

Amendments to the Russian Tax Code, autumn 2025: tax administration

FAO CEOs, CFOs, chief accountants and tax managers

Pepeliaev Group advises that the Government's draft law No. 1026190-8 amending the Russian Tax Code has been put before the State Duma. In addition to the widely known measures such as the increase of the VAT rate to 22%, it provides for other important changes. The first reading of the draft law is expected within the next few days. Less than a month may remain for amendments.

Let us consider the proposed new developments in tax administration.

1. The stage of reviewing audit materials becomes a resumption of the audit and, in some cases, an expansion of it

The draft law proposes to allow inspection and seizure when the materials of a tax audit are reviewed (the amendments to article 31(1)(3), new article 92(1)(4), and the amendments to article 94(1) of the Russian Tax Code). Currently, inspection or seizure cannot be carried out during such a review. Apparently, what is meant is the proposed extension of additional tax control measures to include these actions (the amendment to article 101(6) of the Russian Tax Code).

If the audit whose materials are being reviewed was a field tax audit, such an approach essentially means a full resumption of it.

If the audit whose materials are being reviewed was a desk audit, and such actions are generally not permitted when it was carried out, this approach essentially amounts to initiating an accelerated field audit.

Pepeliaev Group's comment

The proposed measures will enable the tax authorities to remedy shortcomings in audits at the stage when the materials of them are reviewed and will increase the supervisory burden on the audited parties. This requires the interests of the parties to be balanced. For example, business could raise the issue of limiting the grounds for, or cancelling, repeated audits conducted by higher-level authorities as part of their supervision of lower-level ones.

2. Audit materials will be reviewed via video conference

The draft law proposes to allow the audit materials to be reviewed via video conference (the new paragraph in article 101(2) of the Russian Tax Code).

This may reduce taxpayers' costs, especially when major taxpayers are registered with specialised tax inspectorates outside their region, and when a two-tier system is introduced for area tax authorities, with regional offices of the Russian Federal Tax Service dealing directly with taxpayers instead of local inspectorates.

3. Penalties may be reduced by no more than tenfold

The draft law proposes to limit the reduction of penalties, when mitigating circumstances are identified, to no more than tenfold (article 114(3) of the Russian Tax Code).

This amendment is in line with the current trend in the tax authorities practice¹. The Russian Constitutional Court allows for a lower limit to be set below which a penalty may not be reduced².

However, the Russian Tax Code lacks rules that apply when administrative penalties are imposed under the general procedure, such as the absorption of sanctions (articles 4.4(2) and 4.4(5) of the Russian Code of Administrative Offences) and the imposition of a penalty below the minimum threshold (articles 4.1(2.2), 4.1(2.3), 4.1(3.2), 4.1(3.3) and 4.1(3.5); articles 4.1.1 and 4.1.2; and articles 4.4(2), 4.4(3) and 4.4(5) of the Russian Code of Administrative Offences).

The new rule may increase the number of disputes when penalties are imposed in significant fixed amounts for a series of similar violations, such as a failure to submit financial statements of controlled foreign companies (article 126(1.1) of the Russian Tax Code) or information that bank accounts have been opened (article 132 of the Russian Tax Code). Such violations are sometimes caused by technical breakdowns.

Pepeliaev Group's comment

There is a pressing need to standardise the approaches to imposing penalties in tax administration procedures and under the Russian Code of Administrative Offences.

¹ According to unofficial information, the approach to applying mitigating circumstances has been tightened by the Russian Federal Tax Service's Letter No. BV-5-7/888dsp@ dated 30 May 2025 (not published).

² The Russian Constitutional Court's Ruling No. 4-P dated 25 February 2014.

All of the above amendments are proposed to take effect nine months after the law is published (if it is adopted as currently drafted).

4. Introducing the extraterritorial consideration of complaints

The draft law proposes to allow complaints to be considered not by a higher-level tax authority with pre-established territorial jurisdiction, but by any higher-level authority authorised by the Russian Federal Tax Service (article 138(1) and article 139(1) of the Russian Tax Code). This is intended to balance the workload among higher-level authorities.

Given the statements by the Russian Federal Tax Service's leadership about the forthcoming introduction of in-person complaint hearings, it can be expected that video conferencing will be used more widely in the context of an extraterritorial review.

Considering complaints extraterritorially may speed up the processing of them, but is unlikely to significantly change the proportion of complaints upheld, as uniform approaches to review are likely to remain.

5. The procedure for granting deferrals and instalments is being relaxed

The draft law significantly eases the conditions for granting a deferral or instalment plan for repaying tax arrears:

- to assess the seasonality of production and sales, a fluctuation threshold of over 50% is being established (the twenty-first paragraph of article 11(2) of the Russian Tax Code); currently, production is recognised as seasonal only if it stops completely;
- to secure the repayment of arrears identified by an audit, not only a bank guarantee will be permitted (the second paragraph of article 64(6) of the Russian Tax Code will be repealed);
- other tax violations will be grounds for refusing to grant a deferral or instalment plan only if they are significant: over 10% of the debt for which the instalment is requested, or over RUB 100,000 (the new articles 62(1)(7) and 62(1)(8) of the Russian Tax Code);
- bank statements will no longer be required, as the tax authority will obtain the necessary data independently (the amendments to article 64(4) of the Russian Tax Code);
- if a deferral or instalment plan is cancelled, the debt will appear in the unified tax account only after one month (the new article 11.3(7)(8.1) of the Russian Tax Code).

However, other restrictions preventing the granting of deferrals and instalment plans remain:

- disputing additional tax assessments remains a ground for refusal (article 62(2)(2) of the Russian Tax Code);
- interest continues to accrue on penalties and fines (article 61(4) of the Russian Tax Code);
- a deferral for additional tax assessments must still be justified by a single indicator (when receipts for three months are less than short-term liabilities reduced by deferred income), rather than through a multifactor analysis³ (the seventh paragraph of article 64(5) of the Russian Tax Code);
- the maximum duration of an instalment plan remains limited to three years (article 64(1) of the Russian Tax Code), although on occasions the debt could objectively be repaid over a longer period.

Pepeliaev Group's comment

Given the current trends in court practice, whereby additional tax assessments are generally upheld, it would be advisable to remove unnecessary obstacles to the granting of instalment plans for repaying debt.

What to think about and what to do

If the proposed amendments to the Russian Tax Code are passed, the time and effort required to support tax administration procedures are likely to increase. However, the costs associated with attending audit review procedures may decrease, while complaints may be considered more quickly.

Amendments may be introduced to the draft law before its second reading, including through initiatives from business associations.

Help from your adviser

We are ready to advise you on any practical matters relating to the above amendments to the Russian Tax Code. In particular, our lawyers have extensive experience in supporting tax audits. We also have a successful track record of developing and supporting legislative initiatives, including at the stage of refining draft laws.

³ The Russian Ministry of Economic Development's Order No. 169 dated 14 March 2023.

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