



10th of April, 2020

Russian Legislation Update

ACCOUNTING AND TAX

Amendments to the Tax Code challenging by COVID-19

Federal Law #102-FZ of April 1, 2020 has introduced the concept of “non-working day” into the Code. Starting from April 1, 2020 non-working days established by the Presidential decree are considered similarly to weekends and non-working holidays while fixing the deadlines established by the Tax Code of the Russian Federation. Accordingly, if the deadline for a tax return submission or tax payment is a non-working day, it is postponed to the next working day following it.

The new version of the Tax Code also specifies the authorities of the Government and Regional executive bodies to issue normative acts on the following issues:

- Suspension, cancellation or rescheduling of tax audits;
- Extension of deadlines for tax and insurance premium payment;
- Extension of deadlines for submission of tax and accounting reporting, other documents, and determination of the grounds and terms when liability for violation of these deadlines does not apply;
- Extension of deadlines for sending and execution of the requests for tax payments and deadlines for decisions on debt collection;
- Determination of additional grounds for deferral of taxes, insurance premiums, interests and fines;
- Determination of the grounds and terms for non-use, or special cases of ensuring the obligation to pay taxes.

The validity of acts adopted on these issues is limited to the year of 2020; they can be applied to the relations occurred before April 1, 2020, but not after December 31, 2020.

Additionally the Government has got the similar authorities related to insurance premiums for insurance against industrial accidents and occupational diseases.

Source: RF Federal Law #102-FZ dated April 1, 2020

The Government has adopted measures to support taxpayers during coronavirus infection

The Russian Government and Federal Tax Service have developed measures to support enterprises in context of coronavirus infection pandemic.

For instance, until May 1, 2020, the Federal Tax Service suspends on-site tax audits, as well as the decisions to conduct them. Additionally, tax control activity that requires direct contact with taxpayers (interrogations, examinations, calls to tax authorities, etc.) is canceled. On-site tax audits initiated earlier are suspended.

Furthermore, decisions on operations with bank accounts and, accordingly, collection of funds from bank accounts are suspended for small and medium enterprises until May 1, 2020.

The organizations operating in the industries most affected by the consequences of coronavirus infection, such as tourism, air travel, hospitality, catering, etc. have granted a delay in payment of taxes and contributions.

Tax payment deadlines for small enterprises operating in the most suffered industries have been extended for the following terms:

- Corporate income tax for the year 2019, unified agricultural tax, the tax paid according to simplified tax system – for 6 months;
- PIT for the year 2019 paid by individual entrepreneurs – for 3 months;
- Taxes except VAT and PIT for Q1 2020 – for 6 month, for Q2 2020 and the first six months of 2020 – for 4 months.

Insurance premium payments are carried forward for micro enterprises and individual entrepreneurs from the abovementioned industries. The deadline for insurance premiums accrued for March-May 2020, has been postponed by 6 months, for the premiums accrued from June-July 2020 - by 4 months.

Organizations operating in the suffered industries, which are not micro and small enterprises, have a right to claim for deferral of tax and insurance premium payments in case of decrease of economic indicators, such as decrease of company's income by more than 10% or loss in 2020, provided that in 2019 the organization made a profit. Depending on the amount of losses, the tax payment deadline can be extended for a period from 3 months to 1 year.

A full list of activities granted payment deferral is on the Federal Tax Service website.

The deadline for tax and accounting reporting to be submitted in March-May 2020 is extended for all companies

- The submission deadline for tax returns (excluding VAT returns), tax calculations on amounts of income paid to foreign organizations and withheld taxes, PIT calculations, calculations of advance payments and financial statements is extended for 3 months;
- The submission deadline for a VAT return and calculation of insurance premiums for Q1 2020 is extended till May 15, 2020.

Besides, the deadline for responses to tax requests for provision of documents and information which are received from March 1 to May 31, 2020 is extended by 20 business days. For the requests received in relation to the on-site VAT return audits, the response deadline is extended by 10 business days. Sanctions for failure to provide documents or information as part of the response to the tax requests are canceled.

Source: RF Government Order regarding tax inspections dated March 18, 2020, Resolution of the Russian Government 'On measures of sustainable development of the economy', Information of the Russian Federal Tax Service dated March 26, 2020

PAYROLL

Temporary procedure on issue and payment of sick leave certificates

From March 20, 2020 to July 1, 2020, new regulations on processing electronic disability certificates apply, as well as the reasons and payment of sick leave certificates related to quarantine.

Law amendments concern:

- Persons entering Russia from the countries where coronavirus cases are registered, or living together with such persons;
- Employers who hire the persons mentioned above;
- Medical institutions appointed to issue sick leave certificates under the temporary regulations.

The procedure to get a sick leave certificate issued in relation to quarantine is as follows:

1. An individual sends an application for electronic sick leave certificate via a personal account on the Social Insurance Fund portal. A number of documents are attached to the application: a copy of passport, tickets, ID and other documents confirming the joint residence of such persons. If an individual does not have a personal account on the Social Insurance Fund portal, another person registered on the portal can submit an application on his behalf with his consent.

2. The Social Insurance Fund sends this information to an authorized medical institution.
3. The authorized medical institution creates an electronic sick leave certificate.
4. The Social Insurance Fund requests the employer for the data required to assign and pay benefits.
5. The employer sends the requested information to the Social Insurance Fund within two business days.
6. The Social Insurance Fund pays the sick leave directly.

Source: RF Government Resolution # 294 dated March 18, 2020. Information of the Russia Ministry of Labor dated March 18, 2020

Extension of non-working days until the end of April

On April 2, 2020, the President addressed the citizens and said that the days from April 4, 2020 to April 30, 2020 inclusive, would be non-working. For this period, employees get salaries. If the situation with coronavirus spread improves, the non-working period will reduce.

Source: Address of the President of the Russian Federation to the Russian citizens on April 2, 2020. RF President Decree # 239 dated April 2, 2020

New procedure for sick leave calculating

In accordance with Federal Law #104-FZ of April 1, 2020, a new procedure for calculating sick leave is established for the period from April 1, 2020 to December 31, 2020.

The new procedure for calculating sick leave is as follows:

- The amount of the allowance is calculated according to the regular procedure under provisions of the Federal Law #255-FZ 'On compulsory social insurance on temporary incapacity to work and in connection with motherhood', of December 29, 2006, as if the employee had been sick for the whole calendar month;
- The result is compared with the minimum wage established by the federal law;
- If the result is more or equal to the minimum wage, the procedure is regular;
- If the result is less than minimum wage, then the minimum wage is divided by the number of days in the calendar month, then this value is multiplied by the number of calendar days of the sickness. This is the amount of the benefit to be paid.

Source: RF Federal Law #104-FZ dated April 1, 2020

Responsibility for submitting SZV-TD after the deadline or with errors

From January 1, 2021, if an organization does not submit the SZV-TD report (income data) on time, or presents incomplete or inaccurate information, it may be warned or fined by 300 to 500 rubles.

Source: RF Federal law # 90-FZ dated April 1, 2020

LABOR LEGISLATION

The Moscow Mayor has introduced the requirements for the employers related to the high alert

Due to the threat of coronavirus infection spread in Moscow, the Moscow Mayor has issued the decree introducing a high-alert regime that provides for a number of restrictions and mandatory measures, including those concerning employers. In particular, the employers of companies operating in Moscow must:

- Monitor the body temperature of the employees in the workplace;
- Encourage employees to enforce self-isolation at home;
- Provide the Rospotrebnadzor territorial body with the information on all contacts of employees with coronavirus infection related to their labor function immediately upon receipt of the appropriate request;
- Ensure that disinfection is carried out in the premises where the person with the coronavirus infection was.

Source: Decree of the Moscow Mayor #12-UM 'On the introduction of high alert' dated March 5, 2020

Rospotrebnadzor made recommendations to employers regarding prevention of the spread of coronavirus infection (COVID-19)

The recommendations offer the employer the following measures to prevent the spread of COVID-19:

- Check the body temperature of employees at the entrance to the organization (enterprise) and during working day (if required), and obligatory remove the people with higher body temperature or signs of infectious disease from the workplace;

- Provide employees with skin antiseptics or disinfectant wipes for hands and supervise such treatment;
- Carry out good cleaning of premises using virucidal disinfectants;
- Ensure that the company has a stock of disinfectants for cleaning premises and treating hands of employees, and personal respiratory equipment in case of detection of persons with signs of infectious disease for at least five days;
- Disallow the employees eating at workplaces, arrange meals in a special room with a sink for hand washing;
- Limit the employees' participation in any corporate and other public events.

Source: Rospotrebnadzor Letter #02/3853-2020-27 'On measures to prevent new coronavirus infection (COVID-19)' dated March 10, 2020 (together with 'Recommendations for prevention of new coronavirus infection (COVID-19) among employees')

The Moscow Mayor ceased the work of some companies in the city of Moscow

For the period from March 28, 2020 to April 5, 2020, the work is suspended for companies belonging to the following groups:

- Retail facilities (except pharmacies and drugstores, as well as retail facilities of food products and (or) non-food basic necessities, distant sale of goods, including delivery);
- Restaurants, cafes, canteens, buffets, bars, snack bars and other catering establishments (except take-away services without entering people into such enterprises, as well as order delivery. This restriction does not apply to the in-house canteens, buffets, cafes and other catering establishments for employees).

From March 26, 2020 to April 14, 2020, a mandatory self-isolation is introduced for citizens over 65 years of age, as well as those with diseases that require self-isolation.

In addition, the decree stresses the liability for organizations providing communication and utility services, and require not to apply punishment to the self-isolated people if they violate their obligations to pay for housing, utility and communication services.

Source: Decree the Moscow Mayor #31-UM 'Amendments to the Decree of the Mayor of Moscow #12-UM of March 5, 2020' dated March 26, 2020

A list of organizations to which the regime of non-working day will not apply in the period from March 30, 2020 to April 3, 2020

In accordance with the text of recommendations approved by the Government of the Russian Federation, the non-working day regime will not apply to employees of the following objects:

- Continuously operating organizations, including those involved in power and heat supply, water treatment and sanitation;
- Operating hazardous production facilities, hydraulic structures;
- Nuclear industry enterprises;
- Agricultural enterprises engaged in spring field work;
- Medical and pharmacy companies, as well as social services organizations;
- Companies providing the population with food and essential goods;
- Manufacturing enterprises producing personal protective equipment, disinfectants, pharmaceuticals, medical devices, heat recorders, non-contact thermometers and air disinfecting plants, as well as enterprises producing materials, raw materials and components necessary for their production;
- Organisations whose activities are related to protecting public health and preventing the spread of coronavirus infection;
- Transportation companies;
- The Russian Pension Fund, Federal Social Service and Federal Fund of Obligatory Medical Insurance.

Source: Recommendations to employers regarding the application of non-working days to the employees from March 30, 2020 to April 3, 2020 (approved by order of the Government of the Russian Federation dated March 26, 2020)

The Ministry of Labor introduced amendments to the forms for monitoring the dismissal of workers in connection with company liquidation, staff reduction, and part-time workers

Based on the order, the monitoring forms include information on arrears to employees on wages, on the number of employees who temporary work remotely, idle, on non-paid vacations, working part-time, as well as on employees dismissed from the beginning of the release or planned to dismissal in connection with quarantine introduction.

Some amendments concerns the following forms and recommendations to its filling: #1-MV 'Dismissal of employees due to liquidation of the company, staff reduction, or part-time employment of employees',

#2-MVG 'Dismissal of employees due liquidation of the company, staff reduction of employees of city and system forming organizations',

#3-MVM 'Dismissal of employees due liquidation of the company, staff reduction of employees in single-industry towns',

#4-MKO 'Number of employees dismissed and planning to be dismissed from organizations with average number of employees more 500'

Source: RF Ministry of Labor Order #152 'On amendments to annexes #1-8 to Order of the Ministry of Labor and Social Protection of the Russian Federation #1207 'On monitoring of employee dismissal due to liquidation of organizations or staff reduction, and part-time employees dated December 30, 2014'

MIGRATION LEGISLATION

Holders of electronic visas has got the right to free movement within the subject of the Russian Federation

In accordance with the Federal law of March 1, 2020, foreign citizens arriving in the Russian Federation under electronic visas have got the right to free movement within the territory of the subject of the Russian Federation to which they entered.

Source RF Federal Law #30-FZ "On Amendments to Articles 25 and 25.17 of the Federal Law 'Procedure for Departure from the Russian Federation and Entry into the Russian Federation' and Article 11 of the Federal Law 'The Legal Status of Foreign Citizens in the Russian Federation' dated March 1, 2020

Temporary restrictions of entry into the Russian Federation, as well as processing and issue of visas and invitations

The restrictions of entry into the territory of the Russian Federation, registration and getting visas and invitations do not concern:

- Accredited or appointed employees of diplomatic missions and consular posts of foreign states in the Russian Federation;
- Drivers of international automotive traffic, crews of aircrafts, sea and river vessels, train and locomotive teams of international railway traffic;
- Members of official delegations;

- Persons with diplomatic, business, ordinary private visas issued in connection with the death of a close relative;
- Persons permanently residing in the Russian Federation, as well as persons traveling in transit through air border crossing points;
- Members of international organizations and their representations, other official representations of foreign states located on the territory of the Russian Federation.

Source: RF Government Order #635-r 'On temporary restriction to enter into the Russian Federation, registration and issue of visas and invitations' dated March 16, 2020

Extended temporary stay of foreign citizens on the territory of the Russian Federation

The Russian Ministry of Internal Affairs explained that citizens, who arrived in the Russian Federation based on a visa, would get the extension of the visa validity regardless the purpose of entry. The same regulation applies to the citizens temporarily arriving on the territory of the Russian Federation.

To extend the visa or temporary stay period, foreign citizens shall apply to the nearest territorial body of the Ministry of Internal Affairs with a free-form application.

In addition, the Ministry of Internal Affairs resumes accepting applications on permits to attract and use foreign workers, and work permits for foreigners who are in Russia.

Migrant workers may apply for new patents without leaving the Russian Federation and without administrative responsibility for violation of the terms for submitting relevant applications.

Source: Explanations of the Ministry of Internal Affairs of Russia 'On procedure for extending the temporary stay of foreign citizens on the territory of the Russian Federation', dated March 19, 2020

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