Amendments to the Russian Tax Code, autumn 2026: personal income tax for employers and insurance contributions

FAO accounting staff responsible for recording payments to individuals

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Pepeliaev Group advises of planned amendments to the Russian Tax Code as regards insurance contributions, as well as accounting and reporting in relation to personal income tax.

We are continuing our series of alerts prompted by the Government's Draft Law No. 617-9 being put before the State Duma, the lower chamber of Russia's Parliament. The Draft Law makes further amendments to the Russian Tax Code[1].

The following changes are significant for employers making payments to their employees as well as for the employees themselves.

Insurance contributions for compulsory social insurance against industrial accidents and occupational diseases

Currently, the payment of insurance contributions for industrial accidents and occupational diseases is governed by a separate law, with their administration being handled by the Russian Pension and Social Insurance Fund (the "Fund"). From 2027, it is proposed that the administration of these contributions, including audits of whether they have been paid correctly, will be transferred to the tax authorities. The Fund will retain control with respect to previous periods (before 2027).

Income exempt from personal income tax

The following items are proposed to be included:

- a one-off payment of up to RUB 1 million by an employer to an employee upon the birth of a child. It will become possible to apply the exemption to payments made during maternity leave before the child is born;
- a payment by employers for medical services provided to employees, their spouses, parents, children (including adopted children), and dependants under the age of 18, as well as to former employees who retired owing to disability or old age. The condition is removed that personal income tax is not levied on

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[1] Draft Law No. 617-9 "On Amending Parts One and Two of the Tax Code of the Russian Federation and Certain Legislative Instruments of the Russian Federation". URL: https://sozd.duma.gov.ru/bill/617-9.

such amounts only if they remain at the employer's disposal after payment of corporate income tax. A condition is introduced that the actual expenses need to be confirmed where the payment is made directly to the employee;
- gifts of property rights between family members and/or close relatives. In other cases, gifts of property rights will be taxed in the same way as gifts of immovable property, vehicles and securities are currently taxed.

At the same time, the exemption from personal income tax will be abolished for certain income paid in the context of the measures introduced to combat coronavirus.

Tax deductions

A deduction is introduced for expenses incurred in acquiring medical devices required for medical services to be provided (for example, during surgical procedures), if the medical organisation does not have such devices and the taxpayer acquires them at the taxpayer's own expense. The medical organisation will include these expenses in the certificate required to claim the deduction, based on documents from the taxpayer.

The right to a property tax deduction for mortgage interest following the refinancing of mortgage loans is expressly established if the new loan is obtained from a bank exclusively to repay a previous targeted housing loan. Previously, a similar rule existed at the level of clarifications issued by the Russian Ministry of Finance.

Personal income tax reporting

The procedure for tax agents that are major taxpayers to file personal income tax reports has been clarified: such reports must be filed with the tax authority where the taxpayer is registered as a major taxpayer.

Significant changes are proposed for Russian organisations with separate units. Currently, such organisations submit information about the income of employees of their separate units, the amounts of personal income tax assessed and withheld, as well as calculations of the amounts of personal income tax assessed and withheld, to the tax authorities where those units are registered. It is intended that such reports be filed centrally with the tax authority where the organisation is located (or where it is registered as a major taxpayer). However, an organisation may retain the existing procedure and submit reports concerning employees of its separate units to the tax authority where those units are registered. The main thing is to submit the relevant notification to its tax authority in good time.

Pepeliaev Group's Comment

One question remains open: how should reports for 2026 be filed? The deadlines for submitting these reports fall in 2027. The amendments that are under consideration will enter into force on 1 January 2027, but the draft law does not stipulate any relevant transitional provisions.

What to think about, what to do

The amendments to the Russian Tax Code that are being considered are limited in scope and do not require any special preparations, except in relation to the issues mentioned above as regards submitting reports.

We recommend studying the draft law and monitoring the adoption of the final version of it. We are ready to advise you on any questions arising in connection with the amendments.

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