

**OVERVIEW OF TAX EVENTS FOR MAY 2016**

## REGULATORY DEVELOPMENTS

The Russian Federal Tax Service has signed an international treaty for competent authorities to automatically exchange financial information.

*[www.nalog.ru](http://www.nalog.ru), 12 May 2016*

*Additionally:*

The Russian Ministry of Finance will draft the necessary amendments to the legislation establishing banks' and other financial organisations' obligations to transfer to the Russian Federal Tax Service data regarding accounts and client operations for such information to be provided to the tax authorities of other countries.

*([ria.ru](http://ria.ru), [www.vedomosti.ru](http://www.vedomosti.ru), 12 May 2016)*

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On 18 May the State Duma passed in the first reading a set of government draft laws authorising the tax authorities to administer insurance contributions.

*[www.duma.gov.ru](http://www.duma.gov.ru), 18 May 2016*

The Russian President has submitted to the State Duma amendments to the Russian Criminal Code and Russian Criminal Procedure Code. In particular, the amendments provide for an increase in the threshold amounts for criminal cases to be initiated for tax avoidance.

*[www.kommersant.ru](http://www.kommersant.ru), 26 May 2016*

A draft law introducing VAT for Internet and IT companies (the so-called 'Google tax') may be adopted before the end of the spring session, said Leonid Levin, a State Duma deputy.

*[www.vedomosti.ru](http://www.vedomosti.ru), 10 May 2016*

Ilya Trunin, Deputy Minister of Finance, said that owing to the World Cup, Russia may introduce the tax free system before 2018. The tax free system provides for VAT to be reimbursed when foreign citizens export goods from the territory of the Customs Union.

*[www.kommersant.ru](http://www.kommersant.ru), 18 May 2016*

Federal officials may reject the idea of introducing excise duties on drinks containing sugar and palm oil as there are many loopholes to avoid such taxes.

*[www.kommersant.ru](http://www.kommersant.ru), 11 May 2016*

## **PRACTICE**

Even during the turbulence of an economic recession a decrease in profitability may cause tax audits and undermine partners' trust. The Federal Tax Service is convinced that in 2015 the profitability of Russian business increased and in certain areas by several times.

*[www.rapsinews.ru](http://www.rapsinews.ru), 20 May 2016*

Business ombudsman Boris Titov intends to report to the Russian President that 2015 can be characterised as the year when the criminal law imposed the most pressure on business in recent years. The number of initiated tax cases is also growing. During 2015 it increased by 62%, whereas the number of convictions was up by only 16%. Pre-trial restrictions in the form of imprisonment are more frequently imposed on persons suspected of economic crimes.

*[www.rbc.ru](http://www.rbc.ru), 10 May 2016*

The Russian Constitutional Court has decided that charging heavy trucks for journeys on federal highways by means of the Platon system is not in violation of long-distance truck drivers' rights. The charges that are determined should not be too high and too onerous for the drivers. The Constitutional Court has also determined that increasing charges is only subject to amending federal laws. The money that the long-distance truck drivers pay to operators should be transferred to the federal budget.

*[www.rbc.ru](http://www.rbc.ru), 31 May 2016*

The Russian Supreme Court has refused to invalidate the Letter of the Ministry of Finance dated 18 October 2012 on applying the provisions of article 105.3 of the Russian Tax Code. The Letter provides that, when prices are 'manipulated', local tax authorities should search, during field and desk tax audits, for proof that the taxpayer obtained an unjustified tax benefit.

*[www.vedomosti.ru](http://www.vedomosti.ru), 27 May 2016*

A court of appeal upheld the position of the Russian Union of Rightholders (RUR) in a claim against American computer manufacturer Dell. On 31 May the court cancelled the decision of the first instance court that dismissed the RUR's position in February. Now the court has decided that Dell must pay a royalty of RUB 79.6 million plus interest. Dell's representative said that the company will appeal against this decision.

*[www.vedomosti.ru](http://www.vedomosti.ru), 01 June 2016*

Suzuki Motor Rus LLC, the Russian structure of the Japanese motor car concern Suzuki Motor Corp., proved in court that it did not overstate its losses when selling motor cars on the Russian market at a price below the cost price.

*[www.vedomosti.ru](http://www.vedomosti.ru), 13/05/2016*