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Amendments to the Russian Tax Code, autumn 2026: transfer pricing reporting and liability

FAO Russian organisations carrying out controlled transactions, members of international groups of companies, as well as CEOs and employees of their tax, finance and legal departments

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Pepeliaev Group advises of planned amendments to the Russian Tax Code as regards transfer pricing.

The amendments that the Government's Draft Law No. 617-9[1] provides for do not affect the main transfer pricing rules: the criteria for determining whether a party is related, the list and thresholds of controlled transactions, the methods for determining market prices and profitability, the procedure for applying these methods, or the procedure for auditing controlled transactions.

At the same time, the draft law:

- introduces a requirement for documents in a foreign language submitted to the Russian Federal Tax Service (the "FTS") as part of certain transfer pricing procedures to be accompanied by a notarised translation into Russian;
- increases the fines for violations of transfer pricing rules and for a failure to submit documentation relating to international groups of companies ("IGCs").

Notarised translations of foreign-language documents

It is proposed that documents drawn up in a foreign language must, when submitted to the FTS, be accompanied by a notarised translation into Russian.

This requirement applies to several procedures:

- submitting documentation on controlled transactions (article 105.15 of the Russian Tax Code). This may include, in particular, intragroup agreements and their appendices, reports from foreign counterparties, functional analyses, intragroup policies, calculations of pricing or profitability, consultants' reports, materials from a benchmarking study and other evidence that the terms and conditions of a transaction are at market level;
- the parent company or an authorised member of an IGC submitting, at the FTS's request, documents and/or information concerning controlled

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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

transactions, as well as concerning members of an IGC that ensured such transactions were carried out (article 105.16-7 of the Russian Tax Code[2]);

- tax audits of controlled transactions being carried out: this applies to documents requested by the FTS as part of a tax audit, as well as documents the taxpayer has submitted together with its objections to the tax audit report (article 105.17 of the Russian Tax Code);
- an agreement on pricing being concluded (article 105.22 of the Russian Tax Code). It is proposed to establish that not submitting a notarised translation of documents in a foreign language will constitute grounds for refusing to conclude an agreement on pricing.

Transfer pricing fines increasing

The draft law also increases the fines for the following tax offences:

- not paying tax, or not paying it in full, as a result of the application in controlled transactions of commercial and/or financial terms and conditions that are not comparable with the terms and conditions of transactions between independent parties: the minimum fine will increase from RUB 500,000 to RUB 580,000. At the same time, the minimum fine for transactions between related parties where all parties and their beneficiaries are registered or reside in, or are tax residents of, the Russian Federation will increase from RUB 30,000 to RUB 35,000 (article 129.3 of the Russian Tax Code);
- unlawfully failing to submit a notification of controlled transactions within the prescribed time limit, or submitting a notification containing inaccurate information: the fine will increase from RUB 100,000 to RUB 120,000 (article 129.4 of the Russian Tax Code);
- failing to submit a notification of membership of an IGC within the prescribed time limit, or submitting such a notification containing inaccurate information: the fine will increase from RUB 500,000 to RUB 600,000 (article 129.9 of the Russian Tax Code);
- failing to submit a country-by-country report, or submitting a country-by-country report containing inaccurate information: the fine will increase from RUB 1 million to RUB 1.2 million (article 129.10 of the Russian Tax Code);
- failing to submit, within the prescribed time limit, national documentation, global documentation, information from the consolidated financial statements of an IGC or the financial statements of a member of an IGC, or for submitting inaccurate information: the fine will increase from RUB 1 million to RUB 1.2 million. The fine for failing to submit, within the prescribed time limit, documentation relating to a specific transaction or a group of homogeneous transactions will also increase, from RUB 500,000 to RUB 600,000 (article 129.11 of the Russian Tax Code).

[2] This article governs how documentation is submitted in relation to controlled transactions in foreign trade that involve oil and petroleum products, ferrous and non-ferrous metals, mineral fertilisers, or precious metals and precious stones.

What to think about, what to do

Taxpayers carrying out controlled transactions with foreign parties should undertake in advance a review the documents that may be included in their transfer pricing documentation or that the FTS may request during an audit. It would be prudent to arrange in advance to have notarised translations made of documents in foreign languages.

In addition, companies should, when they are preparing transfer pricing documentation, take into account the time and cost involved in obtaining notarised translations. Preparing translations of lengthy documents only after a request is received from the FTS may create a risk of missing the deadline for submitting the documents.

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

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