



11th of August 2020

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Procedure for terminating the double taxation agreement with Cyprus has begun

The procedure for withdrawing from the agreement started on August 3, 2020. The cause for that was disagreement between the countries to increase to 15% the income tax on dividends paid by Cypriot companies in Russia.

Source: RF Ministry of Finance Data

[https://minfin.gov.ru/ru/press-center/?id\\_4=37137-minfin\\_rossii\\_pristupaet\\_k\\_denonsatsii\\_soglasheniya\\_ob\\_izbezhanii\\_dvojnogo\\_nalogooblozheniya\\_s\\_respublikoi\\_kipr](https://minfin.gov.ru/ru/press-center/?id_4=37137-minfin_rossii_pristupaet_k_denonsatsii_soglasheniya_ob_izbezhanii_dvojnogo_nalogooblozheniya_s_respublikoi_kipr)

#### Reduced key rate

The key rate from June 27, 2020 is 4.25%. The Bank of Russia aims to supporting the affected businesses and general economic situation in connection with the pandemic.

Source: Bank of Russia Data of July 24, 2020

## Tax Service of Russia explained inclusion the expenses on the canceled business trip in the profit tax base

The entity may enter the expenses of such business trip if they meet the criteria specified in the Tax Code of the Russian Federation, Article 252. However, it should be noted that if the business trip was canceled due to the fault of the employee, such expenses cannot be taken into account.

Source: RF Ministry of Finance Letter #03-03-06/1/57735 dated July 3, 2020

### **PAYROLL**

## Financial aid not specified in the Tax Code is subject to contributions

The Letter of the Federal Tax Service of Russia says that financial aid is not subject to contribution if it is paid to:

- Individuals in connection with natural disasters, emergency or terrorist attack;
- Employees in connection with the death of a family member;
- Employees upon the birth or adoption of a child, considering the limit of 50 thousand rubles.

These grounds are listed in the Tax Code of the Russian Federation. In other cases, one-time financial aid is subject to contributions.

Source: RF Tax Service Letter # BS-4-11/11908 dated July 24 2020

## Insurance contributions on the employees' coronavirus tests

The Ministry of Finance has considered various options of how an employer can organize the employees' testing for COVID-19. This will affect calculating insurance contributions on behalf of the employees tested for coronavirus.

If it concerns the employer's obligation, for example, under the decree of the Moscow Mayor related to introduction of a high alert regime, the employer should not pay contributions from the amounts transferred to medical organization. Such expenses are not related to the payments to the employees and are not recognized as taxable.

If testing is carried out under the contracts on medical service provision concluded for more than a year, no contributions are required.

However, if the employer reimburses employees their testing costs, the contributions are paid. Such a payment is not considered non-taxable.

Source: RF Ministry of Finance Letter #03-15-06/58517 dated July 7, 2020

## Ministry of Labor allowed covering the COVID response costs at the expense of contributions

An order with amendment to the Procedure on financing of preventive measures to reduce industrial injuries has published. Insurers will be able to reduce injury contributions if they test employees for coronavirus, as well as purchase facemasks, gloves, hand sanitizers and other similar goods. To submit an application for financial support of preventive measures will be until October 1, 2020. These changes entered into force on August 4 and will be valid until the end of the year.

The insurance premiums will cover the expenses on purchasing the following:

- Individual respiratory protective equipment, face shields, shoe covers, anti-plague suits type I, and disposable isolation gowns;
- Skin antiseptics and dispensers, so that employees can clean hands;
- Equipment and devices for complex cleaning of vehicles, packaging, food products, office space, contact surfaces;
- Thermometers and devices for non-contact temperature control;
- Medical services for coronavirus testing.

Source: RF Ministry of Labor Order #365n dated June 23, 2020

## Health screening of employees: amendment to the federal law

From August 11, 2020, employees over 40 years old will be able to use 1 day each year for a health screening.

At the same time, employers are authorized to require a medical certificate confirming such a screening.

The procedure of the staff health screening shall be specified in the corporate policies.

Source: RF Federal Law #261-FZ dated July 31, 2020

## New regulations on payments to the employees in connection with a company liquidation enter into force on August 13, 2020

A company will not be liquidated until it settles with the employees.

Unemployed former employees will be able to apply for payment no later than 15 working days after the end of:

- Second month of job search;
- Third month from the date of dismissal (by decision of the employment service).

The employer has the right to pay a lump-sum compensation equal to two average salaries instead of monthly payments.

Source: RF Federal Law #210-FZ dated July 13, 2020, Federal Law #203-FZ dated July 13, 2020

## Ministry of Labor reminds that after rejecting a paper labor book, employees will not be able to change their choice

If an employee has preferred the electronic format of work experience data, the employer reported to the Pension Fund about this. This data is kept in the employee's personal account and is not subject to change in the course of further work, regardless of the employer.

Source: RF Ministry of Labor Letter #14-2/OOG-10180 dated July 3, 2020

### **LABOR LEGISLATION**

## Proposed new criteria for the loss of professional ability

In accordance with the draft Order of the Russian Ministry of Labor, there shall be four degrees of the body dysfunctions caused by an industrial accident or occupational disease.

These degrees are supposed to be estimated in percent from 10 to 100, respectively:

- Degree I (from 10 to 30 percent) means persistent minor violations of the human body functioning;
- Degree II (from 40 to 60 percent) means persistent moderate disorders of the functions of the human body;

- Degree III (from 70 to 80 percent) means persistent pronounced disorders of the human body;
- Degree IV (from 90 to 100 percent) means persistent, significantly pronounced violations of the human body functioning.

Characteristics of professional activity will include the following qualities: the severity of work performed, qualifications of the person, working conditions.

Decrease in qualifications shall take into account the established tariff, qualification categories, professional qualification groups within the framework of the relevant profession (position).

Temporary criteria for determining the degree of professional ability loss resulted from industrial accidents or occupational disease approved by the Resolution of the Ministry of Labor and Social Development of the Russian Federation of July 18, 2001 N 56 will be invalidated.

Source: RF Ministry of Labor Draft Order “On Approval of Criteria for Determining the Degree of Professional Ability Loss Resulted from Industrial Accident or Occupational Disease”

## The Ministry of Labor initiative on perpetual validity of the results of special assessment of working conditions if they have not changed

The Russian Ministry of Labor has put forward an initiative to amend the Federal Law “On Special Assessment of Working Conditions” to reduce the administrative burden on enterprises.

According to the document, the five-year validity period for the declaration of working conditions is planned to cancel, the new version of the Federal Law will establish a perpetual validity of the declaration if the conditions and work organization at the particular workplace remain unchanged.

At the same time, if working conditions at the workplace have changed, or violations of safety and health protection, accidents at work, occupational diseases of employees have been identified, an unscheduled special assessment of working conditions is required.

Source: RF Draft Federal Law “On Amending Federal Law “On Special Assessment of Working Conditions” (regarding systematization of mandatory requirements of special assessment of working conditions)” prepared by the Ministry of Labor, draft ID 02/04/01-20/00098602)

## MIGRATION LEGISLATION

### Russian Ministry of Internal Affairs has approved Administrative Regulations on issuing permits for temporary residence in the Russian Federation to foreigners

The regulations establish a full list of documents that the applicant shall provide for receiving the specified service, the terms of its provision, and the sequence of administrative actions and order of interaction between migration units, territorial bodies of the Russian Ministry of Internal Affairs and other federal executive and local authorities.

The annex to the order specifies how the mark of the permit for temporary residence in the Russian Federation stamped in the ID document of a foreign citizen or stateless person shall look like, and the template of the permit for temporary residence in the Russian Federation issued to a stateless person who does not have an identity document.

Source: RF Ministry of Internal Affairs Order #407 “On approval of Administrative Regulations of the Ministry of Internal Affairs of the Russian Federation for provision of state services on issue of a temporary residence permit in the Russian Federation to foreign citizens and stateless persons, as well as forms of mark and the document template for a temporary residence permit in the Russian Federation”

### Isolation period of 14 days established for foreigners arriving on the territory of Russia for work

All foreign citizens arriving to the Russian Federation for labor purposes are required to self-isolate for a period of 14 calendar days from the date of arrival.

In addition, the requirement for isolation and medical supervision for the same period is indicated for all persons returning to the Russian Federation by international flights.

Source: RF Chief State Sanitary Doctor Resolution #21 N 21 “On Amending the Resolution of the Chief State Sanitary Doctor of the Russian Federation#9, dated March 30, 2020 “On Additional Measures to Prevent COVID-19” dated July 15, 2020

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