

## Legislative Tracking

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### Clarifications from government bodies

#### Russian Ministry of Finance clarifies certain aspects of filing tax returns on income paid to foreign entities and taxes withheld

Russian Ministry of Finance in its Letter No. 03-08-05/41357 of July 14, 2016 clarifies the specifics of taxation of Russian-sourced income paid by a Russian entity to foreign banks charging negative interest rates on deposits.

The Ministry has explained that such income is treated as "other income" for double taxation treaty purposes.

According to the Letter, if a double taxation treaty does not provide for taxation of such type of income in the Russian Federation and a Russian company that has a deposit with a foreign bank charging negative interest rates is not treated as a tax agent under Article 24 of the Russian Tax Code, such Russian company will not have to file tax returns on income paid to such foreign bank and taxes charged thereon as per the form approved by the Russian Federal Tax Service's Order No. MMB-7-3/115@ of 2 March 2016.

The Ministry has previously issued a series of clarifications, stating that if the income paid to a foreign entity is treated as Russian-sourced as per Article 309 of the Russian Tax Code, including the income that is tax-exempt in Russia under the Russian Tax Code or by virtue of a double taxation treaty, is to be reflected in a tax agent's tax return on income paid to foreign entities and taxes withheld therefrom (see Ministry of Finance's Letters No. [03-08-13/56982](#) of 30 September 2016 and No. [03-08-05/58776](#) of October 10, 2016).

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### Legislative initiatives

#### Singapore ratifies amendments to double taxation treaty with Russian Federation

On 25 November 2016, Singapore ratified the [Protocol](#) signed to amend the double taxation treaty with the Russian Federation (for more details please refer to LT in Focus of [28 August 2015](#)).

From the Russian side, the Protocol was ratified by Federal Law No. 184-FZ RF of 23 June 2016.

[Official web site of the President of Russia](#)

#### New audiovisual services regulations proposed

The Russian State Duma is to consider draft Law No. 37671-1 intended to regulate the legal status of audiovisual services rendered to the Russian consumers.

The following amendments have been made to the original draft:

- The new version introduces a definition of an audiovisual service operator;
- Audiovisual services with a daily audience exceeding 100,000 users for a month running country-wide, or 20,000 users within one region, are put on a special register;
- Foreign shareholding will be restricted for such services (the restriction does not apply to the strategically important audiovisual service operators from the national defense and security perspective, and to user-generated content resources).
- Audiovisual service operators are obliged to refrain from broadcasting certain types of information, delete, upon user's request, any information distributed in breach of the Russian laws, assign an authorised person to check the distributed public information etc.;
- The draft authorises government bodies to oversee the activities of audiovisual service operators, including blocking the operators' websites over breaches of regulatory requirements.

The draft law does not apply to audiovisual resources with user-generated content or search engines.

If approved, the law will enter into force on 1 March 2017. The audiovisual service operators will have to align their structure with the new requirements by 1 July 2017.

The draft law is in line with the overall regulatory trend concerning the foreign online services in Russia. If passed, the draft law will impact its opponents from among the existing market players, as they will be subject to the same limitations and obligations as the mass media.

The draft law envisages blocking of websites, which makes the penalties for non-compliance even heavier than those provided for by the law on taxation of e-

services.

[Official web site of the Russian State Duma](#)

### **Pilot project on fur labelling extended**

The Protocol signed on 23 November 2016 extends the term of [the Agreement](#) signed on 8 September 2015 between the EAEU member states. The Agreement provides for implementation of a pilot project that envisages labelling the natural furs with control tags (IDs).

The Agreement extends the pilot project from 1 January 2017 to 31 December 2018.

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### **Security and counter terrorism regulations for retailers developed**

The Russian Government is working on a draft resolution to introduce counter-terrorism readiness requirements for retail stores and security passports for such stores depending on the category:

- Category 1: stores with a maximum conditional capacity of 1,000+ people
- Category 2: stores with a maximum conditional capacity of 200 to 1,000 people
- Category 3: stores with a maximum conditional capacity of 50 to 200 people

The category may be reassigned by a special security committee depending on the store's environment.

The document also sets forth the requirements to retail store security passport and lists key counter-terrorism measures for retail facilities.

[Federal draft legislation portal](#)

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## **Media review**

### **Russian Ministry of Economic Development puts forward initiative to extend tax incentives for IT companies indefinitely**

The Russian Ministry of Economic Development has presented for the Government's consideration a draft law that suggest extending the period of reduced social contribution rates at 14% for IT companies for an indefinite period of time.

The Ministry also suggests broadening the scope of companies qualifying for the lower rates to companies not listed in the national software register maintained by the Russian Ministry of Communications and Mass Media.

There are currently two pending draft laws meant to incentivise the Russian IT companies: on the permanent extension of lower rates' period (for more details on the [draft law](#) please refer to LT of [13 May](#)

[2016](#)) and on extending the lower rates' period for Russian software and database developers until 2023 (for more details on the [draft law](#), please refer to LT of [30 August 2016](#)).

[Vedomosti](#)

## Deloitte publications

### Overview of intellectual property disputes

Deloitte has prepared [an Overview](#) of court practice on intellectual property (IP) disputes.

The document contains a summary of landmark legal cases on different aspects of accounting for and protecting intellectual property, which, in our opinion, may substantially affect the interpretation of existing law.

The Overview will be of special interest to lawyers, accountants and tax specialists.

### Intangible assets management specifics: An outward glance

The digital transformation of the economic landscape is bringing about inevitable changes in corporate asset

structures. New types of intangibles emerge followed by new legal protections against breaches of rights.

Deloitte has surveyed and analysed the responses of business leaders regarding their intangible asset management practices. The details of the Survey are available [here](#).

### Digitalisation of tax: international perspective

How to leverage new technologies for a maximum impact on taxation?

Read about the recent trends and the global best practices in this [Report from ICAEW](#) with input from Deloitte.

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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.

Best regards,

**Deloitte CIS Partners**

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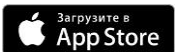


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## TaxSmart app



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