

**OVERVIEW OF TAX EVENTS FOR MARCH 2017**

## REGULATORY DEVELOPMENTS

The Russian Ministry of Finance has published on [regulation.gov.ru](http://regulation.gov.ru) a draft order regarding advanced pricing agreements that involve authorised foreign agencies.

***[www.vedomosti.ru](http://www.vedomosti.ru), 07 March 2017***

Re-export VAT rates for goods manufactured in Russia by foreign companies under the inward processing regime may be set to zero - the draft law concerning this matter has been published on [regulation.gov](http://regulation.gov). by the Russian Ministry of Economic Development.

***[www.vedomosti.ru](http://www.vedomosti.ru), 17 March 2017***

The Russian Ministry of Finance has agreed the draft law on a tax free system in Russia with the Ministry of Economic Development, the Russian Ministry of Industry and Trade, and the Federal Tax Service. This is with a view to the State Duma adopting the draft during the spring session, and to a pilot project being launched on 1 October 2017.

***[www.vedomosti.ru](http://www.vedomosti.ru), 29 March 2017***

The criteria for establishing tax residency may change. The Russian Ministry of Finance is planning to study the experience of countries which recognise as tax residents individuals who spent just 90 days on their territory.

***[minfin.ru](http://minfin.ru), 20 March 2017***

The Russian Ministry of Economic Development will produce a draft law on compulsory payments falling outside the scope of the Russian Tax Code. A preliminary list of such payments, currently consisting of 87 items, has been drawn up jointly with the Ministry of Finance. While generating the list, government authorities are also auditing existing payments which may result in some of them being abolished.

***[vedomosti.ru](http://vedomosti.ru), 22 March 2017,  
[izvestia.ru](http://izvestia.ru), 16 March 2017***

The Russian Federal Tax Service is discussing the possibility of reducing the time limits for checking whether a company is entitled to a VAT refund from the current three months to one month if there is no risk of fraudulent acts by the company related to the VAT refund.

***[www.vedomosti.ru](http://www.vedomosti.ru), 16/03/2017***

## PRACTICE

The evolution of the tax monitoring system in Russia has been highly praised during the OECD Forum on Tax Administration in Amsterdam. Twenty-one companies which are major taxpayers have joined the tax monitoring initiative. The efforts required to administer them have been reduced by a third.

***[www.nalog.ru](http://www.nalog.ru), 17 March 2017***

Representatives of the Russian Ministry of Finance have discussed with their Swiss colleagues a treaty on information cooperation within the scope of the plan for fighting against tax base erosion and tax avoidance (BEPS) in a low-tax jurisdiction. Preparation of the treaty is under way and it is expected to be agreed by all parties in April 2017.

***[tass.ru](http://tass.ru), 18 March 2017***

The Russian Federal Tax Service has published a Public Statement of Goals and Objectives on its official website under the Open Government Concept. The statement contains key performance indicators across all areas of focus for the past three years and includes a forecast for 2017.

**[www.nalog.ru](http://www.nalog.ru), 22 March 2017**

*For information:*

([www.nalog.ru](http://www.nalog.ru), 31 and 27 March 2017, [vedomosti.ru](http://vedomosti.ru), 28 March 2017, [www.nalog.ru](http://www.nalog.ru), 17 and 07 March 2017)

The Russian Federal Tax Service has summarised its work for 2016:

- The number of field tax audits decreased by 15%; RUB 173 billion was collected by the government (which is 21% more than in 2015);
- Almost RUB 1.5 trillion of debt was collected by the Russian government; Budget revenues increased by more than 37% owing to the tax authorities liaising with court bailiffs;
- The number of so called fly-by-night companies, founded for tax evasion purposes, has fallen by 2.5 times;
- The number of tax disputes went down by more than 6% as compared with 2015, with 34% of complaints settled in favour of taxpayers.

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The Russian Supreme Court has published its decision No. 396-O dated 28 February 2017 which supports the position of the tax authorities when, through litigation, they have recovered damage from the actual CEO of a business who by evading tax had brought the company to bankruptcy.

**[www.nalog.ru](http://www.nalog.ru), 29 March 2017**

The Supreme Court of Russia has ruled in favour of the agrochemical company EuroChem: When employment agreements are terminated by agreement of the parties the amounts paid to employees may be different from those established by the Russian Labour Code in a case of staff downsizing. Such amounts serve as “the payment for employee’s consent to terminate the employment agreement” or compensation for temporary loss of income.

**[www.vedomosti.ru](http://www.vedomosti.ru), 31 March 2017**