

## Legislative Tracking

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### Clarifications from government bodies

#### Federal Tax Service clarifies taxation of income paid to foreign partnership registered in UK

Federal Tax Service Letter No. SD-4-3/24561@ of 21 December 2016 clarifies various issues related to the taxation of income paid to a foreign partnership registered in the UK, in particular:

- The Double Tax Treaty (DTT) between Russia and the UK directly states that a partnership is not a "person". The provisions of the DTT do not extend to partnerships;
- In this instance, the tax agent withholds tax on the income from Russian sources for each partner in proportion to each partner's share of participation;
- The Russian organisation may request confirmation that the partners are the beneficial owners of the income paid to the partnership registered in the UK, as well as confirmation of their permanent address (residency);
- The DTT may only be applied in relation to partners considered permanent residents of the UK in accordance with the provisions of the DTT.

Thus, the Federal Tax Service noted that the tax is withheld upon payment of the income to the foreign partnership based on each partner's share of participation and taking into account the DTT between Russia and the country of residency of the partner who is the beneficial owner of the income.

The Federal Tax Service also clarified the procedure for the taxation of income from international transport services paid in favour of a foreign individual or legal entity. To be precise, the Federal Tax Service indicated that if the beneficial owner of the income from international transport services is a Russian tax resident, the income is taxed without the corresponding tax on the income being withheld at source on the condition that the tax authority at the place in which the source of income is registered for tax purposes is notified in accordance with the procedure established by the federal agency responsible for tax matters.

Thus, it can be inferred that the Federal Tax Service believes the beneficial owners of income in the form of remuneration for international transport services should be ascertained.

[Garant: Prime](#)

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### Legislative initiatives

#### Agreement on EAEU Customs Code signed

The Agreement on the Eurasian European Union was approved and signed at a session of the Supreme Eurasian Economic Council.

The presidents of Russia, Kyrgyzstan, Kazakhstan and Armenia signed the document.

Plans call for the new code to enter into force at the beginning of 2017.

[Official website of the Russian President](#)

### **Import customs duties reduced in relation to certain goods**

Council of the Eurasian Economic Commission Decision No. [130](#) of 30 November 2016 establishes a zero rate of import customs duties under the EAEU common customs tariff in relation to polyethylene for three-layer anti-corrosion coatings for large-diameter pipes (Foreign Trade Commodity Classifier code 3901 20 900 1) from 1 January 2017 to 31 December 2017.

The Decision enters into force on 1 January 2017, but no earlier than 10 days from the date of its official publication.

Furthermore, Council of the Eurasian Economic Commission Decision No. [127](#) of 30 November 2016 has introduced zero-rated import customs duties on certain chemical compounds.

The zero rates will be in effect until 31 December 2019 inclusive.

This Decision enters into force 30 days from the date of its official publication, but no earlier than 2 January 2017.

*Garant: monitoring federal legislation*

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## **Media review**

### **Russian Ministry of Industry and Trade plans to extend government car leasing benefits**

The Russian Ministry of Industry and Trade declared the extension of the car leasing benefits programme for 2017.

The project budget for 2017 will amount to RUB 10 billion sourced from the anti-crisis fund.

Plans call for the programme to be approved in spring 2017, but it is expected that it will cover transactions completed from 1 January 2017.

A draft government programme has not yet been published.

[Vedomosti](#)

### **Global Blue plans to become partner in tax free implementation in Russia**

International tax free system operator Global Blue has registered its presence in Russia.

The company plans to become one of the first partners in developing the system of tax refunds for non-residents on Russian territory, which should take effect in 2017.

[RBC](#)

### **Draft framework for green development in Russia up to 2030 developed**

A draft framework for green development in Russia up to 2035 with prospects until 2050. One of the key proposals is the introduction of polluting emission quotas for enterprises at the regional level if the implementation of best available technologies does not lead to an increase in air quality in industrial cities.

It is proposed that regional authorities be provided with full access to information on environmental pollution, that Russian federal subjects be granted the right to monitor atmospheric pollution, and that enterprises be obliged to install automatic emission monitoring systems.

[Kommersant](#)

## Deloitte publications

### **S7 Airlines** Deloitte CIS supports first Russian blockchain letter of credit transaction

Deloitte CIS advised S7 Airlines (PJSC Siberia Airlines) on the application of blockchain technology, and provided legal support for the project.

Many innovative companies are currently engaged in blockchain technology research and development. However, today we witnessed the practical application of this technology for letter of credit settlements. Only a few similar transactions have been completed globally and this is the very first in Russia.

For more information, please see Deloitte's [official website](#).

### Real Estate News, November 2016

Deloitte's specialists always have their finger on the pulse when it comes to the most important legislative initiatives and trends in taxation and law which may be of interest to companies in the real estate sector. With this in mind, we are pleased to present our latest edition of Real Estate News for [November 2016](#).

Aside from providing you with news in familiar sections, in this edition we invite you to participate in a short survey aimed at understanding the tax strategies of market players and their assessments of current legislative changes. The data we collect will be used anonymously to prepare an analytical overview that will appear in the next edition of Real Estate News.

### Tax benefits in Russia. Key developments and changes in 2016

We are pleased to present a [video](#) review of the key developments and legislative changes relating to tax benefits in Russia in 2016.



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

Best regards,

**Deloitte CIS Partners**

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### TaxSmart app



[deloitte.ru](http://deloitte.ru)

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