

OVERVIEW OF TAX EVENTS FOR MARCH 2015

REGULATORY DEVELOPMENTS

On 8 March, the Russian President signed the federal law “On amending the second part of the Russian Tax Code”. It clarifies the rules for accounting for income (expenses) from transactions with debt instruments.

On 1 April the Federation Council approved the law postponing the deadline for submitting information regarding Controlled Foreign Companies. This has been moved from 1 April to 15 June 2015. Senators have also approved the amendment which permits a company not to submit notifications to tax authorities if it will be liquidated before 15 June.

Additionally:

kommersant.ru, 24 March 2015

The Russian Ministry of Finance is drafting amendments to the Tax Code concerning Controlled Foreign Companies. These are expected to exempt foreign companies from taxation of their dividends, extend to such companies certain local bookkeeping rules for calculating profit, and prevent 'anti-offshore' measures from being applied to active foreign holding and sub-holding structures.

The draft law on what is called the 'amnesty of capitals' should be adopted before 1 June. A party to the 'amnesty' will not have to disclose information on the sources of the assets that it stated in a declaration or to submit documents which confirm its rights to such assets, but it “may do this in any form it chooses”. The applicant should submit only a limited number of documents. The amnesty will apply only to acts committed before 1 January 2014.

The Russian President has approved the mechanism of the 'amnesty' and that the assets will be returned to Russia through an irrevocable trust. He has also promised that the state will not impose additional taxes on holding companies that work abroad.

www.vedomosti.ru, 27 March 2015, tass.ru 25 March 2015

The Russian Government has approved the draft amendments to the double taxation treaty between Russia and China. Only in China will Chinese creditors will pay tax on interest income received in Russia. Likewise, Russian creditors will pay only in Russia tax on their Chinese interest income.

www.vedomosti.ru, 18 March 2015

The Russian Ministry of Finance does not support amending the Russian Tax Code by including in it a range of payments which have elements of taxes and charges, because this would significantly increase the liability for a failure to pay. Additionally, such changes would entail a formal increase of the tax burden and would require the tax authorities to take on more staff.

www.rbcdaily.ru, 13 March 2015

Opinion:

ria.ru, 19 March 2015

The fiscal freeze until 2018 should apply not only to the tax burden on businesses, but also to the quasi-tax charges on business, Alexey Ulukaev, the Russian Minister for Economic Development, has said.

The State Duma Committee on Natural Resources and Ecology has suggested that the time limit for paying the environmental charge be moved to 1 January 2017. Russian FMCG producers have sent a letter to the Russian President with a request that introduction of the environmental charge be postponed to 2018.

Vedomosti, 3 March 2015,

www.rbcdaily.ru, 16 March 2015

The Russian Ministry of Finance has suggested that administration of insurance contributions be transferred from the Russian Pension Fund to the tax service as an anti-crisis measure.

izvestia.ru, 3 March 2015

During the second quarter the Russian Ministry of Economic Development will develop a unified procedure for assessing land plots and buildings that will help “clarify the economic substance of the cadastral value”.

top.rbc.ru , 10 March 2015

Additionally:

In the opinion of the Russian Prosecutor General's Office, the Government of Moscow, which for two years in a row has been revising the cadastral assessment of land plots, has violated federal legislation and infringed businessmen's rights.

The State Duma is drafting legislative amendments that would remove barriers to Islamic banking in Russia. Introducing the new model will require changes not only in banking legislation, but also in other areas of law, such as tax legislation.

izvestia.ru , 5 March 2015

PRACTICE

The Federal Tax Service has summarised the outcomes of tax disputes resolved in and out of court in 2014. Courts ruled in favour of the state budget in relation to 78% of the sums in dispute (which is 4% more than in 2013).

The positive trend has remained of the number of court disputes decreasing annually. The sum of the claims challenged in court has decreased by 10.5% and the sum of the claims challenged out of court has decreased by 7%.

www.nalog.ru, 6 March 2015

Deputies of the communist party faction in the State Duma have suggested that the Federal Tax Service tighten regulation of how multinational corporations (Google and Apple among them) pay taxes. They also propose to charge taxes on the sales of music, games, software and other electronic products in App Store, iTunes and Google Play.

ria.ru, 11 March 2015

Additionally:

[Vedomosti](http://vedomosti.ru), 5 March 2015

Additional taxation of foreign internet companies has been discussed within Russia's Presidential Administration.

kommersant.ru, 16 March 2015

The Swedish Ambassador has threatened that 400 Swedish companies may leave Russia. She felt compelled to do this in view of the problems that beauty company Oriflame has faced because of the tax authority's claims.
