



## **Legislative Tracking**

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## **Legislative initiatives**

### **Draft law aimed at enhancing currency control over currency operations by individuals published**

A draft law has been prepared aimed at enhancing currency control of currency operations performed by individuals.

The draft law proposes the introduction of the following changes:

- Refine the concept of currency residency for individuals;
- Repeal the requirement upon the first currency operation for resident individuals to submit a stamped-as-received tax authority notification on the opening of an account to the authorised bank;
- Extend the list of cases when funds may be credited to resident individuals' accounts in banks abroad, excluding authorised banks. Funds received from the sale of vehicles to non-residents as well as immovable property outside of Russia have been added to the list (on the condition that this property is registered in a member state of the OECD or FATF and this state has joined the automatic exchange of information mechanism, and the account is with a bank in this state);
- Exempt Russian resident individuals living abroad on a permanent basis or on a temporary basis for no less than one year (with breaks in Russia not exceeding three months in the calendar year) from the requirements towards the procedure for opening bank accounts in banks abroad, for conducting currency operations on these accounts and for filing reports on the movement of funds between these accounts.

If adopted, the law will enter into force on 1 January 2018.

**Details**

*Source: Federal Portal for Draft Regulations*

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### **Toughening of requirements towards internal resources (capital) for banks allowed to hold funds from the federal budget**

Federal Treasury Order No. 17n of 5 September 2016 increased the minimum amount of internal resources (capital) for credit institutions that are allowed to hold funds from the federal budget.

The internal resources (capital) of such credit institutions should amount to no less than RUB 250 billion according to the reporting held at the Central Bank of Russia for the day on which the credit institution is checked for compliance with other requirements.

Please note that in accordance with the current legislation, the internal resources (capital) of a credit institution that could hold funds from the federal budget must amount to at least RUB 5 billion.

The order enters into force on 12 November 2016.

[Details](#)

*Source: Garant: Federal Legislation Monitoring*

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### **Draft law clarifying criteria for recognition of agricultural goods producers**

Draft law No. 1180424-6 has been introduced to the Russian State Duma for consideration. The draft law proposes to reduce the minimum share of income from the sale of agricultural products for recognition as an agricultural goods provider to 60 percent (the current legislation stipulates that this share should amount to no less than 70 percent).

[Details](#)

*Source: Official Russian State Duma website*

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## Media review

### **Russian presidential instructions following session of Presidium of State Committee on measures to increase investment attractiveness of resort industry**

Following a session of the Presidium of the State Committee on measures to increase the investment attractiveness of the resort industry, the Russian president gave instructions to introduce amendments to the current legislation, envisaging the following:

- The introduction of a resort tax, revenues from which can be used to develop the Russian resort industry;
- The obligation for resorts to file information for entry into the Russian register of resorts and the state register of health and recreation areas and resorts, regardless of their legal structure;
- The state ecological review of project documentation for items proposed for construction or reconstruction in health and recreation areas or on the territory of resorts.

Plans also call for the possibility of establishing priority development zones at resorts to be considered.

[Details](#)

*Source: Official website of the Russian president*

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### **Russian presidential instructions on results of Eastern Economic Forum**

The Russian president gave the following instructions following the Eastern Economic Forum:

- Introduce amendments to Russian legislation envisaging an extension of the applicable period of corporate profit tax benefits for residents of priority socio-economic development zones and Vladivostok Free Port

residents undertaking major investment projects subject to the minimum amount of capital investment by such residents being met;

- Develop and introduce a mechanism in the Far East to provide privileged access to mineral deposits and subsurface sites as well as fishing and forestry sites to investors in high-tech production and processing of the resultant products at these sites;
- Prepare and approve a conceptual framework for the development of Russky Island envisaging the establishment of an international research, educational and technology cluster.

[Details](#)

*Source: Official website of the Russian president*

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## **Russian presidential instructions on regulation of passenger rail travel**

Following a session on the development of passenger rail travel, the Russian president gave the following instructions:

- Explore the establishment of zero VAT rates on long-distance public passenger rail travel and carriage of baggage (in accordance with the current legislation, a rate of 10 percent applies to such services until 31 December 2017);
- Explore the long-term establishment (until 2030) of zero VAT rates on suburban passenger rail services (in accordance with the current legislation, a zero rate applies to such services until 31 December 2017);
- Prepare a draft federal law "On Arranging Regular Passenger Rail Services";
- Develop a concept framework for the long-term state regulation of interregional passenger services.

[Details](#)

*Source: Official website of the Russian Government*

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## **Russian Ministry of Finance initiative to reform pension payment system**

The Russian Ministry of Finance together with the Central Bank of Russia has developed proposals for reforming the state defined contribution pension system into an individual pension capital system. The proposals call for the following changes:

- The state pension will remain a joint system: the entire contribution paid into the Russian Pension Fund will be put into the distributive system;
- Contributions to the individual pension capital will be made by the employee;
- All individuals will automatically join the individual pension capital system with a default 0-percent contribution;
- During the transition period, the employee will be able to determine the size of their contribution independently and the size will not be limited;
- For employees that do not determine the size of their contribution, the contribution will begin to rise by 1 percentage point per annum until it reaches 6 percent;
- At any moment, the employee can stop making contributions for five years with the right to extend this period;
- The employee will be able to increase or decrease the size of the contribution;
- The employee will be granted a tax benefit in the form of a personal income tax deduction of up to 6 percent for making contributions to the individual pension capital; employers participating in the individual pension capital will also be granted a deduction for the corresponding expenses (the precise nature of the tax benefit has not yet been defined);
- The individual pension capital will be the property of the individual and it will be possible to withdraw funds ahead of schedule: up to 20 percent five years before reaching pension age, and up to 100 percent in certain circumstances;
- Current savings will be transferred to the individual pension capital automatically if the funds are managed by a non-state pension fund;

- Funds managed by the Russian Pension Fund can be transferred to the individual pension capital upon the request of the individual concerned. If the individual does not request to participate in the individual pension capital system, there will be two transitional years before the savings managed by the Russian Pension Fund are annulled and converted into pension points for the insurance component of the future pension.

The new system could come into effect from 2019.

[Details](#)

*Source: Vedomosti*

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### **Interactive bank-audit results service**

An [interactive service](#) has been launched on the official Central Bank of Russia website, which allows the user to view the results of audits of credit institutions and banking groups' financial reporting.

Information on the audit firms performing the compulsory audits of credit institutions and banking groups is available for financial reporting from 2014 onwards.

[Details](#)

*Source: Official Central Bank of Russia website*

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