



8th of July, 2020

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Updated criteria for on-site inspections provided by the tax service

The Federal Tax Service updates the indicators by which the taxpayer may be included into the on-site tax audit plan every year.

One of two indicators below may with high probability lead to an on-site audit:

- 1) Tax burden is below average;
- 2) Industry profitability is significantly lower than comparable indicators.

Source: Annex to RF Tax Service Order # MM-3-06 / 333 of May 30, 2007

#### Key rate is reduced

Since June 19, 2020, the key rate is 4.5%. In such a way, the Bank of Russia aim to support the business and economic situation affected in connection with the pandemic.

Source: RF Bank of Russia data of June 19, 2020

## The Federal Tax Service of Russia provided official clarifications on the companies and entrepreneurs included in the register of small and middle enterprises in connection with pandemic

The tax service forms the register of enterprises considered small and medium-sized businesses in early August in accordance with the reporting for the previous year, received before July 1 of the current year.

The shift of reporting caused by the pandemic has updated the term for submitting 3-personal income tax return by individual entrepreneurs. The Federal Tax Service explains that all organizations that meet the criteria for small and medium-sized businesses will be included in the register if they meet the criteria, regardless of the reporting. In addition, organizations that will be excluded from the register after the update will continue to receive the state support.

Source: RF Tax Service data

### **PAYROLL**

## Some social payments shall be paid to national payment card Mir from July 1, 2020

Childcare allowance, benefits for pregnancy and childbirth, as well as for registration in early pregnancy period shall be transferred to the accounts linked to the Mir card.

To receive benefits without opening the Mir card is possible now only via postal transfer or bank account that does not provide for transactions using payment cards.

Also, the Bank of Russia informs that before October 1, 2020, it will not fine credit organizations that credit pension payments to the bank accounts that provide for transactions using payment cards which are not national payment instrument, unless otherwise possible.

Source: RF Federal Law # 161-FZ dated June 27, 2011, The Bank of Russia Information letter # IN-04-45/81 dated April 23, 2020

## Sickness certificates for employees over 65 since June 29, 2020

Regions shall independently determine the terms of self-isolation for employees older than 65 years. Electronic disability certificates are issued for such employees if they are not on vacation or do not work remotely. A register for such employees shall be send to the Social Security Fund that will pay the certificates.

Source: RF Social Security Fund data

## Since June 19, 2020, regional coefficients shall be considered comparing salaries with minimum wages when calculating benefits

Amendments to the Disability Insurance Law have been published. The changes concern the procedures used when the salary is linked to the minimum wage determining the average earnings and calculating benefits:

- Sickness certificate;
- Maternity benefit;
- Child care allowance.

Starting June 19, 2020, in the regions where the local wage coefficients are applied, the amount of wages shall compare not with the “net” minimum wage, but with the figure that is increased by these coefficients.

Source: RF Federal Law # 175-FZ dated June 8, 2020

## Extended employees’ notification period about electronic labor books

The last day for notifying employees has been postponed from June 30 to October 31, 2020.

The notification may be not only a standard written form; the internal policies and procedures shall fix other ways of the employees’ notifying.

Source: RF Government Resolution # 887 dated June 19, 2020

## Approved procedure for participation in the experiment with electronic HR documents

This experiment has entered into force on June 28, 2020 and will last until March 31, 2021. It allow employers not to use paper documents.

The employer shall send an application on participating in the experiment by before December 1, 2020. Further, the Ministry of Labor will approve the list of participating employers.

Source: RF Ministry of Labor resolution # 240n dated May 14, 2020

## Draft laws on the new procedure for employee's benefits upon company liquidation passed the second reading

These legislative drafts include amendments to the Labor Code of the Russian Federation and the Law on the State Registration of Legal Entities.

After these amendments have entered into force, the organization cannot be liquidated before it settles with employees.

In addition, the employer will have the opportunity to accrue dismissal pay in amount of two average earnings, without waiting for payment application from dismissed employees.

Source: RF Draft Federal Law # 736450-7, Draft Federal Law # 736458-7

### **LABOR LEGISLATION**

## Amendments to the Administrative Regulation on the state supervision of compliance with labor laws by the Federal Labor and Employment Service

The amendments concern the dispatch and placement of the annual inspection plan, the execution by the state inspector order.

In addition, the amended Administrative Regulation provides for that the local Labor Agency decides on enforcement if the employer fails to meet the deadline to eliminate the violation of labor legislation related to the payment of wages or other payments to the employee.

Source: RF Labor and Employment Service Order # 103 “On Amending the Administrative Regulation of the Federal Labor and Employment Service of the Federal State Supervision of Labor Laws and Other Normative Legal Acts Containing Labor Laws, approved by Order of the Federal Labor and Employment Service # 160 of 13 June 2019” dated April 22, 2020

## The State Duma is considering draft amendments to the Labor Code providing for the transfer of legally significant messages

The draft Federal Law proposes to supplement the Labor Code with articles 15.1-15.3, specifying the procedure for transmitting and receiving legally significant messages.

In particular, it is possible to send legally significant messages using electronic or other technical means. In order to establish the sender of such a message, a simple electronic or enhanced digital signature may be used.

The employer shall secure the storage of all legally significant messages received from the employee and their copies.

The procedure for sending such messages and their storage shall be included in an employment contract, local regulatory act, additional or collective agreement. The employee, in turn, will have the right to exclude such a term at any time after conclusion of the employment contract. The exercise of the right to refuse will not affect the validity of the remaining provisions of the employment contract and cannot be the basis for termination of such a contract at the initiative of the employer.

Source: Draft Federal Law # 967986-7 “On amendments to the Labor Code of the Russian Federation”

## Federal Labor and Employment Service comments on the employees’ remuneration on July 1, 2020

The Federal Labor and Employment Service explains that wages for work on July 1 will be in the same manner as wages for holidays. In case of piecework, employees will need to get additional remuneration, if such remuneration for work on holidays is provided for by the corporate regulatory act.

In addition, workers may be given another day off. In this case, the work on July 1, 2020 will be paid at a single rate, and the additional day-off will not be paid.

For workers not working on July 1, 2020 wages for July are not reduced.

Source: Data by the Federal Labor and Employment Service of June 15, 2020 “For work on July 1, Russians will receive a double salary”

## MIGRATION LEGISLATION

### Federal Law “On Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation” is planned to amend

In accordance with the text of the federal law, the following changes are expected:

- All foreign homeowners in the Russian Federation get the right to host and provide housing for other foreign citizens;
- A foreign citizen may file an application for registration at the place of residence in electronic form through “Unified portal of state and municipal services” or through Multifunctional center for provision of public services;

In addition, a foreign citizen shall independently notify the migration authority about his arrival at the place of stay, which is his actual residence, if the owner of dwelling is a citizen of the Russian Federation, a foreign citizen or a foreign organization located outside the territory of the Russian Federation. In this case, the foreign citizen shall also provide a notarized consent of the receiving party to the actual residence of the foreign citizen.

The effective date of the federal law is September 7, 2020.

Source: Federal Law #182-FZ “On Amendments to the Federal Law “On Migration Registration of Foreign Citizens and Stateless Persons in the Russian Federation” dated June 8, 2020

### One-time entry into the territory of the Russian Federation of foreign citizens who are highly qualified specialists

The entry of highly qualified specialists is possible only subject to the following:

- Inclusion in the list sent to the Russian Federal Security Service and Ministry of Internal Affairs by the federal executive body where the employer or customer of the works (services) is located;

- Presentation of a valid labor contract or civil contract;
- Presentation of ID documents
- Presentation of visa (excluding the countries, which have a visa-free regime with the Russian Federation).

Source: RF Government resolution # 1671-r “On amendments to the Russian Government order # 635-r of 16.03.2020” dated June 25, 2020

## The Decree of the President of the Russian Federation regarding temporary measures regulating the state of foreign citizens and stateless persons related to the threat of coronavirus infection spread (COVID-19) entered into force

The decree establishes that in the period from June 16, 2020 to September 15, 2020, foreign citizens and stateless persons who have arrived to the Russian Federation in the manner that does not require a visa may apply for issue, extension and renewal of a patent, without taking into account the deadline for submitting documents and the purpose of entering or leaving the Russian Federation.

Employers who have received permission to attract and use foreign employees are authorized to apply for issue or extension of a work permit for a foreign employee or stateless person who has arrived in the Russian Federation in the manner that require a visa, excluding requirements for the stated goal for any period.

Source: Decree of the President of the Russian Federation #392 “On Amendments to the Decree of the President of the Russian Federation of April 18, 2020 # 274 “On temporary measures to resolve the legal status of foreign citizens and stateless persons in the Russian Federation due to the threat of further spread of a new coronavirus infection (COVID-19)”“

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