



June 2018

## Russian Legislation Update

### ACCOUNTING

### Currency Control Regulation Update

New penalties for currency control legislation violations have been effective since May 14, 2018. Under the new regulations, not only companies, but directors and owners of companies will be fined.

Major changes relate to the violations on cash repatriation. They include the cases when a foreign company has not paid the timely delivery under the contract, or it has not delivered the prepaid goods and has not returned the cash. The responsibility for that will fall on a Russian company or entrepreneur (the RF Administrative Code, Article 15.25, Parts 1, 4, 4.1, 5). What is more, the delay of money transfer from a foreign counterparty either to the accounts in the Russian banks or to the residents' accounts abroad will be considered as violation.

It should be added that the director of the company is also responsible for illegal currency transactions and non-returned cash to Russia. Previously, supervisory bodies could not fine the executives. The RF Administrative Code, Article 15.25, Note 1 excluded the liability of managers. At the same time, the note to Article 2.4 of the RF Administrative Code says, the founders of the company shall be fined for currency violations in the same way as the persons occupying managerial position.

If the director of the company has violated the currency legislation for the first time, the amount of the fine will vary from 20,000 to 30,000 rubles. A repeated violation within a year can lead to disqualification for a period from six months to three years (the RF Administrative Code, Article 15.25, Part 5.1).

Considering the position of the legislator, specified in the Russian Federal Law No. 173-FZ, Article 19, Part 1.1 of December 10, 2003, the companies should review their foreign trade contracts. Now they should include deadlines when the parties undertake to deliver goods and transfer money.

Source: The RF Federal Law No. 325-FZ dated November 14, 2017

## Customs VAT deduction: it is not necessary to get a paper copy of the customs entry

The Federal Tax Service reminds that the absence of a hardcopy of an electronic customs entry issued by a customs officers is not the basis to reject the VAT deduction. If a customs officer requires a copy of the entry, it can be printed out from the personal area of a foreign trade participant. The Ministry of Finance allows the deduction of the import VAT according to a printed copy.

Source: The RF Federal Tax Service Letter No.ED-4-15/7800 dated April 24, 2018

## Five-day period: VAT can be accepted for deduction, even if the counterparty has issued VAT invoice violated the five-day period

The RF Ministry of Finance informs that VAT invoices could have minor errors. The violation of a deadline for issuing document could be considered such a minor error. To accept the deduction on the invoice with such an error is safe.

The RF Ministry of Finance has already stated this position.

Source: The RF Ministry of Finance Letter No. 03-07-09/28071 dated April 25, 2018

### **PAYROLL**

## Charging social insurance contributions for the cost of a return ticket, if the employee spends a vacation at the place of business trip

The Federal Tax Service states that it is necessary to charge the social insurance contributions on the cost of the return ticket if the employee decides to spend his vacation at the place of business trip, since the end day of the business trip will be

the last day before the vacation and thus the employee returns to the place of work from vacation and not from the business trip.

Source: The RF Federal Tax Service Letter No. BS-4-11/8968 dated May 11, 2018

## LABOR LEGISLATION

### A draft law will add a new guarantee to pregnant women and women with children under three years old

A draft law was introduced for consideration to the State Duma of the Russian Federation. It proposes to supplement the Labor Code with new Article 20.61 prohibiting to apply Article 74 to pregnant women and women with children under three years old.

In particular, according to the new draft law, the employer will no longer be able to unilaterally change the terms of the employment contract with the specified categories of employees for reasons related to changes in organizational or technological working conditions.

Source: Draft Law No. 472915-7 "On Amending the Labor Code of the Russian Federation"

## MIGRATION LEGISLATION

### The Ministry of Labor will introduce new restrictions on the migrant employment

The RF Ministry of Labor has prepared a draft law providing for the right of each region to specify the list of occupations in which migrants with patents will have the right to work. If a foreign worker does not have any of the professions listed, it will be impossible for him to obtain a patent in the region and get a job there.

Source: Draft Law "On amending certain legislative acts of the Russian Federation to improve the regulation of attracting and using foreign labor" (ID: 02/04/05-18/00080945)

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