



August 2018

Russian Legislation Update

ACCOUNTING AND TAX

The Federal Tax Service has approved a procedure on cancellation of tax reporting if it had been signed by an unauthorized person

In July, the Federal Tax Service issued a letter related to prevention of the tax legislation violations. It requires that tax inspectors improve control activities in cases if signatures on the VAT and profit tax declarations are recognized invalid. The criteria include disqualified executives, filing declarations from liquidated legal entities, and some others.

The companies that could be considered indirectly fictitious are subject to revision; if there are transit transfers from one account to another, if there is no payroll accruals, or if the company permanent files the reporting without indicators. Check activity could include an invitation of the company's management to the tax authorities, verification of a legal entity location, bank transactions and the authenticity of electronic signatures on the documents.

Source: The Russian Federal Tax Service Letter N ED-4-15/13247 dated July 10, 2018

The Draft Law on audit company mandatory provision of information on the clients at the request of the Tax Service

The draft law says that from January 1, 2019, audit companies will be required to provide the supervisory authorities with any information identified during audit that may relate

to the company duty to pay taxes and fees. Tax authorities can claim such information when conducting on-site cameral tax inspections and inspections of transactions between related parties.

The draft law also assumes the possibility for the Federal Tax Service to request this information from the companies that audit foreign entities represented on the territory of the Russian Federation.

Source: The RF Draft Federal Law N 96436-7 (<http://sozd.parliament.gov.ru/bill/96436-7>)

PAYROLL

Calendar of holidays for 2019

The Ministry of Labor has published a draft Occupational Calendar for 2019.

- The New Year's holidays will last ten days, from December 30, 2018 to January 8, 2019;
- May holidays include May 1-5 and May 9-12;
- The International Women's Day lasts from March 8 to March 10;
- The Day of National Unity is November 2-4;
- The Day of Russia is June 12.

Source: The Russian Government Draft Decree 01/01/07-18/00082448

Change of the regulations of the wage deductions

The Ministry of Economic Development has proposed to amend Article 138 of the Labor Code and the Law on Enforcement Proceedings.

They consider that the wage of an employee after all deductions should be compared with a minimum regional cost of living when there is a court decision on a recovery. Currently, according to the executive documents, the recovery limit is 70 percent of the wage.

The draft law provides the court with the right to increase the amount of the employee's wage, which cannot be recovered to ensure the fair inviolability of the minimum periodic income required to the debtor and his dependents survival.

Source: Draft Law 02/04/06-18/00081528

LABOR LEGISLATION

Draft federal law that allows employee representatives to attend meetings of the board of directors, was adopted in the second reading

According to the text of the draft law, the primary trade-union organization or other employees' representative body will be able to appoint the representatives entitled to participate in meetings of the company's board of directors. The representatives of employees will get a consultative capacity, however, they will not be able to vote.

The number of employees' representatives, as well as the procedure of such participation, will be determined by:

- The company's charter documents;
- Collective agreement;
- Agreements.

Source: Draft Federal Law N 1041537-6 (<http://sozd.parliament.gov.ru/bill/1041537-6>)

The Federal Service for Labour and Employment (Rostrud) has developed 28 new checklist templates (lists of test questions)

The Federal Service for Labour and Employment (Rostrud) has developed templates of 28 new checklists (lists of test questions), which are planned to apply during inspections on compliance with labor laws and other regulatory legal acts containing employment and labour statutes for all employers.

The checklists (lists of test questions) indicate, among other things: the category of risk to which the verified person belongs; the reason of the inspection; the data on the persons carried out the inspection. Each checklist is presented in the form of a three column table: a question related to the mandatory requirement; details of the regulatory act containing the appropriate mandatory requirement specifying the particular structural unit of the act where the requirement is contained; the answer to the question.

Source: The Rostrud Draft Order "On Amendments to the Federal Service for Labour and Employment Order N 655 of November 10, 2017"

The planned State Control and Supervision: Rostrud has published on its website the lists of employers which should expect labor inspections

The list of employers, which could expect planned inspections by the State Control and Supervision Service appeared on the official website. All employers specified by the State Control and Supervision Service are conditionally divided into the following groups, depending on the risk category related to their activities; they are revised with the following frequency:

- High risk category: employers can expect a scheduled inspection every 2 years;
- Significant risk category: the inspection can be carried out every 3 years;
- Average risk category: no more than once every 5 years;
- Moderate risk category: no more than once every 6 years.

In respect of a legal entity or an individual entrepreneur, whose activity is classified as low risk, no planned inspections are carried out.

More detailed information is available on the official website of the Federal Service for Labor and Employment.

Source: The RF Government decree N 197 "On Amendments to Some Acts by the Russian Government" dated February 16, 2017

MIGRATION LEGISLATION

The host party can strike a foreigner off the migration registration

The latest amendments to the Federal Law "On Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation" expanded the list of grounds for striking a foreign citizen off the migration registration, in particular, the fact that a foreign citizen has left the place of stay is included in the list.

Another important change relates the host party right to send a notification on deregistration of the foreigner at the place of stay. The host party can submit such a notification to the migration authority through the Multifunctional Center for Provision of State and Municipal Services or sent by mail.

Source: Federal Law N 257-FZ "On Amendments to Articles 8 and 23 of the Federal Law "On Migration Registration of Foreign Citizens and Stateless Persons in the Russian

Federation” with regard to striking-off a foreign citizen or stateless person at the place of stay in the Russian Federation” dated July 29, 2018

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