



October 2018

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Tax audits: shorter terms and clearer procedures

Legislative amendments on the tax audit have come into effect since September 3.

The terms of in-house VAT audits have reduced from three to two months. However, the audit period can be extended to three months if the tax authorities reveal any evidence of tax abuse.

The reason of a repeated in-house audit carried out after the tax return filing has been determined. The indicators that entailed a tax reduction concern these audits.

Tax inspectors are entitled to issue a copy of the interrogation report to a witness.

Also, tax authorities will be required to amend the memo of tax audits following the results of additional reviews. Within 5 days from the audit date, the inspections are required to inform the taxpayer with the amendments and material of the additional review. The taxpayer has the right to object the amendment memo within 15 working days from its receipt.

Source: Federal Law N302-FZ dated August 3, 2018

#### Since September 3, 2018, the term of submitting documents to the tax inspection has been increased

If a taxpayer has received a formal request to provide the documents required by the Tax Code, Article 93.1, item 2, he must provide them, or inform about their absence within 10 working days. Earlier this term was 5 working days.

If the documents are requested repeatedly, the taxpayer has the right to notify the inspection that the documents were provided earlier. The notification should be provided within 10 days from the date of the request receipt. The notification to the tax authority shall contain indication of the place where the documents were sent earlier, and the details of the accompanying document.

Source: Federal Law N302-FZ, dated August 3, 2018

## Since 2019, the number of transactions recognized controlled decreases

The limit of the Russian domestic controlled transactions has increased from 100 million rubles to 1 billion rubles.

The limit of controlled transactions with intermediaries and dependent foreign companies has been established as well. The transaction is recognized controlled if its annual income is 60 million rubles and more.

Source: Federal Law N302-FZ, dated August 3, 2018

## Changes in the property tax and income tax introduced since 2019

Since January 1, 2019, tax on movable property ceases. Currently, the territorial entities of Russia independently determine whether to impose the tax on such property and what rate should be applied.

Also, since January 1, 2019, the entities lose the right to impose lower rates on income tax. This right remains only in certain cases (for example, for residents of special economic zones).

Source: Federal Law N302-FZ, dated August 3, 2018

### **PAYROLL**

## New regulation on monthly reports to the Russian Pension Fund (forms SZV-M and SZV-STAZH )

Since October 1, 2018, the amendments to the procedure of personal record-keeping (approved by order N766n by the Russian Ministry of Labor, dated December 21, 2016)

comes into force. It means that reports SZV-M and SZV-STAZH should be provided to the Pension Fund within the fixed dates and the confirmation on acceptance from the Fund is required.

The document that confirms the report acceptance is the receipt. The report is not considered accepted and true until such a receipt is received, and the risk of fine exists.

Source: Instruction on the Procedure on personal (individual) record-keeping of insured persons, Order by the RF Ministry of Labor N766n, dated December 21, 2016

## It is not required to offer temporarily vacant position to a redundant employee

The Constitutional Court and Rostrud consider: the employer has the right to offer a redundant employee the positions reserved for temporarily absent workers. However, this is the right and not the duty of the employer. Many courts support this opinion: even if the employee was not offered a temporary position during the staff reduction, his dismissal is still recognized legal.

Also the Labor Code of the Russian Federation does not say that the offered position should be permanent. This means that it could be offered to the redundant employee.

Source: Decision of the RF Constitutional Court N1894-O, dated July 17, 2018

## Key interest rate increase

Since September 17, 2018, the key interest rate has been increased up to 7.5%.

Source: Information of the Bank of Russia, dated September 14, 2018

## Providing data on the workplace certification regarding working conditions

The period when all companies have to specially assess the working conditions is over at the end of 2018. If a company has no actual results of the special assessment, the fine could be up to eighty thousand rubles.

We remind you that the Company shall provide the results of the special assessment to the Social Insurance Fund.

Source: Federal Law N426-FZ dated December 28, 2013, Information by the RF Ministry of Labor

## New report on pre-retirement employees for the employment centers

From October 1, 2018, the companies have to provide local employment centers with the information on the number of working men born in 1959 and women born in 1964. The report shall include the data on the working people, and those who have already left work during the reporting period. If there are no such workers in the company, a zero report is submitted.

The report shall be submitted quarterly, before the 15th day of the month following the quarter end. In this regard, the first report shall be submitted before October 15, 2018.

Source: Letter by the RF Ministry of Labor N858-PR, dated July 25, 2018

### LABOR LEGISLATION

## The minimum wage will increase from January 1, 2019

The Russian Ministry of Labor has proposed to raise the minimum monthly wage from RUB 11,163 to RUB 11,280.

Later on the minimum wage will be increased annually from January 1, in order to keep the balance between the minimum wage and cost of living of the Russian working-age population as of Q2 of the previous year in accordance with the Federal Law 'On amending certain legislative acts of the Russian Federation regarding increase of minimum wage up to the cost of living of the working-age population' N421-FZ, Article 3, dated December 28, 2017.

Source: Draft Federal Law 'On minimum wage since January 1, 2019'

## Increase of unemployment benefit from 2019

According to the draft resolution by the Russian Government, the minimum unemployment benefit is planned to increase up to 1500 rubles, the maximum amount shall be 8,000 rubles

Also the project provides for to increase, up to 11,280 rubles, the maximum unemployment benefit for persons of pre-retirement age (five years before the age that secure an age insurance pension, including prescheduled). This increase is considered as one of compensatory measures to increase pension age.

Source: Draft Decree by the Russian Government 'On minimum and maximum unemployment benefits for 2019'

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