period limit;
- To envisage that the exemption from corporate tax on movable property will be applied from 1 January 2018 only subject to the adoption of a respective law by a constituent entity of the Russian Federation (a similar exemption is planned to for property used in the development of offshore hydrocarbon deposits in the Caspian sea);
- To introduce an option for tax or levy payment by a third party on behalf of a taxpayer;
- To envisage that when surety (guarantee) transactions are entered into by Russian non-bank entities and the surety (guarantee) agreements do not assume the payment of a fee to the surety provider (guarantor), such surety transactions are not deemed controlled transactions for transfer pricing purposes;
- To set a zero VAT rate on long-distance passenger and cargo transport by public railways effective 1 January 2017 until 1 January 2030; to extend the application of the zero VAT rate for commuter rail services until 31 December 2029;
- To provide for the possibility of surety provision by a related party for VAT refunds in accordance with a declarative procedure and for exemption from the payment of excise duties on the export of excisable goods (subject to certain surety requirements);
- To link the volume of alcohol products sales to Unified State Automated Information System data for excise duty calculation purposes;
- To include Electronic Nicotine Delivery Systems (excise rate at RUB 40 per item), nicotine-containing liquids (excise rate at RUB 10 per ml) as well as tobacco (tobacco products) designed to be consumed by way of heating (excise rate at RUB 4,800 per kg) in the list of excisable goods.
- To introduce multipliers for specific excise duties on cigarettes applicable from 1 September to 31 December of every calendar year in the event if, in any of the above months, the cigarette sales volume exceeds the previous calendar year's average;
- To raise excise rates on certain excisable goods, including tobacco products, medium distillates, diesel fuel etc;
- To specify the procedure for tax base formation applicable to the extraction of multi-component complex ores in subsoil sites fully or partially located in the territory of Krasnoyarsk Territory;
- To specify certain coefficients for MET assessment purposes;
- To introduce changes to the tax treatment of consolidated groups of taxpayers (CGT): to define a consolidated tax base as an aggregate of tax bases of CGT members (in the current version, it is the aggregate income and expenses of the CGT members); to envisage that the amount by which the CGT tax base formed by the profitable CGT members is decreased by the amount of losses posted by the loss-making CGT members shall not exceed 30 percent of the profit posted by the profitable CGT members; to limit the amount of prior-year losses recognised in the current period (no more than 30 percent of the aggregate tax base of the profitable CGT members);
- To change the inter-budgetary allocation of corporate income tax for 2017–2020 as follows: 3 percent will be for the federal budget, and 17% will be for the the regional budget.

[Official Russian State Duma website](#)

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## Media review

### Initiative to lift moratorium on revision of cadastral land and real property value

The Russian Government is considering lifting a moratorium on the revision of cadastral land and real property values.

The moratorium banning cadastral value revision was

imposed by Federal Law No. 360-FZ of 3 July 2016 that set forth the following: from 1 January 2017 to 1 January 2020 the cadastral value effective as of 1 January 2014 or as of 1 January of the year when the cadastral value was first introduced will apply.

[Kommersant](#)

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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**

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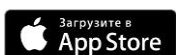


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### TaxSmart app



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