



May 2019

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Amendments to the Tax Code: less tax reports since 2020

Russian Federal Law N 63-FZ of April 15, 2019, says that the obligation to submit the calculation of advance payments on corporate property tax is canceled after January 1, 2020.

The companies involved in real estate, where the tax is calculated based on the average annual cost, will have the right to choose a tax office where to submit the declaration. If the company has several property objects in the same Russian region, the declaration on all objects can be submitted to one inspection. The only thing that a company should do is to submit an appropriate application to the Federal Tax Service.

Besides, starting from 2020, the companies will be exempted from delivery of tax returns on land and transport. Instead, the tax authorities will notify the companies about the tax calculation. These messages will be sent within 6 months after the tax payment deadline.

If the amount of the tax indicated in the message differs from the actually paid tax, the company has the right to send explanations and supporting documents to the Federal Tax Service within 10 days after the message receipt.

Source: RF Federal Law N 63-FZ dated April 15, 2019

## Amendments to the Tax Code: VAT changes from July 1, 2019

Federal Law N 63-FZ of April 15, 2019 establishes a new procedure to calculate the proportion of deducting input VAT on taxable and non-taxable transactions. The operations for which Russia is not the place of sale of works and services, but which are not exempted from taxation under Article 149 of the Russian Tax Code, will be equated to taxable transactions for calculation purposes.

Also, the procedure of accounting of input VAT related to works and services performed outside the Russian Federation is changed. At present, such VAT should be included in the expenses of the organization. Since July 1, 2019, the input VAT on such transactions can be deductible.

Source: RF Federal Law N 63-FZ dated April 15, 2019

## Flight costs must be confirmed by a boarding pass

The Tax Authorities insist on obligatory printing of the boarding pass to confirm airfares.

Notwithstanding that from February 25, 2019 a printout of the boarding pass is not required for preflight inspection, the document with the airport stamp is still needed for tax purposes. If it's missed, a certificate from the airline or other documentary evidence may serve as the proof of the flight. If there is no evidence, it will be impossible to accept the deductible expense for the income tax calculating.

Source: RF Tax Service letter N CD-3-3/3409 dated April 11, 2019

## **PAYROLL**

## Where to submit 2-NDFL and 6-NDFL forms re. closed separate subdivision

If a separate subdivision has not reported under 2-NDFL and 6-NDFL before de-registration, the reports shall be submitted to the parent organization registration place. In this case, it's necessary to indicate tax registration reason code (KPP) of the parent organization, and the code of Russian Classification of Territories of Municipal Formations (OKTMO) belonged to the closed separate subdivision.

Source: RF Tax Service letter N BC-4-11/5938 dated April 1, 2019

## Health screening

### **Question 1:**

#### **The procedure to release an employee from work to undergo health screening**

The Federal Service for Labor and Employment recommends the following procedure:

- Receive a written application from the employee;
- Agree the day-off;
- Issue an internal company order in any format;
- Make an employee aware with the internal order;
- Fix the absence of the employee in the time sheet.

As the regulations do not define which code should be fill in the time sheet when the employee undergoes health screening, it is recommended to set this code independently, for example, the letter code "D" can be used.

### **Question 2:**

#### **Can the company request the employee to provide documents on the health screening?**

The need to confirm the health screening can be fixed in the Internal Labour Procedures, but the law does not require it.

Source: RF Labour Code, Article 185

## **LABOR LEGISLATION**

### Russian Government has forbidden to withhold alimony for minor children from compensation for the use of personal vehicles at work

In accordance with the Resolution, the list of compensation payments from which it is prohibited to withhold alimony for children is added by compensation payments for the use and depreciation of personal vehicles, equipment and other technical equipment and materials owned by the employee.

Source: RF Government Resolution N 388 "On Amendment to Clause 2 of the List of wages and other income from which alimony for minor children is retained" dated April 1, 2019

## Russian Ministry of Labor clarified the procedure related to state services on labor protection

In particular, the changes relate administrative regulations that govern:

- Certification of the right to perform the special assessment of working conditions;
- Accreditation of the organizations rendering services on labor protection;
- Maintenance of the register of organizations rendering labor protection services;
- Examination of the quality of special assessment of working conditions.

Reference data was completely excluded from the regulations, and the procedure on typos and errors' correction in the issued documents was specified.

Source: Order of the RF Ministry of Labor and Social Protection N 85n "On Amendments to Certain Administrative Regulations on Labor Protection State Services Provided by the Ministry of Labor and Social Protection approved by orders of the Ministry of Labor and Social Protection of the Russian Federation" dated February 18, 2019

## Russian Ministry of Labor submitted a draft federal law amending the Russian Labor Code for public discussion

In accordance with the draft law, it is proposed to make a number of important changes, in particular related to:

- Opportunity to extend by five years the fixed-term employment contract after its completion;
- Reduction to one month of the term for the employee's notification on the employment contract changes;
- The employer's obligation to notify the employee returned after a child-care leave about his/her dismissal within three working days
- Obligation by the employee's being on a child-care leave to notify the employer about his/her pre-term return to work five working days in advance;
- Extension of the list of persons to whom "making an unreasonable decision" will be applied as a reason for dismissal;
- Increase of the term that is not included in the monthly period of disciplinary action;
- Other periods of an employee's absence at work, when he/she keeps a working place (position).

It is planned to complete the public discussion of the draft law on May 17, 2019.

Source: Draft Federal Law "On Amendments to the Russian Labour Code" (Draft ID - 02/04/02-19/00088941)