



March 2018

Russian Legislation Update

ACCOUNTING

The Russian Ministry of Finance has repeatedly confirmed that VAT on one invoice can be deducted by installments in different quarters

VAT recognized for deduction should be set off during three years. The Ministry of Finance explains that during this period, any VAT can be deducted by installments within different periods. The exception is the VAT payable on the purchase of fixed assets and equipment for installation.

Source: The RF Ministry of Finance Letter N 03-07-08/4269 dated January 26, 2018

Amendments to the instructions of the Bank of Russia related opening the certificates on international commercial transactions will take effect in March

Since March, the procedure for opening a currency transaction certificate (so called passport of deals/passport of transactions) will be replaced with the registration of contracts with the bank. The procedure is required only if the amounts of obligations exceeds:

- Three million rubles for import and credit contracts;
- Six million rubles for export contracts.

Source: Instruction of the Bank of Russia N 181-I dated August 16, 2017 (effective from March 1, 2018)

Tax relief on movable property will be retained in the Moscow Region

Only one of the parents of a child under the age of 14 or a disabled child under the age 18. The draft law of the city of Moscow assumes to retain the tax relief on movable property in 2018. As before, the tax-free property includes:

- Fixed assets should be put into operation after 2013;
- Property acquired for accounting should not be the result of reorganization or liquidation, and should not be received from an affiliated person.

Source: The draft law of the city of Moscow "On amendments to Article 4 of Law N 64 of the City of Moscow "On the Property Tax of Organizations" dated November 5, 2003" (https://duma.mos.ru/ru/40/regulation_projects)

PAYROLL ACCOUNTING AND STAFF RECORDS MANAGEMENT

The State Minimum Wage Index will be equal to the subsistence wage

The State Duma has approved the presidential bill on increasing the State Minimum Wage to 100% of the minimum subsistence level from May 1, 2018.

Source: @ Draft Federal Law N 374313-7

Different payment for equal work is violation

The RF Ministry of Labor has reminded that the Russian Labor Code guarantees that employees get equal payment for the work of equal value, therefore, different salaries established for the same positions is the violation of the law. The company fine can be up to 50 000 rubles.

Source: Letter of the RF Ministry of Labour N 14-1/B-95325 dated October 25, 2017

Payment for travel and accommodation under civil contractor agreement is liable to the personal income tax

The RF Ministry of Finance has explained that remuneration of cost for accommodation and travel to the place of work (rendering services) to the individuals working under civil contractor agreements is recognized as the income received in kind, therefore, such amounts are subjected to the personal income tax.

Source: Letter of the RF Ministry of Finance N 03-04-06/6138 dated February 2, 2018

Unused days-off for the work at weekends are not compensable upon dismissal

The Moscow City Court has decided in favor of the employer, who refused to pay the dismissed employee the days of work at weekend. If an employee does not have time to use these days-off, the company is not obliged to compensate him/her by a double payment.

Source: Appeal of the Moscow City Court in case N 33-46542/2017 dated November 14, 2017

LABOR AND MIGRATION LEGISLATION

The court found the right on additional monthly childcare allowance only to female employees illegal

The Moscow City Court has reviewed the claim of a male employee who challenged the legality of the right on additional childcare allowance solely for women that was specified in the company's policy.

Earlier, legal practice basically reflected the position according to which the employer independently establishes additional voluntary benefits provided to the employees, even if it does not comply with the provisions of labor legislation.

However, in this case, the court of appeal took the side of the employee, specifying in its decision that, in accordance with the labor legislation, the mother and the father of a child have the right to the childcare benefit and, therefore, the exclusion of father from the category of persons who have the right to additional payments is discrimination.

Source: Appeal decision of the Moscow City Court under case N 33-45444/2017

The employer will no longer have to undergo several similar inspections

In accordance with the new draft federal laws, the power of supervisory bodies related to the labor protection won't be intersected.

Thus, the Ministry of Labour (Rostrud) will control the general requirements of labor protection, including monitoring of safety in medical organizations (previously the authority of Roszdravnadzor (Federal Service for Surveillance in Healthcare and Social Development)). There were also specified the exact authorities of Rostekhnadzor (Federal Environmental, Industrial and Nuclear Supervision Service of Russia).

In addition, the draft federal laws provide for a new right of the employer to use the results of research and measurements obtained in the course of special evaluation during production control. The only requirement for their use is the limitation period - not more than six months from the date they occurred.

Source: Draft federal law N 350372-7 (adopted in first reading on February 22, 2018); Draft federal law N 350487-7 (adopted in first reading on February 22, 2018)

New criteria have been established to diminish the risk category of employers' activities

The Government Decree establishing additional criteria to diminish the risk category of a company's activities enters into force on February 27, 2018. The total number of these criteria has increased to four. Now, to diminish the risk category, the employer needs that the date of the decision has been preceded by:

- One year of timely wage payment;
- One year of operation without serious injury;
- One year of operation without decisions on administrative punishments passed and entered into force (according to the Code of Administrative Offenses of the Russian Federation, Articles 5.27, 5.27.1);
- Three years of operation without fatal injuries.

The decision to diminish the risk category will be taken once a year, and for employers with the staff of more than 1,000 employees, this decision will be additionally hosted in electronic form by the Rostrud website within 5 days from the date of its adoption.

Source: Decree of the RF Government N 134 dated February 9, 2018 (effective from February 27, 2018)

The new federal law will establish fines for companies that invite foreigners and stateless persons to work

On February 13, 2018, the State Duma received a draft federal law that amends Article 18.9 of the Administrative Code of the Russian Federation. According to it, private persons, officials and legal entities acting as inviting parties for foreigners and stateless persons are responsible for compliance with the purposes of their entry into the Russian Federation and the terms of departure from the country.

In case of violations, the fine will be:

- From two thousand to four thousand rubles for private persons;
- From forty-five thousand to fifty thousand rubles for officials;
- From four hundred thousand to five hundred thousand rubles for legal entities.

Source: Draft Federal Law N 387276-7 (<http://sozd.parlament.gov.ru/bill/387276-7>)

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