

June 2019

Russian Legislation Update

ACCOUNTING AND TAX

Format of Accounting Reporting as of 2020 will change

The Ministry of Finance has amended the accounting reporting formats. It relates to the amendments to RAS 18/02 'Profit Tax Accounting', which is entering into force in 2020, and to the fact that tax authorities are delegated to be the state reporting information resource.

A common issue related all the forms is that the reports shall be presented in thousand rubles. The measurement unit 'million rubles' is eliminated.

A new line will appear in the Balance Sheet, with indication whether the reporting is subject to mandatory audit. If so, the report shall be added with the information about the audit organization.

In accordance with the amendments to RAS 18/02, the Financial Statement has been updated. Thus, line 2421 'Ongoing tax liabilities (assets)', line 2430 'Change in deferred tax liabilities' and line 2450 'Change in deferred tax assets' have been excluded from the statement. Instead, the Ministry of Finance introduces line 2411 'Current income tax', line 2412 'Deferred income tax' and line 2530 'Profit tax on operations not included in the net profit (loss) of the period'. The existing name of line 2410 'Current income tax' will change to 'Income tax'.

The procedure to determine the consolidated financial result, reflected in line 2500 will also change.

It shall be calculated as the total of the following figures:

- Net profit (loss);
- Surplus on revaluation of fixed assets, not included in the net profit (loss) of the period;
- Result from other operations, not included in the net profit (loss) of the reporting period;
- Profit tax on transactions not included in the net profit (loss) of the period.

These amendments will be mandatory for the accounting reporting as of 2020.

Source: RF Ministry of Finance order N 61n dated April 19, 2019

Ministry of Finance comment let to avoid tax penalties

Based on the tax audit of the company, additional income tax, as well as fine and penalty for non-payment of the tax, was charged. The company has successfully challenged this decision referred to the position of the Ministry of Finance set out in the letter.

The courts have supported the position of the company. At the same time, the statement of the tax agency that the letter of the Ministry of Finance should have been addressed to the company directly, was rejected.

The Supreme Arbitration Court of the Russian Federation had the similar position in 2010, as well the Arbitration Court of the Urals District.

Source: Resolution of Arbitration Court of the North Caucasian District in case No. A32-1410/2018 dated April 17, 2019

PAYROLL

When to charge social benefits

The Ministry of Finance regards that the employer shall charge social benefits, if he pays for nonworking days for family reasons, reimburses the cost of medical treatment and therapy, and compensates for the cost of travel vouchers, as these payments are not in the list of non-taxable amounts.

Source: RF Ministry of Finance letter N 03-15-06/29511 dated April 23, 2019

LABOR LEGISLATION

Russian Ministry of Health has approved a new health screening procedure

The resolution of the Ministry of Health changing the frequency of health screening has entered into force. It says that annual health screening shall be carried out for the citizens aged 40 and older, military service disabled veterans, participants of the Great Patriotic War, working citizens who have not reached the retired age, including an early retirement within five years before this age, and working citizens who receive old-age pension or long-service pension.

For the citizens of the age from 18 to 39 years old, the procedure and terms of health screening remain unchanged – once in three years.

The appropriate amendments to the Russian Labor Code, Article 185.1, are planned in the near future.

Source: RF Ministry of Health order N 124n “On approval of the procedure for preventive medical examination and health screening of certain groups of the adult population” dated March 13, 2019

The number of days-off in May 2020 can increase

The Russian Ministry of Labor has drafted the Russian Government resolution on the substitute days-off in 2020.

It is planned to reschedule the weekend from Saturday, and Sunday, January 4-5 to Monday and Tuesday, May 4-5, respectively.

Source: RF Government resolution “On substitution of the days-off in 2010” (Draft ID - 01/01/05-19/00091161)



MIGRATION LEGISLATION

State duty for the residence permit issue or extension may increase

The Russian Government has introduced to the Russian State Duma a draft law which says that state duty for issue or extension of a residence permit to a foreign citizen or stateless person will increase from three thousand five hundred rubles to five thousand rubles.

Source: Draft Federal Law N 709422-7 "On amending the Russian Tax Code, Article 333-28"

Russian Government has offered to issue unlimited residence permit

The draft Federal Law introduces the category of 'unlimited residence permit' granted to foreign citizens except for the cases when it is issued to highly qualified specialists and their family members (for the term of work permit) and qualified specialists (for three years).

It is also mentioned that the citizens received the residence permit for an unlimited time undertake to notify the territorial office of the Russia Ministry of Internal Affairs confirming their accommodation or stay at the place of residence within two months after one year of the residence permit issue date.

Source: Draft Federal Law N 709474-7 "On legal state of the foreign citizens in the Russian Federation" and other Russian legal acts regarding simplifying the procedure for granting temporary residence and residence permits to certain categories of foreign citizens and stateless persons

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