



February 2019

## Russian Legislation Update

### ACCOUNTING AND TAX

### The new format of the VAT Tax Return in Quarter 1, 2019

The tax authorities have amended the format of the VAT return. Changes concern the increase of the VAT rate and changes of the tax legislation.

Three sections of the tax return were amended:

- Section 3 will contain the lines to reflect the tax base and valid VAT rates, as 20% so 18%. Lines 043, 044 and 135 will be added for organizations that do not use 0% VAT rate when exporting goods, and for the participants of the tax free system.
- Section 9 is added with line 036 to reflect the code of goods for export to the EAEU countries, as well as with lines 170 and 200 to reflect sales under the new 20% VAT rate.
- Annex 1 to Section 9 is added with the lines to reflect the goods codes and sales under the 20% rate.

There are also technical changes related to the format of declaration, data from purchase and sales ledgers, and additional sheets to them.

Source: RF Tax Service Order N CA-7-3/853 dated December 28, 2018

## Federal Accounting Standard 'Accounting of Lease' has changed

On October 16, 2018, the Russian Ministry of Finance approved the Federal Accounting Standard 'Accounting of Lease' (Order N 208n). Organizations shall apply the Standard preparing financial statements as for 2022, but they may start using it early.

The standard establishes the requirements of accounting and disclosing rental data received as from a tenant so landlord. The standard regulates the accounting of organizations that have entered into lease or sublease agreements, as well as other agreements under which the property is transferred for temporary use, including leasing agreements.

The standard introduces the meaning of a 'rental accounting object'; inter dependence of accounting of the leased objects by different parties of the agreement is eliminated. Two types of lease, operating or financial, are introduced for the lessor.

It should be noted that when the accounting policy changes in accordance with the federal standard 25/2018, changes in accounting are made retrospectively. However, for a number of cases, exceptions are provided to facilitate the transition to the new accounting.

Source: RF Ministry of Finance Information letter N IS-Accounting-15 dated January 25, 2019

### **PAYROLL**

## Vacation and day-off, is it possible to mix?

The Russian Labor Code does not ban to take a vacation starting from a week-end or a non-working holiday. However, it is impossible to take a holiday exclusively for the weekend. Such a violation may result to fine of RUB 1,000 – 5,000 for officials, or RUB 30,000 – 50,000 for legal entities.

Source: RF Ministry of Labour Letter N 14-2/OOG-9754 dated December 7, 2018

## Adjustment of allowance since February 2019

The following benefits increase by 4.3% from February 1, 2019:

- Allowance for early pregnancy registration will increase up to RUB 655.49;

- Childbirth allowance will increase up to RUB 17,479.73;
- Since February 1, 2019 the childcare allowance for a child younger 18 months will be RUB 6,554.89

From February 1, 2019 the minimum allowances shall be recalculate if a parental leave started before January 1, 2018. RUB 3,277.45 shall be paid.

The parental leaves started in 2018 or in 2019 will be paid as before.

- Funeral allowance has increased up to RUB 5,946.47.

The summary table is presented below:

Type of the allowance	Amount, RUB
Allowance for early pregnancy registration (lump-sum payment)	<b>655.49</b> — leaves since February 2019; <b>628.47</b> — leaves started earlier
Maternity allowance for 140 days (normal delivery)	Minimum: <b>51,919</b> — leaves since 2019; <b>51,380</b> — leaves started in May – December 2018
	Maximum: <b>301,095.2</b> — leaves since 2019; <b>282,493.4</b> — leaves since 2018
Maternity allowance for 156 days (complicated or preterm delivery)	Minimum: <b>57,852.6</b> — leaves since 2019; <b>57,252</b> — leaves started in May – December 2018
	Maximum: <b>335,506.08</b> — leaves since 2019; <b>314,778.36</b> — leaves since 2018
Maternity allowance for 194 days (birth of two or more babies)	Minimum: <b>71,944.9</b> — leaves since 2019; <b>71,198</b> — leaves started in May – December 2018
	Maximum: <b>417,231.92</b> — leaves since 2019; <b>391,455.14</b> — leaves since 2018
Childbirth allowance (lump-sum payment)	<b>17,479.73</b> — if a baby was born on February 1 2019 or after; <b>16,759.09</b> — if a baby was born before February 2019
Childcare allowance, the first baby up to 18 months (monthly)	Minimum: <b>4,512</b> — leaves since 2019; <b>4,465.2</b> — leaves started in May – December 2018; <b>3,795.6</b> — leaves started in January – April, 2018; <b>3,277.45</b> — leaves started before 2018
	Maximum: <b>26,152.27</b> — leaves since 2019; <b>24,536.57</b> — leaves since 2018

Type of the allowance	Amount, RUB
Childcare allowance, the second and subsequent babies up to 18 months (monthly)	Minimum: <b>6,554.89</b>
	Maximum: <b>26,152.27</b> — leaves since 2019; <b>24,536.57</b> — leaves since 2018
Temporary Disability Allowance (maximum benefit per day of sickness in February if the employment period is less than 6 months, or in case of violation of the sickness routine)	<b>402.86</b> — one day of sickness in February; <b>11,280</b> — month of sickness
Funeral allowance	<b>5 946,47</b>

## LABOR LEGISLATION

### The Russian Ministry of Labor and Social Protection clarified the procedure of a special assessment of working conditions for individual entrepreneurs

The Ministry of Labor has provided the list of individual entrepreneurs which do not need to carry out a special assessment of working conditions. The individual entrepreneurs are exempted from the special assessment of working conditions if they:

- Do not hire employees under the labour contract;
- Hire employees under commercial contract;
- Hire freelancers working remotely.

Individual entrepreneurs not classified in the above categories are obliged to carry out a special assessment of working conditions.

Source: Explanatory statement by the Ministry of Labor and Social Protection of the Russian Federation dated January 16, 2019

### The Russian Supreme Court explained payment procedure of labor litigation costs

An employee filed a lawsuit against an organization to establish the fact of labor relations. Summarizing the trial, the court declared the lack of labor relations. Therefore, the organization demanded the employee to reimburse the costs of handwriting examination.

The Supreme Court considered this as a violation of the substantive law, since, despite the absence of labor relations, the dispute about their establishment falls into category of labor disputes. Thus, according to Article 393 of the Russian Labor Code, the former employee is not obliged to reimburse legal costs to the employer.

Source: Decision of the RF Supreme Court N 3-KG18-15 dated December 17, 2018

## MIGRATION LEGISLATION

### Uniform visa fees are set since February 3, 2019

Order N 24320 by the Russian Ministry of Foreign Affairs has approved a uniform procedure for calculating the visa fees that is valid since February 3, 2019.

According to the document, uniform rates will be established for the foreign citizens and stateless persons:

- Single entry visa – USD 80;
- Double-entry visa – USD 128;
- Multi-entry visa – USD 240.

In urgent cases, the fees are paid in double. Exceptions to the presented rates will be the visas to the countries, where visa fee calculation is coordinated by international agreement.

Source: RF Ministry of Foreign Affairs Order N 24320 dated December 17, 2018 'Approval of the unified procedure to calculate fees for reimbursement of actual consular expenses'

### Russian Ministry of Internal Affairs has prepared a new draft Administrative Regulations on issue of residence permits to foreigners in the Russian Federation

The main amendment compared to the current Administrative Regulations relates the obligation of a foreigner or stateless person to undergo the mandatory fingerprint registration when they apply for a residence permit in the Russian Federation.

According to the new rules, if a person refuses from this registration it would be impossible to obtain a residence permit.

Source: RF Ministry of Internal Affairs Draft Order dated January 24, 2019 'On Approval of administrative procedure in the RF Ministry of Foreign Affairs on providing the state services on issue of a Residence Permit for foreign citizens and stateless persons'