

OVERVIEW OF TAX EVENTS FOR OCTOBER 2015



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REGULATORY DEVELOPMENTS

The members of the State Duma have finalised the draft law "On state cadastral valuation in the Russian Federation". This draft law proposes a completely new method for setting up commissions to consider disputes regarding the outcome of a calculation of the cadastral value. Unlike the draft law submitted by the Government, this draft law provides that not only officials will participate in the commission considering a dispute but also representatives of the business community and of the relevant industry.

izvestia.ru, 27 October 2015

Business associations have put together their proposals for a new set of 'road maps' to improve the investment climate. What worries business most of all is the lack of access to financial resources and high taxes.

The Russian Union of Industrialists and Entrepreneurs is proposing to draw up a draft law concerning preliminary clarifications of the tax service, which cut the risk of business facing claims. The Union also suggests simplifying access to the declarative procedure for refunding VAT.

www.kommersant.ru, 12 October 2015

PRACTICE

Russia is advancing in the World Bank's 'Doing Business' ratings, as shown by the fact that it has taken 47th place in the 'payment of taxes' category (this compares with 49th place in 2015 and 56th place in 2014).

www.kommersant.ru, 28 October 2015

Russia's Federal Tax Service and Federal Financial Monitoring Service (the state agency with responsibility for combating money laundering) have laid down a procedure for working together in the branches of the economy that carry the greatest risks. Among these, the two authorities have marked out the household appliances and technology market and the precious metals market.

www.nalog.ru, 15 October 2015

Thanks to a single law enforcement position being drawn up at all stages of the activity of tax authorities, the number of appeals from taxpayers dropped by 1.5 times between 2009 and 2014. In the same period, the number of disputes in commercial courts fell by 2.5 times. 2015 saw a continuation of this trend. Important disputes that relate to issues of methodology as well as those that are with bad-faith taxpayers are resolved through litigation.

www.nalog.ru, 16 October 2015

<http://ria.ru>, 13 October 2015

More than 121,000 organisations have signed up for a 'Legal Entity's Personal Taxpayer Account' since the launch in 2014. More than 200 taxpayers are joining the service daily.

www.nalog.ru, 29 October 2015



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From 15 November, the owners of 12-ton trucks will have to pay up to RUB 50 billion annually for journeys on federal highways. Hauliers have asked the Russian government to test out the new system until March 2016 to avoid any unjustified fines.

www.rbcdaily.ru, 19 October 2015

Russia's Supreme Court has ratified the Overview of the practice of courts examining cases relating to the application of chapter 23 of the Russian Tax Code (personal income tax).

www.vsr.ru, 21 October 2015

A judge of the Russian Supreme Court has turned down the Russian division of Mazda (Mazda Motor Rus LLC), declining to refer a case to the Judicial Chamber on Economic Disputes. Mazda Motor Rus bought from Mazda Motor Logistics Europe N. V. cars worth RUB 21.2 billion but earned only RUB 20 billion from selling them. This was due to the 'disadvantageous situation on the Russian car market, caused by the global financial crisis, a significant drop in demand from buyers and other factors'.

Having checked the prices for transactions with the foreign supplier of the cars, the tax authority decided that profit had been channelled abroad. The court held that it was lawful to apply such a method of calculation.

Vedomosti, 19 October 2015

The State Commercial Court for the Moscow Circuit has left in force court decisions rejecting a claim of Nestle Rossiya LLC (a member of the Swiss Nestle group) to invalidate an additional assessment of tax debt amounting to more than RUB 255 million. Nestle Rossiya LLC had violated rules of the Russian Tax Code by including in its expenses interest on debt obligations. The company's affiliates, NTC-EUROPE SA and Nestle Finance International LTD (both incorporated in Luxembourg), had granted it a loan. The actual lender was the parent company in the group, NESTLE S.A., which directly or indirectly held at least 20% of the issued capital of the borrower, Nestle Rossiya LLC. The financing transactions of Nestle Rossiya LLC were used to reduce tax by way of obtaining a loan.

www.rapsinews.ru, 26 October 2015

The Ombudsman for Entrepreneurs' Rights Boris Titov has given an interview in which he commented as follows: "...Again we are starting to worry about articles 198 and 199, which provide for criminal liability in the area of non-payment of taxes ... Very recently, amendments were adopted to the Criminal Code under which investigative authorities have again received the right to initiate criminal cases on these grounds independently, albeit that when doing so they also need an opinion from the Federal Tax Service (FTS). As a result, the number of cases under articles 198 and 199 has started to climb sharply (by 88% since the start of the year). We are now checking whether an opinion from the FTS was obtained in each one of these cases."

ko.ru, 20 October 2015