

# Legislative Tracking



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**22 July 2016**

**ConsultantPlus**

<http://www.consultant.ru/cons/cgi/online.cgi?req=doc;base=QUEST;n=158795>

### **Russian Federal Tax Service clarifies pricing control procedure for related-party transactions**

This Letter clarifies that the completeness of taxes assessed and paid on related-party transactions can be verified by the Russian Federal Tax Service, which is authorised to audit the compliance of income received from such transactions with the arm's length principle using the methods specified in Chapter 14.1 of the Russian Tax Code.

Should any cases of tax avoidance involving the manipulation of prices in non-controlled related-party transactions be identified, local tax authorities may prove the taxpayer's receipt of an unjustified tax benefit by initiating desk and field audits and using the methods specified in Chapter 14.1 of the Russian Tax Code.

This position of the tax authorities is consistent with their previous statements (see Russian Ministry of Finance Letter No. [03-01-18/8-145](#) of 18 October 2012, Russian Ministry of Finance Letter No. [ED-2-13/710@](#) of 16 June 2015, etc.).

The Russian Supreme Court also recognises that local tax authorities are not authorised to exercise control over the prices in transactions between related parties, while it does not prohibit the revision of prices upon the identification of unjustified tax benefits arising from the manipulation of prices (see Case No. [A63-11506/2014](#), Case No. [APL16-124](#) and Case No. [A40-63374/2015](#)).

For more information about the position of the Russian Supreme Court regarding the authority of local tax administrations to combat the manipulation of prices in transactions between related parties, please refer to LT in Focus of [22 July 2016](#).

Russian Ministry of Finance Letter No. 03-07-11/40217 of 8 July 2016

**25 July 2016**

**Official website of the Russian Government**

<http://government.ru/orders/23987/>

### **Russian Government issues instructions for import substitution in pharmaceutical and medical industries**

Following the recent meeting of the Government Commission on Import Substitution, the Russian Government issued the following commitments applicable to the pharmaceutical and medical industries:

- To investigate opportunities for supporting Russian manufacturers who export or intend to export pharmaceutical products to other countries;
- To prepare proposals on amending the regulations governing the state registration and re-registration of the maximum selling prices set by pharmaceutical companies for medicines included in the List of Vital and Essential Drugs (the VED List), and modifying the pricing method in order to incentivise local pharmaceutical businesses;
- To prepare proposals on supporting the development of pharmaceutical and medical enterprises under a special investment contract, including a fast-track procedure for the registration of pharmaceutical products and medical supplies.

**26 July 2016**

**Official Internet portal for legal information**

<http://publication.pravo.gov.ru/Document/View/0001201607260007>

### **EEU agreement for protection of intellectual property rights takes effect**

The Agreement on the Coordination of Actions for the Protection of Intellectual Property Rights entered into on 8 September 2015 between the member states of the Eurasian Economic Union (EEU) came into force on 19 July 2016. Specifically, this Agreement includes provisions on the following:

- The coordination of actions aimed at preventing, detecting, prosecuting and investigating offences involving intellectual property, as well as improving the work of the competent authorities;
- The harmonisation and improvement of the legal framework in the member states to enhance the protection of intellectual property rights within the EEU's customs territory;
- The exchange of information on the protection of intellectual property, including the prevention of intellectual property right infringements within the EEU's customs territory;
- The planning and implementation of collective measures on the coordination of actions aimed at protecting intellectual property rights.

**25 July 2016**

**Official website of the Russian State Duma**

[http://asozd2.duma.gov.ru/addwork/scans.nsf/ID/B879479E3F2D419E43257FFC002C7536/\\$File/1134213-6.PDF?OpenElement](http://asozd2.duma.gov.ru/addwork/scans.nsf/ID/B879479E3F2D419E43257FFC002C7536/$File/1134213-6.PDF?OpenElement)

### **Draft law lifting time limits for unified tax on imputed income**

The Russian State Duma is considering Draft Law No. 1134213-6, which envisages an unlimited effective period for the unified tax on imputed income (UTII). Previously, Federal Law No. [178-FZ](#) of 2 June 2016 extended the effective period of the UTII regime for three years until 1 January 2021.

25 July 2016

Official website of the OECD

<http://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-july-2016.pdf>

### OECD publishes report to G20 finance ministers

The OECD Secretary-General published a report to G20 finance ministers following their recent meeting, which covers the following matters:

- Key milestones met under the G20/OECD Base Erosion and Profit Shifting (BEPS) Project;
- Transparency of tax information and the implementation of automatic exchange of financial account information (AEOI);
- The role of tax policy in promoting economic growth; and
- The outcomes of the Global Forum on Transparency and Exchange of Information for Tax Purposes.

The [Communiqué](#) released at the G20 Summit also states that the member countries expect a list to be prepared “by the July 2017 G20 Leaders’ Summit of those jurisdictions that have not yet sufficiently progressed toward a satisfactory level of implementation of the agreed international standards on tax transparency, and defensive measures will be considered against listed jurisdictions”.

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