



July 2018

## Russian Legislation Update

### ACCOUNTING AND TAX

The Government of the Russian Federation submitted a draft law on raising the VAT rate and maintaining the pension contributions to the State Duma

It is supposed to rise the general VAT rate from 18 to 20%. At the same time the Government plans to retain the 10% rate and the VAT exemption. The tax rate may increase since 2019.

The Government intends to retain a temporary pension contribution rate as a fixed one (22% within the maximum limit and 10% in excess of it).

Based on the legislation in force, the pension contributions should have risen up to 26% since 2021 (provided that no extra contributions are charged).

Source: Draft Federal Law No. 489169-7 (submitted to the State Duma on June 16, 2018)



## The company cannot pay off the tax debt of another organization by its own tax overpayment

The RF Ministry of Finance advises that a company cannot assist its counterparty and pay off its tax debt by the own tax overpayment.

Source: The RF Ministry of Finance Letter No. 03-02-07/1/41421 dated June 18, 2018

## The requirement to submit an annual accounting report to the Federal State Statistics Service (Rosstat) is under consideration

It is planned to call off the provision of annual accounting reporting to statistics bodies; it will be enough to submit an electronic reporting to the Federal Tax Inspection. The deadlines of submission shall remain unchanged.

Source: Draft Federal Law No. 497452-7 (<http://sozd.parliament.gov.ru/bill/497452-7>) on amendments to the Federal Law On accounting Submitted to the State Duma on June 27, 2018

Source: Draft Federal Law No. 497382-7 (<http://sozd.parliament.gov.ru/bill/497382-7>) on amendments to the Tax Code of the Russian Federation Submitted to the State Duma on June 27, 2018

### **MIGRATION LEGISLATION**

## New regulations on migration registration for foreign citizens enter into force on July 8, 2018

Since July 8, 2018, foreign citizens can no longer be registered under the address of the employer. The exception is only when a foreign citizen actually resides under the employer's address. From the date when the new regulations enter into force, only the owners of premises where the foreign citizens reside can carry out migration registration.

The amount of fines for the company varies from 350 to 800 thousand rubles (approx. EURO 4.8K - EURO 11K), the fines for officials can range from 35 to 50 thousand rubles (approx. EURO 480 - EURO 685).

Source: the RF Federal Law No.163-FZ "On amendments to Federal Law "On migration registration of the foreign citizens and stateless persons in the Russian Federation" dated June 27, 2018

## New responsibilities of the inviting party if foreign citizens do not comply with the purpose and terms of their stay in the Russian Federation

According to new draft laws (adopted on second reading on June 14, 2018), new responsibilities and penalties can be imposed on the companies inviting foreign citizens.

New responsibilities related to the invited foreign citizens will include the obligation to ensure that the guest has honored the purpose of the entry into the Russian Federation and the period of stay.

The draft specifies administrative fines for non-compliance with the mentioned terms. The amount of fines for the company varies from 400 to 500 thousand rubles, the fines for officials can range from 45 to 50 thousand rubles.

Source: the RF Draft Federal Law No. 387044-7 (passed after the second reading on June 14, 2018), the RF Draft Federal Law No. 387276-7 (passed after the second reading on June 14, 2018)

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