

OVERVIEW OF TAX EVENTS FOR JANUARY 2015

REGULATORY DEVELOPMENTS

On 29 December, President Vladimir Putin signed a number of laws, including:

- *Federal Law No. 473-FZ* "On territories of advanced social and economic development in the Russian Federation" established a legal regime for Russian territories, measures of state support, including significant tax benefits, and the procedures according to which business is done in such territories;

- *Federal Law No. 458-FZ* "On amending the Federal Law 'On production and consumption waste', certain items of the legislation of the Russian Federation and on repealing certain items of legislation (provisions of items of legislation) of the Russian Federation". The law introduced responsibility for manufacturers and importers for waste generated from their products. Companies must keep up with the standards for waste disposal. Those who fail to observe the requirements will have to pay environmental fees to the state budget.

On 1 January 2015, Russia, Belarus and Kazakhstan came up to a new level of economic integration, with the Eurasian Economic Union (the 'EEU') starting to function at the beginning of this year. It will become the 'successor' of the Customs Union created by the three countries in 2010.

The EEU creates a common market that operates based on the rules of the World Trade Organization. Thus, citizens of one member state working in another member state under an employment contract will pay personal income tax in the same way as local individuals do, rather than as foreign citizens.

itar-tass.com, 1 January 2015

On 30 January, the State Duma passed in the first reading the draft law "On amending article 269 of part two of the Russian Tax Code in terms of defining the concept of controlled debt".

The Russian Government introduced the draft law "On amending the Russian Tax Code in terms of improving tax administration" to the State Duma for examination. This law is aimed at reducing the time and material costs of submitting tax accounts and at making decisions adopted based on tax audits more transparent and objective.

Deputies are proposing that a new procedure be established for adopting amendments to the Tax Code and for them to come into force. According to the amendments they have proposed to article 5 of the Code, for items of the legislation on taxes and levies to come into force on 1 January of the following year, they must be adopted not later than 1 September of the current year.

www.rg.ru, 27 January 2015

Additionally:

Vedomosti, 12 January 2015

The Russian Ministry of Justice has prepared a draft law regulating the process of drafting and applying the law, which is aimed at solving the problem with the quality of laws and other regulations.

The Russian Ministry of Labour has come up with a draft law introducing unscheduled audits of companies to determine whether they avoid paying insurance contributions for their employees. According to the ministry, such audits will help to fight illegal employment and unofficial salaries.

izvestia.ru, 28 January 2015

The State Duma and Russian Government have approved the *Plan for sustainable development of economy and social stability in 2015*. It is intended for one year and provides, among other things, for VAT on air and suburban railway transportation to be reduced to 10% in 2015 and 2016 and for the tax burden on small businesses to be reduced. The plan provides for a large set of measures to reduce administrative expenses for business.

www.vedomosti.ru, 28 January 2015

The Russian Ministry of Finance believes that draft arrangements to start taxing oil projects based on their financial results are unacceptable, says Ilya Trunin, Department Director at the Finance Ministry. However, the Russian Ministry of Energy has already prepared a list of draft arrangements for switching to taxation based on financial results.

Vedomosti 16 January 2015

PRACTICE

The Russian Federal Tax Service published letter No. *ED-18-15/1693* dated 18 December 2014 with clarifications regarding desk audits of tax returns when reimbursing VAT. The Letter clarifies how the tax authorities should act in situations when a company is claiming unjustified tax benefits.

rg.ru, 20 January 2015

The Russian Central Bank has sent to commercial banks a letter in which it pointed out that the banks must pay special attention to transit operations of their clients and demand that they provide the documents confirming that taxes have been paid.

www.vedomosti.ru, 21 January 2015

More than one thousand companies took part in the trial, organised by the Federal Tax Service, of the use of cash register equipment. The experiment ran from 1 August 2014. Over the six months of this trial, more than four thousand units of cash register equipment were connected and more than 17 million receipts were issued for a total amount exceeding RUB 13 billion.

In the near future members of the inter-departmental working group will summarise the results of the trial and will submit to the Russian Government their proposals for how to improve the existing procedure for using cash register equipment. However, the trial has already proved that the new technology is successful.

www.nalog.ru, 29 January 2015

The widespread practice of understating the value of transactions to pay less taxes has already got a lot of landowners into trouble: they had to sell their land plots in the Moscow Region for next to nothing. If owners of agricultural land plots want to sell them, they must notify the regional government and specify the price, size of the land plot, its location and the term during which mutual settlements must take place (not more than 90 days). The regional authorities, if interested in buying this land plot, may do so.

www.vedomosti.ru, 23 January 2015

The Russian Constitutional Court will clarify whether it is possible to challenge a letter of the Federal Tax Service in the Russian Supreme Court. The reason for Gazprom Neft filing a claim with the Constitutional Court was the Supreme Court's refusal to examine a letter of the Federal Tax Service dated 21 August 2013 regarding mineral extraction tax. The letter establishes, according to the company, an obligation not contemplated by the law to recalculate tax amounts for completed tax periods the tax liabilities with regard to which have already been paid.

www.vedomosti.ru, 20 January 2015