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OECD publishes first list of jurisdictions to exchange information under Standard for Automatic Exchange of Financial Account Information

Signatories of Tax Information Exchange Agreements with foreign competent authorities

Russian Ministry of Finance clarified procedure for assessing tax on income paid by Russian company to foreign entity with no permanent establishment in Russia

Russian Association of Internet Trade Companies develops foreign e-stores taxation mechanism

News of the day

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The OECD publishes the first List of countries to exchange CRS information.

The legal framework governing the information exchange includes:

- The OECD's Multilateral Competent Authority Agreement for the Common Reporting Standard under the framework of Article 6 of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters;
- EU Directive 2014/107/EU of 9 December 2014 (for exchange of information between EU member states) and bilateral agreements between the EU and Andorra, Lichtenstein, Monaco, San Marino and Switzerland;
- Bilateral agreements between the UK and its Overseas Territories;

The List will be updated as the respective national laws and procedures are introduced to enable more member jurisdictions to comply with the CRS requirements.

Fore more information, please refer to the Frequently Asked Questions section on the OECD website.

Official OECD website

International legislation news

Signatories of Tax Information Exchange Agreements with foreign competent authorities

On 21 October 2016 Brazil, the Channel Islands of Guernsey and Jersey, the Isle of Man and Latvia acceded to the Multilateral Competent Authority Agreement on International Exchange of Country-by-Country Reports (CbCR).

A complete list of signatories can be found on the official OECD website.

Brazil has also signed the Multilateral Agreement on Automatic Exchange of Financial Account Information.

Official OECD website

Clarifications from government bodies

Russian Ministry of Finance clarified procedure for filling tax return on income paid by Russian companies to foreign entities with no permanent establishment in Russia

Russian Ministry of Finance Letter No.03-08-13/56982 of 30 September 2016 clarifies certain procedural aspects of filling tax return on income paid by Russian organisations to foreign entities without a permanent establishment in Russia, namely:

- Income received by a foreign entity from the sale of goods/property (excluding property specified in sub-items 5 and 6 of item 1 of art. 309 of the Russian Tax Code) or property rights as well as from works done or services rendered in the Russian Federation, which do not qualify for a permanent establishment in the Russian Federation, is non-taxable, but recognised as Russian-sourced;
- Income that is non-taxable as per item 2 of art. 309 of the Russian Tax Code shall also be reflected in the tax agent's return on income paid to foreign entities and taxes withheld;
- Income received by foreign entities from works done or services rendered in a territory of a foreign state is not considered Russian-sourced by article 309 of the Russian Tax Code and does not have to be included in the assessment of income paid to the foreign entities and taxes withheld;
- Income received by foreign entities from the direct cross-border sale of goods produced by such entities in a respective foreign state is not deemed Russian-sourced as per article 309 of the Russian Tax Code and does not have to be included in the assessment of income paid to the foreign entities and taxes withheld.

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Media review

Russian Association of Internet Trade Companies develops foreign e-stores taxation mechanism

At the Russian Government meeting on e-commerce, the Russian Association of Internet Trade Companies presented its proposal on the taxation of foreign e-stores selling goods to Russian consumers.

The proposed process is as follows:

- Foreign e-stores selling goods in Russia will have to register with the Federal Russian Tax Service;
- A to-be developed functionality will enable the Russian Federal Tax Service to automatically collect and account VAT on each order placed with a foreign e-store;
- Once a Russian consumer makes a prepayment, the e-seller (an individual or a legal entity) will complete the order and ship it to the customer-designated address in Russia;
- The order will be assigned a tracking barcode that will be transmitted to the e-platform and the Russian Post via ITMATT (postal data exchange protocol);
- The order will be further shipped to Russia, cleared by the Russian Federal Customs Service and passed on to the Russian Post;
- At the postal office the buyer will produce his/her passport and receive the dispatch;
- The Russian Post will notify the Russian Federal Customs Service, the Federal Tax Service and the foreign postal authority that the dispatch was received; the foreign postal authority will further pass on the information to the e-seller;
- Upon receiving the notice, the e-seller will have to assess and pay VAT.

Having considered the proposal, the Russian Government commissioned the Russian Ministry of Economic Development, the Ministry of Finance and the Federal Tax Service to discuss the taxation mechanism with the stakeholders from the competent authorities, businesses and public organisations by 21 November 2016, paying special attention to the implementation of its technological and legal aspects.

The source also quotes Deloitte partner Oleg Berezin.

Kommersant

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

Sincerely,

Deloitte CIS partners

Contacts

Grigory Pavlotsky
Managing Partner
Tax & Legal
Deloitte CIS
gpavlotsky@deloitte.ru

Gennady Kamyshnikov
Managing Partner
Public Sector
gkamyshnikov@deloitte.ru

Oleg Berezin
Partner
Pharmaceuticals
oberezin@deloitte.ru

Artem Vasyutin
Partner
Travel Hospitality & Leisure
avasyutin@deloitte.ru

Yulia Orlova
Partner
Metals
yorlova@deloitte.ru

Andrey Panin
Partner
Oil & Gas, Energy & Resources, Mining
apanin@deloitte.ru

Artem Vasyutin
Partner
Retail, Wholesale & Distribution
avasyutin@deloitte.ru

Vasily Markov
Director
Technology, Media & Telecommunications
vmarkov@deloitte.ru

Tatiana Kofanova
Director
Automotive
tkofanova@deloitte.ru

Alexander Sinitsyn
Director
Banking & Securities, Insurance
asinitsyn@deloitte.ru

Yulia Krylova
Director
Real Estate
ykrylova@deloitte.ru

Oxana Zhupina
Director
Food, Beverages & Agriculture
ozhupina@deloitte.ru

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