



May 2018

Russian Legislation Update

ACCOUNTING

To recover VAT when writing-off property that was not completely depreciated is not required

When a company writes off depreciated and obsolete fixed assets before the end of their depreciation period, the taxpayer is allowed not to recover VAT previously accepted for deduction. This explanation was given by the Federal Tax Service in view of the established official practice despite the directly opposite explanation given by the Ministry of Finance on the same issue.

Source: The RF Federal Tax Service letter No SD-4-3/7167 dated April 16, 2018

From January 1, 2019, it will be possible to accept expenses for the employees' recreation on the territory of Russia with the purpose to calculate the profit tax within the established limits

The following expenses related to the employee's recreation on the territory of Russia can be included in the payroll expenses:

- Travel of the person across Russia to the place of recreation and return;
- Accommodation;
- Meal if it is included in the accommodation cost;
- Health resort treatment;
- Sightseeing.

However, the vouchers for the employees, their spouses, parents, children and wards under the age of 18 (under 24 years, if they study internally) should be purchased under a contract with a tour operator or a travel agent.

The limit of the recreation expenses should not exceed fifty thousand rubles per year for each employee or his/her family member. It should be also considered that the total amount of recreation expenses, as well as the private medical insurance of employees, should not exceed 6% of the total payroll expenses.

Source: Federal Law No. 113-FZ dated April 23, 2018 (in force since January 1, 2019)

PAYROLL ACCOUNTING AND STAFF RECORDS MANAGEMENT

The procedure to issue a childcare sick leave certificate has changed

The procedure to issue a childcare sick leave certificate has changed since April 10, 2018:

- The limitation for the period of incapacity for work is cancelled;
- The age of the cared child has increased up to 18;
- A childcare sick leave certificate can be issued to a foreign citizen temporarily staying in the Russian Federation (except for highly qualified specialists).

Source: Order by the RF Ministry of Health No. 953n dated November 28, 2017

Personal Income Tax on reporting amounts

According to the RF Ministry of Finance, if an employee has not delivered an advance report on time, the reported amounts issued earlier for a business trip are no longer considered as a reimbursement of travel expenses and are liable to the insurance fee and personal income tax according to the standard procedure.

If the employee has not delivered an advance report on a business trip abroad, it is necessary, for the taxation purposes, to convert the amount issued in foreign currency into rubles according to the exchange rate of the Central Bank of the Russian Federation effective on the date of the calculation (for calculation of the insurance fees) and on the date of actual income generation (for calculation of the personal income tax).

Source: the RF Ministry of Finance letter No. 03-04-06/5808 dated February 1, 2018

Migration registration of foreign citizens during the 2018 FIFA World Cup

In the period from May 25 to July 25, 2018, the registration procedure for incoming foreigners is changing on the territories of the following cities: Volgograd, Ekaterinburg, Kazan, Kaliningrad, Moscow, Nizhny Novgorod, Rostov-on-Don, Samara, St. Petersburg, Saransk and Sochi.

All foreign citizens without any exception are required to register at the place of temporary residence within one day after their arrival. The registration can be carried out only in the territorial office of the RF Ministry of Internal Affairs.

Source: Federal Law "On preparation and carrying the 2018 FIFA World Cup and Confederations Cup 2017 in the Russian Federation, and amendments to certain legislative acts of the Russian Federation" No. 108-FZ dated June 7, 2013 (as amended on March 7, 2018)

LABOR AND MIGRATION LEGISLATION

Federal Labor and Employment Service (Rostrud) will get the authority to collect debts on wages from employers

The RF Ministry of Labor submitted for public discussion on the Federal Portal of Standard Regulation a draft law introducing amendments to the Russian Labor Code.

The labor inspector shall be entitled to make a decision on the compulsory employer obligation to pay a detained wage and other labor benefits if the employer fails to comply with the labor inspector's instruction to pay the arrears within the prescribed period. According to the draft law, such a decision shall be recognized as an executive document, drawn up in accordance with the requirements of the law "On Enforcement Proceedings" and, subsequently, sent for execution to the territorial body of the Federal Labor and Employment Service.

The inspector shall send a copy of the document to the employer within three days after the date of the decision, and the employer can challenge it in the court within 10 days after the receipt.

The specified order shall not be applied if between the employee and the employer, there is an agreement on the debt restructuring for the period not exceeding two months. The amendments shall not refer to persons holding the positions of the sole executive body, members of the collegial executive body, their deputies, chief accountant and his/

her deputies, the deputy chief accountant of the bank, the head, the chief accountant of the bank's branch, members of the board of directors (supervisory board) of the bank, the persons supervising the bank.

Source: Draft Federal Law "On Amending the Labor Code of the Russian Federation (on improvement of procedure ensuring the timely and complete payment of wages and other amounts to the employee"

Citizens of Donetsk and Lugansk Republics can be allowed to work in Russia without a patent

The draft law has been submitted to the State Duma according to which the list of foreign citizens entitled to work without a work permit and a labor patent will be added with the citizens of Ukraine or stateless persons permanently residing on the territories of certain areas of Donetsk and Lugansk regions of Ukraine.

In addition, the accompanying draft law proposes to extend the stay in Russia for residents of Donetsk and Lugansk Republics for the duration of the decree of the Russian President dated February 18, 2017.

Source: Draft Federal Law on Amendments to Article 13 of the Federal Law "On the Legal Status of Foreign Citizens in the Russian Federation" No. 434992-7

The administrative procedure provided by the RF Ministry of Internal Affairs on the state service of registration of the RF citizens at the place of temporary residence and at the place of domicile within the Russian Federation has been updated, new forms of registration application and removal from the registry have been introduced

In accordance with the new procedure, the following groups can apply for registration:

- Citizens of the Russian Federation from the age of 14;
- One of the parents, adoptive parents, guardians or caregivers in respect to incompetent or severely incompetent citizens.

Such an application can be submitted to the registration authorities personally, by mail, through a multiservice center, or electronically via Public Services Portal of the Russian Federation.

The result of this service is:

- Registration of a citizen at the place of temporary residence with the issue of a registration certificate (Form No.6);
- Removal of a citizen from the registry at the place of temporary residence;
- Registration of a citizen at the place of domicile with a stamp on the registration in the passport of the RF citizen or issue of the registration certificate (Form No.8) for people under the age of 14;
- Removal of a citizen from the registry at the place of domicile

From April 17, 2018, previously valid order of the Russian Federal Migration Service No.288 dated September 11, 2012 has been recognized as not applicable.

Source: the RF Ministry of Internal Affairs Order No.984, dated December 31, 2017

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