



January 2019

Russian Legislation Update

ACCOUNTING AND TAX

Explanation to the VAT declaration are required: new error codes

From January 25, 2019, the format for providing explanations to the VAT declaration is changing, and five new error codes are adding. The changes relate the errors in the declaration sections 8-12.

Code 5 means that the declaration misses the invoice date, or the declaration is not included in the reporting period for which it is submitted;

Code 6 indicates that the purchase ledger contains a VAT deduction beyond three years;

Code 7 means that the purchase ledger contains a VAT deduction in the invoice issued before the date of the state registration;

Code 8 is set if an incorrect operation code is indicated in the declaration sections 8-12;

Code 9 means that an error was made when canceling an entry in the sale ledger.

Currently, the orders are issued only with error codes from 1 to 4.

Source: RF Tax Service Letter N ED-4-15/23367 dated December 3, 2018

Tax audits: two penalties for one order

If a taxpayer refuses to respond to a tax order which requests documents and additional information, there may be two penalties, one is for non-submission of the documents under Article 126 of the Russian Tax Code, another for failure to report the information under Article 129.1 of the Russian Tax Code.

Courts in this respect support the side of tax inspectors. According to the judges, this way of liability does not indicate a double penalty for the same offense, since their contents are different. This conclusion is confirmed by the definition of the Supreme Court of the Russian Federation.

Source: Resolution of the Arbitrary Court of the East Siberian District under case N A33-16694/2017 dated November 12, 2018

PAYROLL

Minimum wage

Since 2019, the minimum wage is increasing up to 11,280 rubles.

Source: Russian Federal Law N 481-FZ dated December 25, 2018

LABOR LEGISLATION

The Supreme Court has consolidated the court practice related the employee liability

In the litigation review for 2015-2018, the Supreme Court has presented the following findings based on the court practice materials:

- The limitation period for disputes related to the employee's liability is one year, however, as the court stresses, this period shall begin from the day when the damage was discovered, and not from the date when the employer paid for the damaged property. The court may recognize the omission of the limitation period as an independent basis for refusing a claim.
- The supplementary agreement to the employment contract may stipulate a term on the employee's reimbursement of the training expenses in case of the employee's early dismissal. However, travel expenses on training to another location are not included in the training costs and cannot be charged at the early dismissal.

- Cases on disputes about employee liability for any amount of the claim have exclusive jurisdiction and are considered by the district court.

Source: Review of the arbitrary practice under cases related to the employee liability (approved by the Presidium of the RF Supreme Court on December 5, 2018)

The draft Federal Law establishing a new debt amount that can be recovered from the debtor via the employer has been adopted in the third reading

In accordance with the draft law, the debt amount under which the enforcement document can be sent to an organization or another person paying the debtor's wage, pension, scholarship or other periodic payment will be increased from 25,000 rubles to 100,000 rubles.

Source: Draft Federal Law N 519890-7 Amendment of Federal Law 'On Enforcement Proceedings', Article 9

MIGRATION LEGISLATION

The Russian government has established quotas for attracting foreign employees in 2019

According to the Resolution, the number of quotas for attracting foreigners from visa countries will increase by 3%. The largest number of quotas is allocated for workers employed in construction and installation, mining development, repair and construction work, as well as in the metalworking and engineering industry.

Source: RF Government Resolution N 1494 dated December 6, 2018 "Determination of the need to attract foreign workers arriving in the Russian Federation on the visa basis, including priority qualification groups, and approval of quotas for 2019"

The Russian Council of Federation approved the draft Federal Law on Amendments to the Federal Law "On the Citizenship of the Russian Federation"

This draft law proposes to grant the Russian President the authority to define, for humanitarian purposes, the categories of foreign citizens and stateless persons who have

the right to acquire Russian citizenship under a simplified procedure. The following requirements for the Russian citizenship acquisition will not apply to the persons who correspond the categories defined by the President:

- Availability of a proven legal source of subsistence;
- Knowledge of the Russian language;
- Denial of existing citizenship of another state;
- Five-year stay in the territory of the Russian Federation.

The draft law will appropriately amend Articles 14, 29 and 32 of Federal Law “On the Citizenship of the Russian Federation”.

Source: Draft Federal Law N 527255-7 Amendment of Federal Law ‘On the citizenship of the Russian Federation’

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