

Legislative Tracking



If you would like advice with regard to any of these issues, please do not hesitate to contact the Tax & Legal department of Deloitte CIS at +7 (495) 787 06 00 (Moscow) or + 7 (812) 703 71 06 (St. Petersburg).

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30 August 2016

Federal portal for draft regulations

<http://regulation.gov.ru/projects#npa=52844>

Possible extension of preferential insurance contribution tariffs for Russian programme and database developers until 2023

The Russian Ministry of Telecoms and Mass Communications (MinKomSvyaz) is preparing a draft law that would introduce amendments to the Russian Tax Code as regards extending the period of reduced insurance contributions for IT companies, in particular:

- An extension of the preferential insurance contribution tariffs (at the rate of 14 percent) until the end of 2023 and the establishment of a period of transition to the standard rates in 2024-2025 (in the form of a gradual rate rise) for developers of programmes and databases included in the Unified Register of Russian Computer Programmes and Databases, as well as for companies developing, modifying, adapting and providing technical support for such programmes and databases;
- An organisation shall be recognised as a developer of a programme or database included in the Unified Register of Russian Computer Programmes and Databases if at least one programme or database owned by the organisation and developed by said organisation, either independently or by contractual order, is included in the Unified Register of Russian Computer Programmes and Databases;
- Amendments to the methodology for calculating core earnings for organisations developing, modifying, adapting and providing technical support for programmes and databases included in the Unified Register of Russian Computer Programmes and Databases, including the introduction of a provision stipulating that the share of income from Russian programmes and databases in the total income shall constitute no less than 10 percent for the reporting period (the existing requirement that earnings from information-technology activities shall constitute no less than 90 percent of core earnings shall remain in force).

If adopted, the draft law will enter into force on 1 January 2017.

29 August 2016

ConsultantPlus

<http://www.consultant.ru/cons/cgi/online.cgi?req=doc;base=QUEST;n=160003>

Clarifications on correcting for exchange rate effect on novation of foreign currency-denominated debts into rouble debts

According to this letter, the provisions of Federal Law No. 32-FZ of 8 March 2015 establishing the specific rules for the determination of the maximum amount of interest on controlled debt allowed for deduction taking into account corrections for exchange rate effects, apply to current (non-cancelled) debts denominated in foreign currency that arose before 1 October 2014.

Thus, upon the novation of foreign currency-denominated debts into rouble debts, the equity capital is calculated without exchange rate corrections for the purposes applying the thin capitalization rules.

Please note that limitations to the application of the provisions of Federal Law No. 32-FZ to foreign currency-denominated debts only are not envisaged in the text of the Federal Law.

The Ministry has not issued clarifications on this issue previously.
Russian Ministry of Finance Letter No. 03-03-06/1/47996 of 16 August 2016

<http://www.consultant.ru/cons/cgi/online.cgi?req=doc;base=QUEST;n=160005>

Controlling party's tax accounting for CFC profits upon reorganisation of said CFC

According to this letter, if it is not possible to determine a controlling party's share of controlled foreign company (CFC) profits in accordance with paragraph 1, item 3, Article 25.15 of the Russian Tax Code, the profits of the CFC are accounted for in the taxpayer's (the controlling party) tax base based on the amount of profits to which the taxpayer has the right (will have the right) upon its distribution among the beneficial owners of the CFC.

The Ministry notes that the reorganisation of a CFC does not constitute grounds in and of itself for not assigning the profits of this company to the profits of the legal successor CFC.

Thus, it can be inferred from the letter that CFC profits earned by a CFC in the financial year preceding the year in which the CFC is reorganised are accounted for in the same financial year when determining the tax base of the controlling party for the corresponding year (in other words, there is no deferral in the taxation of the controlling party's profits through the assignment of the profits of the company undergoing reorganisation to the profits of the legal successor CFC in the following financial year).

Russian Ministry of Finance Letter No. 03-01-23/48260 of 17 August 2016

30 August 2016

Official website of the Russian Government

<http://government.ru/orders/24328/>

Russian Government instructions on measures to support sustainable socio-economic development in Russian federal subjects

As a result of a meeting on measures to support sustainable socio-economic development in Russian federal subjects, the Russian Government gave instructions on developing the following amendments to the tax legislation:

- Gradual limitation of the amount of loss carried forward for corporate profit tax purposes;
- Reduction in the applicable periods for reduced corporate property tax on public railway lines, major pipelines, power transmission lines and integral technological structures accompanying these items;
- Establishment of a 1.1-percent corporate property tax rate on moveable property registered on the books after 1 January 2013;
- Refuse the state registration of a legal entity's change of address if the legal entity has tax arrears or other debts towards Russian state budgets;
- Change the payment deadlines for individual property tax, land tax and transport tax to 1 September of the year following the tax period that has ended.

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