

**OVERVIEW OF TAX EVENTS FOR AUGUST 2016**

## REGULATORY DEVELOPMENTS

The Russian Government has submitted to the State Duma a draft law to exempt organisations from paying property tax with respect to vehicles manufactured after 1 January 2013.

*[www.duma.gov.ru](http://www.duma.gov.ru), 23 August 2016*

It is proposed to lay down in article 54 of the Russian Tax Code a provision that eliminates the possibility to correct a mistake that led to a tax overpayment if such mistake was made more than three years ago.

*[www.consultant.ru](http://www.consultant.ru), 5 August 2016*

The Russian Federal Tax Service has come up with a draft law permitting voluntary payment of taxes on behalf of third parties.

*[www.interfax.ru](http://www.interfax.ru), 5 August 2016*

The Russian Ministry of Finance has decided to restrict booking losses of absorbed companies: the losses can be booked only after the associated companies have been absorbed. It will be prohibited to deduct for profit tax purposes the losses that the company has accumulated before being acquired.

*[regulation.gov](http://regulation.gov), [www.vedomosti.ru](http://www.vedomosti.ru), 9 August 2016*

The Association of Internet Trade Companies has drafted amendments to the Russian Tax Code. They wish to oblige foreign market players to pay VAT also in Russia.

*[www.kommersant.ru](http://www.kommersant.ru), 15 August 2016*

The Russian Ministry of Agriculture is proposing to grant the right to those who pay unified agricultural tax to voluntarily become VAT taxpayers.

*[regulation.gov.ru](http://regulation.gov.ru), [ria.ru](http://ria.ru), 19 August 2016*

## **PRACTICE**

The transfer of customs functions to the tax service has in principle already been performed after the Head of the Russian Federal Customs Service was replaced. The mechanism of a unified customs and tax administration will be finalised in October, after which the systems of the two services will start the integration process. This will be performed in 2017.

***izvestia.ru, 16 August 2016***

The Russian Federal Tax Service has summarised the outcomes of the implementation of the Public Declaration of Goals and Tasks of the Authority for the first quarter of 2016. The number of field tax audits has been reduced from 7,400 to 7,000 and their effectiveness has increased by more than 40%. The volume of debt in proportion to revenue has reduced to 8.4%.

The Service has changed the focus of its regulatory work: instead of conducting total tax audits it has been publishing popular tax avoidance schemes on its website. And in 2017 a part of the information that was previously deemed a tax secret will be disclosed, and all this represents tips for choosing counterparty.

The Russian Federal Tax Service has put into operation a new electronic service: the “Register of accredited branches and representative offices of foreign legal entities (RABR)”.

***www.nalog.ru, 22, 17 and 10 August 2016***

The Russian Federal Tax Service has instructed regional administrations to ascertain who was the actual recipient of money when auditing transactions of companies with their foreign structures – whether it was the actual beneficial owner or a technical company which transferred the money to other states.

***www.vedomosti.ru, 25 August 2016***

The Russian Federal Tax Service has decided to fight more strongly against fly-by-night companies. For this purpose the Service has drafted new meanings of ‘large-scale’ (see letters No. GD-4-14/14126 and GD-4-14/14127 dated 3 August 2016).

***1c-wiseadvice.ru, 16 August 2016***

The tax authorities have started to check more thoroughly whether the companies are reasonable in paying out to employees large bonuses that then reduce the amount of profit tax paid. The amounts that the tax authorities are trying to challenge vary from RUB 300,000-500,000 up to 10 million and more depending on the size of the company and the number of employees. In addition the tax authorities are striving to receive personal income tax from payments for food or rent on accommodation made in favour of a valued employee.

***www.rbc.ru, 9 August 2016***

The Russian Ministry of Finance has reminded the tax authorities that they cannot tax the trading of Eurobonds. Previously inspectors were interested in banks’ transactions with Eurobonds, especially when banks were buying Eurobonds from foreign brokers. They classified the accrued coupon income as interest and under double taxation treaties started to request that banks disclose who actually had at their disposal the money that was received. For those who refused to disclose the information they assessed additional profit tax of 20% of the accumulated coupon income.

***www.vedomosti.ru, 12 August 2016***

Suzuki Motor Rus LLC, a Russian sub-division of the Japanese car manufacturer Suzuki Motor Corp. has lost in the cassation court a dispute with the tax authority on the overstatement of losses. In 2011, based



ООО «Пепеляев Групп»  
Россия, 123610, г. Москва, ЦМТ-II,  
Краснопресненская наб., дом 12,  
подъезд 7, 15 этаж

E: [info@pgplaw.ru](mailto:info@pgplaw.ru)  
T: +7 (495) 967 00 07  
Ф: +7 (495) 967 00 08  
[www.pgplaw.ru](http://www.pgplaw.ru)

on the results of a field tax audit, the Russian Federal Tax Service's Inter-Regional Tax Office No. 49 determined that in 2009-2010 the company was overstating purchase prices.

*[www.vedomosti.ru](http://www.vedomosti.ru), 8 August 2016*