



8th of May, 2020

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Increased limit for monthly advance payments of income tax

Federal Law 121-FZ of April 22, 2020 increased the limit of monthly advance payments of income tax for 2020. Companies are entitled to pay quarterly advance payments only, if the average operating income for the previous four quarters did not exceed twenty five million rubles. Previously, the limit was fifteen million rubles.

If the company's revenues comply with the new limit, the monthly advance payments can be pending starting from April 2020. Moreover, if the tax return for Q1, 2020 has already been submitted according to the previous limit, it is better to update it. Any obligation to report the transition to a new payment procedure has not specified.

It is worth mentioning that this provision has been valid only for 2020. In the next tax period, the limit shall return to the value of fifteen million rubles.

Source: RF Federal Law #121-FZ dated April 22, 2020

#### Monthly advance payments according to actual income in the course of 2020

If a company pays monthly advance corporate tax, it may in 2020 switch to monthly advance payments based on actual profit not expecting the end of the year.

To do this it requires notifying the tax authorities of the transition to a new payment procedure by the 20th day of the last month of the reporting period. For example, to apply the new payment procedure for the period January-May 2020, the notification shall be submitted before May 20. The recommended notification form is presented in the letter of the Federal Tax Service #SD-4-3/6802

This procedure will require reporting corporate tax every month. The revised method of advance calculating shall be reflected in the accounting policies of the company.

At the same time, the procedure of switching from monthly advance payments based on actual profit to monthly advance payments based on the results of the reporting period has not changed, and it is possible from the new calendar year.

Source: RF Federal Law #121-FZ dated April 22, 2020, Letter of the Russian Federal Tax Service #SD-4-3/6802 dated April 22, 2020

## On-site tax audits, documents received in May will be answered in June

The Government Decree #409 of April 2, 2020, has suspended on-site tax audits until May 31, 2020. However, tax authorities may perform some proceedings ahead of schedule; for example, they may draw up a tax audit act or make an opinion if all previous procedures have already been followed.

In case when such documents have been received, all the deadlines, for example, the deadline for submitting objection, or deadline for the decision to take effect, start from June 1, 2020.

Source: Letter of the Russian Federal Tax Service # SD-4-2/5985 dated April 9, 2020

## PAYROLL

### New key rate

The key rate **since April 27, 2020** is 5.5% per annum.

Source: Bank of Russia data of April 24, 2020

## New fines for violation of military record keeping procedure

The fine for violations of the military record keeping procedure has increased **since May 05, 2020**.

Fines increased for the following violations of military record keeping:

Violations of military record keeping	Fines before May 5, 2020	Fines after May 5, 2020
Failure to submit to the military commissariat or to other body conducting military registration the lists of citizens liable to initial military registration within the prescribed term	From 300 up to 1,000 rubles	From 1,000 up to 3,000 rubles
Failure to notify citizens about calling them on the agenda of the military commissariat or other body conducting military registration, as well as failure to provide timely appearance on the call of military commissariat or other body conducting military registration	From 500 up to 1,000 rubles	From 1 000 up to 3,000 rubles
Failure to submit to the military commissariat or to other body conducting military registration the information on the persons hired (enrolled to educational bodies) and (or) dismissed (expelled from educational bodies), who shall, but are not registered with military authorities within the prescribed term	From 300 up to 1,000 rubles	From 1,000 up to 5,000 rubles

The limitations period for administrative liability for violations of military registration will increase to three years. Now it is two months.

Source: RF Federal Law #132-FZ dated April 24, 2020

### LABOR LEGISLATION

## Non-working days with salaries retained by employees are set from May 6 to May 8, 2020

This provision does not apply to:

- Continuously operating productions, companies equipped for a continuous technological process;

- Medical and pharmacy organizations;
- Companies providing people with food and essential goods;
- Organizations acting in emergency situations, or in cases that endanger the life or normal living conditions of people;
- Organizations engaged in emergency repair and handling operations;
- Entities providing emergency financial services (mainly, settlement and payment services);
- Other organizations determined by the supreme executive body of the subject of the Russian Federation.

Federal state bodies, governing bodies of the state extra-budgetary funds, state bodies of the subjects of the Russian Federation, local authorities, as well as organizations engaged in mass media production and release shall determine the number of employees (workers) who ensure the functioning of these bodies from May 1 to May 11, 2020.

Source: RF President Decree #294 dated April 28, 2020; the Bank of Russia Information letter #IN-05-15/84, dated April 30, 2020; the Ministry of Finance Letter #07-04-07/35323, Russian Federal Tax Service letter #VD-4-1/7364 dated April 30, 2020; the Treasury of Russia Letter #95-09-11/02-226 dated April 29, 2020; Information of FSS, Information of the Bank of Russia

## Pilot program on the use of electronic documents related to work will take place in the Russian Federation until March 31, 2021 inclusively

It is planned to test a pilot program on the use by individual employers and employees electronic documents related to work (without duplication on paper), which according to the Russian labor legislation provides for the execution on paper and (or) familiarizing the employee with them in writing.

Participants of the pilot program include the authorized executive body, employers and employees, as well as persons starting their work who have consent to participate in the project. The participation of employers, employees and entrants is voluntary. The employees sent temporarily by employers to other entities under subcontracts, as well as remote workers cannot participate in the program.

The employer independently approves the list of documents related to work. At the same time, the project does not concern work record books and electronic data on the employees' labor activity generated according to the labor legislation.

Employee's refusal to participate in the program cannot be a reason for changing working conditions, dismissal of an employee on the initiative of an employer, or termination of an employment contract. The refusal of an entrant to participate in a program cannot be the basis for refusing to sign an employment contract with him.

Source: RF Federal Law #122-FZ dated April 24, 2020

## MIGRATION LEGISLATION

### The updated procedure for notification by a Russian citizen about other citizenship and termination of the foreign citizenship

A procedure has been approved, that validates notifications by a Russian citizen about another citizenship or residence permit, or other valid document confirming the right to reside permanently in a foreign state, as well as notifications by a Russian citizen about termination of the foreign citizenship, or the right to permanent residence in a foreign state.

Forms of relevant notifications have also been approved.

Source: Russian Ministry of Internal Affairs order #994 dated December 31, 2019

### Foreign citizens may repeatedly apply for a patent renewal

Foreign citizens arriving in the Russian Federation who do not require visa may repeatedly apply for a patent renewal.

Earlier it was possible to apply for patent prolongation only once, and to issue a new patent, a foreign citizen had to leave and re-enter the Russian Federation.

Source: RF Federal Law #135-FZ dated April 24, 2020

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