



October 2019

Russian Legislation Update

ACCOUNTING AND TAX

Amendments to the Tax Code: overview of major changes

Federal Law N325-FZ has entered into force on September 29, 2019. It has introduced quite a few amendments related both the general provisions governing the taxation of organizations and the procedure for calculating specific taxes. The main changes concern the following:

Debt collection

The procedure for collection of tax arrears in amount up to 3,000 rubles is changing since January 01, 2020. If the claimed amount does not exceed the specified limit a decision on debt collection shall be made within two months from the date of the earlier event that might happen:

1. If the amount of several claims exceeds 3,000 rubles;
2. If three years have passed since the date of the earliest claim on which the debt has not been repaid.

For the debts exceeding 3,000 rubles, the collection procedure does not change.

Also, from April 1, 2020, the tax authorities will be authorized to inform a taxpayer about arrears by e-mail, SMS, or other means. Still the taxpayer shall provide a written consent for such a communication method. The notifications can be sent not oftener than once per quarter.

Set off or refund of the excessively paid taxes

From October 1, 2020, the taxes that have been paid excess can be set off regardless the type of taxes by budget: federal, regional or local. Currently, offsetting of different types of taxes by budget is not allowed.

Reporting on vehicles and land plots

As soon as tax declarations on transportation and land have repealed, organizations shall report to the tax authorities about vehicles and land plots subject to taxation, if the tax authorities had not provided any information on the calculated tax amount. It will enter into force since 2021, and relates the reporting for 2020. The data and documents confirming the state registration of the tax object shall be submitted to the tax authorities by December 31 of the year following the expired tax period.

Thus, if the object was acquired in 2020, and no notification on the amount of tax payable has been received in 2021, the data on the acquisition shall be submitted to the tax authorities before December 31, 2021.

It should also be added that a violation of this provision may lead to a fine in amount of 20% of the unpaid tax.

Tax accounting of fixed assets

Federal Law N325-FZ has also introduced some changes related the procedure for tax accounting of the fixed assets.

So, from January 1, 2020, the provision, which increases the useful life of a laid-up fixed asset for the period of conservation, is canceled.

In addition, from January 1, 2020, the change of depreciation method is restricted. To switch from a linear to nonlinear method and vice versa will be possible only once every five years. Previously, such a restriction related just the switch from a nonlinear method to a linear one.

Source: Federal law N325-FZ dated September 29, 2019

PAYROLL

Foreign employees: new notification format to the Ministry of Internal Affairs

Since September 9, 2019, a new format of notification regarding the employment of foreign citizens is applied (Order by the Ministry of Internal Affairs N363, dated June 4,

2019). The formats have not changed significantly, the cell margins have increased for a more detailed data input, and additional sheets have become possible to use.

It has led to a new obligation for employers: if the notification includes more than one sheet, it should be bound, numbered and certified on the back of the last sheet of the document.

The new formats are presented on the official website of the Ministry of Internal Affairs and in information systems.

The use of outdated formats or violation of the notification terms could entail penalties for employers in amount 400,000 - 1 million rubles (Moscow, Moscow Region and St. Petersburg), or 400,000 - 800,000 rubles (the other territory of the Russian Federation), or suspension of the company's activity for the period 14 - 90 days (actual for the entire territory of the Russian Federation).

Source: RF Ministry of Internal Affairs Order N363 dated June 4, 2019

Induction training for the Civil law contractors

The Ministry of Labor has stated that the labour safety induction training should be provided to everyone involved in the production activities of the company, including those who employ under a civil law contract.

It is recommended that the rights and obligations of the parties concerning the induction training are recorded in the contract.

Source: RF Ministry of Labor Letter N15-2/OOG-1157 dated May 17, 2019

Key interest rate

From September 9, 2019, the annual key interest rate will be 7%.

Source: Bank of Russia memorandum dated September 6, 2019

LABOR LEGISLATION

Initiative to reduce workweek to 32 hours put up for public comment

A proposal to reduce the workweek from forty to thirty-two hours, and continue the eight-hour working day has been allocated on the web site of the Russian Public

Initiative. This initiative is a continuation of the proposal by the Chairman of the Russian Government presented during the 108th session of the International Labor Conference.

Public voting will last till September 20, 2020.

Source: Initiative N78F56585

Ministry of Labor has developed a list of recommended anti-corruption measures

The Russian Ministry of Labor has published on the website a list of anti-corruption activities recommended for implementation in organizations.

In accordance with the specified list, companies are recommended to:

- Assess corruption risks;
- Put in place an anti-corruption policy of the company and place it on the company's website;
- Work out the policy on the conflict of interest;
- Introduce counterparty fairness assessment procedure;
- Carry out an anti-corruption audit of certain operations and transactions;
- Establish a business unit or appoint officials responsible for corruption prevention.

It should be pointed out that according to Federal Law N231-FZ of December 3, 2012, Article 13.3, and Federal Law N273-FZ of December 25, 2008 "On Countering Corruption" companies were required to develop measures to prevent corruption, however, the text of the law did not contain an exhaustive list of such measures.

Source: <https://rosmintrud.ru/ministry/programms/anticorruption/015/0>

MIGRATION LEGISLATION

Certificates to recognize foreign education or qualification will be issued electronically

In accordance with the order of Federal Education and Science Supervision Service (Rosobrnadzor), the mentioned certificates should be electronic in the form of PDF/A-1 and XML files. Additionally, the certificates should contain a QR code with a link to the corresponding page of the web-site of the Main State Center for Education Evaluation (Glavspertsententr).

The order also includes the requirements on the structure of electronic document, and electronic signature of the official by Rosobrnadzor.

The order enters into force on January 1, 2020.

Source: Federal Education and Science Supervision Service (Rosobrnadzor), Order N 682 “On approval of the form of a certificate of recognition of a foreign education and (or) foreign qualification and technical requirements for it” dated May 20, 2019 (Registered in the Ministry of Justice of Russia on September 6, 2019 N 55833)

Notifications on conclusion and termination of labor and civil law contracts changed

The Russian Ministry of Internal Affairs has ordered that, from September 9, 2019, the submitted notification forms should be bound. The sheets of the form are stapled together or stitched in the upper left corner or along the left edge of the sheet.

A sticker with the number of pages certified by the signature of the company’s manager should be placed on the back of the last sheet.

Source: RF Ministry of Internal Affairs, order N 363 “On approval of the application form of a foreign citizen (stateless person) for attracting him as a highly qualified specialist and the filling procedure; the forms and procedures for notifying the Russian Ministry of Internal Affairs or its territorial body on the labor activity of foreign citizens (stateless persons) on the territory of the Russian Federation” dated 04.06.2019

PERSONAL DATA PROTECTION LEGISLATION

Draft law increasing fines for personal data maintenance abroad passed through first reading

According to the draft law, it is planned to increase the administrative fine, if personal data operators violate the requirements to file and store the relevant information in databases exclusively in Russia, as follows:

- From 200,000 to 500,000 rubles for officials (from 500,000 to 1 million rubles for repeated violation);
- From 2 million to 6 million rubles for legal entities (from 6 million to 18 million rubles for repeated violation).

Source: Draft Federal Law N 729516-7 (<https://sozd.duma.gov.ru/bill/729516-7>)

Amendments to Federal law On Personal Data

The draft law will explicitly permit to receive one consent to maintain personal data and indicate several purposes for its maintaining.

The personal data owner will be authorized to require the adjustment of purposes, and the personal data operator, in turn, will be obliged to make the appropriate amendments, or provide the owner with a written reasonable refusal within seven business days from the date of the request receipt.

The personal data owner may appeal against such a refusal in the authorized body for protection of the rights of personal data owner, or in court.

Source: Draft Federal Law (<https://regulation.gov.ru/p/95069>) – ID: 04/13/09-19/00095069

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