



March 2019

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Tax reporting changes: reports on some taxes are planned to be abolished

Draft law on reducing the number of compulsory tax reports submitted to the tax authorities has passed in the first reading. After its adoption, organizations won't submit advance payments on property tax, as well as returns on land and transport tax.

Source: Draft Federal Law N 607168-7

#### 20% VAT is applied to the imported goods shipped in 2018 and recorded for accounting in 2019

The Russian Ministry of Finance has clarified that the tax base of imported goods should be determined according to the date of registration, and not the date of shipment by a foreign supplier. Thus, all goods recorded for accounting in 2019, but shipped in 2018, are subject to the 20% VAT.

Source: RF Ministry of Finance Letter N 03-07-13/1/6294 dated February 4, 2019



## Trip ticket registration change

Amendments to the procedure of trip ticket registration are entering into force on March 1, 2019, and it will directly affect the procedure for recognizing expenses on fuel and lubricants for the employees of non-transport companies. The new regulations stipulate that a trip ticket shall be issued not once a month, but before every trip if it lasts more than one shift or one working day. If there are several trips during a day, the trip ticket shall be issued before the first trip. Thus, trips during one day or one shift shall be confirmed with one trip ticket for each trip.

Source: RF Ministry of Transport Order N 467 dated December 21, 2018

### PAYROLL

## Advising the Military Recruitment Office on the non-registered employees

From February 17, 2019 the manager of the Company and the employees responsible for keeping military records are obliged to notify the Military Recruitment offices about the non-registered employees.

If the company identifies such employees it shall:

- Advise, within two weeks, the Military Recruitment office;
- Handle a writ to the Military Recruitment office.

With regards to fines: currently there is no exact item in the Russian Administrative Code. Similar violations assume fine of one thousand rubles.

Source: RF Federal law N 8-FZ dated February 6, 2019

## Dismissal upon the employment contract expiration if the employee is on sick leave

It is possible to dismiss an employee during temporary disability. The expiration of the employment contract does not depend on the will of the employer and refers to general grounds for dismissal. In this regard, the fact that an employee is on a sick leave does not prevent the dismissal due to the expiration of the contract.

Source: Moscow City Court appellate decision N 33-54921/2018 dated December 12, 2018

## The code of income for wage payment

From June 1, 2020, an important amendment will appear in the Law on Enforcement Proceedings, namely, it will be necessary to indicate the code of income in the payroll sheets. The code will be required not only when paying salaries, but also when transferring other income, for example, payments under civil contracts, as well as payments which are not intended for debt collection.

Source: RF Federal law N 12-FZ dated February 21, 2019

### LABOR LEGISLATION

## The Ministry of Labor drafted a law providing for amendments to the Russian Labor Code regarding severance payment to the employees dismissed due to the organization liquidation

By this document, the Ministry of Labor tries to eliminate the inconsistency between of the current Labor Code (Article 178, part 1) and the Constitution of the Russian Federation.

In December 2018, in decision N 45-P, the Constitutional Court already indicated the legal inequality of the employees dismissed due to liquidation of the company and ones due to the staff reduction. In accordance with the Labor Code, Article 178, both categories of dismissing employees have the right to:

- Severance allowance paid on the last working day;
- Retention of the average monthly earnings for the period of employment, but not more than for two months from the date of dismissal (including the severance payment);
- Retention of the average monthly earnings for the third months from the date of dismissal, in exceptional cases, if there is a decision by the State Employment body.

As the Constitutional Court stressed, the payments foreseen under this article are not paid to the employees dismissed due to the company liquidation since after liquidation, it is virtually impossible to meet the legislation requirements.

In the text of the draft law, the Ministry of Labor proposes to increase the severance payment to the amount equal to two monthly salaries; it would allow the employee to receive the due amounts on the day of the dismissal.

Source: Draft Federal law 'Amendment to the Labor Code of the Russian Federation' February 15, 2019 (ID 02/04/02-19/00088501).

## MIGRATION LEGISLATION

# Criminal liability is projected for mediation in illegal migration

The draft Federal law proposes to introduce criminal liability for illegal migration activities of the company. In particular, according to the document, if the company provides migrants with illegal documents to enter Russia or assists foreign citizens or stateless persons to stay on the territory of the Russian Federation, the following criminal liability is assumed for the convicted persons:

- Fine of up to 200,000 rubles;
- Forced labor for up to 3 years;
- Imprisonment for up to 3 years.

In addition, it is proposed to toughen criminal liability for organizing illegal entry into the Russian Federation, illegal stay or transit of foreigners and stateless persons using official position. The term of imprisonment for such a crime may be increased from five to seven years, and the term of possible restriction of freedom from two to three years.

Source: Draft Federal law 'Amendment to the Russian Criminal Code, Article 322.1, and the Russian Criminal Procedure Code, Article 150'

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