

# Legislative Tracking



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## Announcement

### IRS extends the effective time period for certain FATCA transitional rules apply

On 18 September, in Notice 2015-66 the IRS announced an extension of the time periods for certain FATCA transitional rules. Specifically, the amendments will extend:

- the use of limited foreign financial institution (limited FFI) status until 1 January 2017;
- the deadline for a sponsoring entity to register its sponsored entities and redocument such entities with withholding agents until 31 December 2016;
- the date for when withholding on gross proceeds and foreign passthru payments will begin from 1 January 2017 to 1 January 2019.

More detailed information has been published on the official IRS website:

<http://www.irs.gov/pub/irs-drop/n-15-66.pdf>

**25 September 2015**

**Garant: Federal Legislation Monitoring**

<http://www.garant.ru/hotlaw/federal/653088/>

### Enhanced encrypted non-certified digital signature algorithm

The Decree of the Federal Tax Service of 20 August 2015 No CA-7-6/364@ approves the procedure of the enhanced encrypted non-certified digital signature algorithm. In particular, the term of the digital signature verification key certificate will constitute 12 months. This procedure is stipulated in art. 11.2 of the Russian Tax Code and federal law No 63-Φ3 dated 06.04.2011 "On digital signature". Please, be informed that art. 11.2 of the Russian Tax Code related to taxpayer's personal account entered into force since 1 July 2015.

**24 September 2015**

**Consultant Plus**

<http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=QUEST;n=150269>

## **Clarifications by the Ministry of Finances of the procedure and time to file the notification of CFC and participation in foreign companies**

The letter of the Ministry of Finances of 3 September 2015 No 03-04-08/50752 explains procedure and time frame to file notifications of CFC, participation in foreign companies and establishing foreign structures without forming a legal entity. In particular, the obligation to notify of participation in foreign organization based on the reasons emerged prior to 15 May 2015 is defined with regard to the physical person's tax residence status which is defined based on their residence in Russia within the continuous 12-months period up till 15 May 2015. The authority also notifies that if at the end of the 2016 tax period a physical person is acknowledged as a controlling party of a foreign company and a Russian tax resident, the person is to file a CFC notification on or prior to 20 March 2017.

<http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=QUEST;n=150082>

## **Recording renovation costs for property obtained free of charge for corporate profit tax purposes**

The letter of the Federal Tax Service of 1 September 2015 No 03-03-06/1/50225 notifies that renovation costs of property obtained free of charge is to be included into the non-operating income calculated based on the market prices. Along with this, initial cost of the renovated property is not to be increased for profit tax purposes and charging of depreciation since the organization has not incurred any costs to renovate a property.

<http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=QUEST;n=150281>

## **Specifics of acting as a tax agent when paying income in the form of dividends**

The letter of the Ministry of Finances of 9 September 2015 No 03-03-06/51926 notifies that if securities sold by a foreign organization (repo seller) have been obtained as a result of another repo transaction or security loan transaction the entity for which income is acknowledged according to the Russian Tax Code can be treated as beneficial owner of the income provided that related confirmation is in place. Additionally, when paying income in the form of dividends to the tax agent being a Russian organization with the purpose to define a fair tax rate it is required to have information of the entity-beneficial owner of the income stated above.

[http://www.consultant.ru/document/cons\\_doc\\_LAW\\_186330/](http://www.consultant.ru/document/cons_doc_LAW_186330/)

## **Interest payments recording when calculating customs value of goods approved**

The Decree of the EEC Board of 22 September 2015 No 118 approves Interests Accounting Rules when defining customs value of goods. In particular, conditions under which interest payments are not to be included into the customs value of imports are envisaged and specific examples to

record interest payments are given. The Decree will enter into force 30 days after its official publication.

**24 September 2015**

**Official Website of the Russian State Duma**

[http://asozd2c.duma.gov.ru/addwork/scans.nsf/ID/EEEDA88110CF824643257ECA0057E324/\\$FILE/887724-6.PDF?OpenElement](http://asozd2c.duma.gov.ru/addwork/scans.nsf/ID/EEEDA88110CF824643257ECA0057E324/$FILE/887724-6.PDF?OpenElement)

### **Possible tax exemption of transactions related to sale or withdrawal of Russian companies' bonds and investment units**

The State Duma is reported to have received for its review a draft law No 887724-6 "On amending the Russian Tax Code." The draft law will expand the application of 0% personal income tax and corporate profit tax on transactions related to sale or withdrawal of Russian companies' bonds and investment units. Moreover, it is suggested to reduce the ownership period for the shares and bonds of such organizations and investment units from five years down to one to apply 0% . If approved, the Federal Law will enter into force upon its official publication.

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