

**OVERVIEW OF TAX EVENTS  
FOR SEPTEMBER 2014**

## REGULATORY DEVELOPMENTS

On 26 September the State Duma adopted Federal Law *“On amending articles 12 and 85 of the first section and section two of the Russian Tax Code and invalidating the Law of the Russian Federation “Concerning Taxes on the Property of Physical Persons”*. This law deals with renovating and changing tax on the property of individuals so that it is based on the cadastral value of the property. A three-level tax rate has been created. The transitional period for the modified property tax will be five years for all regions including cities of federal importance.

On the same day the State Duma adopted in the second reading *amendments to the Russian Criminal Code*. These will empower investigative authorities to independently initiate criminal cases regarding tax violations (the draft law was introduced by the Russian President).

**Vedomosti 24 September 2014  
[top.rbc.ru](http://top.rbc.ru), 26 September 2014**

### Statistics:

(see [www.rg.ru](http://www.rg.ru), 24 September 2014)

In 2013 the number of criminal cases regarding tax violations grew by 53% as compared to 2012.

The number of criminal cases initiated in the first half of 2014 was up by 11% on the number in the same period the last year. The proportion also increased of the number of criminal cases initiated based on the entire data submitted by tax authorities. In the first half of 2014 this proportion was 29% which is 9% more than ilast year.

In 2013 the amount of losses from tax violations which were compensated to the state budget was almost RUB 15,000,000,000 which is 10 times more than in the similar period of the last year.

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The State Duma is preparing to consider a draft law *“On ratifying the Convention on mutual administrative assistance in tax matters”*. Russian tax authorities will be able to conduct joint tax audits with other countries which have signed this Convention and be involved in tax audits abroad.

**[www.rg.ru](http://www.rg.ru), 23 September 2014**

A group of senators have put before the State Duma a *set of “deoffshorisation” draft laws*. Amendments have been proposed to a whole range of laws including the legislation on the state budget, public procurement, incorporation of legal entities, etc. When creating new companies in Russia, foreign founders will need to disclose their beneficial owners who are Russian citizens. It was also proposed to make criminal liability more severe for tax evasion through offshore companies and intra-group prices.

**[www.vedomosti.ru](http://www.vedomosti.ru), 9 September 2014**

The Russian Ministry of Finance has published a new version of amendments to the Russian Tax Code regarding controlled foreign companies (CFC). A CFC's owners, including both corporations and individuals, will be liable to pay in Russia taxes on the undistributed profit of

foreign structures. Even if the company is not a controlled company, the taxpayer will need to report any foreign assets in which he/she/it holds 10% of the capital (1% in the previous version).

**Vedomosti, 03 September 2014**

The Russian Government has approved the draft budget for 2015-2017 with a deficit of 0.6%. In general, it is not planned to increase the tax burden or to introduce a sales tax. However, the idea of a sales tax has not been abandoned completely, and this may appear in 2016 as a source of financing for road funds.

Starting from 2016 the tax burden in relation to insurance contributions will be increased for companies. Currently insurance contributions to the Compulsory Medical Insurance Fund are charged on salaries up to RUB 624,000 per year (RUB 52,000 per month). It has been proposed to abolish this threshold. Regions may receive powers to introduce special levies, such as resort levies or charges for the right to trade.

**[www.rg.ru](http://www.rg.ru), 23 and 19 September 2014**  
**[kommersant.ru](http://kommersant.ru), 20 September 2014**

Russian President Vladimir Putin has approved the idea of taxing sales of foreign and Russian software. This tax will be used to finance development of Russian software.

**Vedomosti, 26 September 2014**

Russian President Vladimir Putin will instruct the government to consider increasing the threshold for criminal cases to be initiated under articles 198 and 199 of the Russian Criminal Code regarding tax evasion of corporations and individuals. The threshold may be doubled.

**[www.rbcdaily.ru](http://www.rbcdaily.ru), 18 September 2014**

## **PRACTICE**

Within the framework of the new tax control concept, the Federal Tax Service has launched an *All-Russia project* to implement a system that will model and correct taxpayers' behaviour. The system is based on using certain criteria for selecting in a specific industry taxpayers which are most likely to breach tax legislation and creating a "wave" effect for other taxpayers in that industry. In this context mandatory tax audits of major taxpayers have been abolished in connection with the next level being implemented of the risk analysis system.

**[www.nalog.ru](http://www.nalog.ru), 22 September 2014**

The Russian Federal Tax Service has launched on its website a forum dedicated to the experiment where companies and individual entrepreneurs use cash register equipment which transmits information on payments to the tax authorities.

**[www.nalog.ru](http://www.nalog.ru), 1 September 2014**