



3rd of November 2020

## Russian Legislation Update

### ACCOUNTING AND TAX

#### Clarified procedure for writing off accounts payable

If a creditor did not report on taxes and fees, and did not carry out transactions on any account, such a creditor can be equated to a liquidated one, and excluded from the Unified State Register of Legal Entities. In this case, the debt is included in income as of the date of entry into the Unified State Register of Legal Entities.

Source: RF Ministry of Finance letter #03-03-06/1/85891 dated October 1, 2020

#### Procedure for electronic invoices exchange is to amend

The Russian Ministry of Finance offers amending the existing procedure for the document flow through electronic communication channels. In particular, it is planned to clarify the responsibility of the seller and the buyer, actions in case of disagreement with the document, and obligation of the EDF operator to verify the documents.

Source: RF Ministry of Finance draft order (<https://regulation.gov.ru/projects#npa=109706>)

## Amendments to the Russian Tax Code adopted in the first reading

The draft law provides for amending the Russian Tax Code on the procedure for issuing powers of attorney from individual entrepreneurs to individuals, clarification of the controlled debt accounting in terms of recognizing income and expenses on such debt for tax accounting purposes.

Source: RF draft Federal Law #1022670-7 (<https://sozd.duma.gov.ru/bill/1022670-7>)

### PAYROLL

## Direct payments from the Social Insurance Fund

**From January 1, 2021**, the local branches of the Social Insurance Fund of the Russian Federation will assign and pay the insurance coverage under compulsory social insurance to insured persons as direct payments throughout the whole territory of the Russian Federation, including the Moscow Region (in accordance with the Russian Tax Code, Part 2, Article 431).

**The list of benefits paid by the Social Insurance Fund to working citizens directly, to a bank account or by postal transfer, includes:**

1. Allowance for temporary disability (including, accidents at work and occupational disease);
2. Maternity allowance;
3. Lump-sum benefit for registration in early pregnancy;
4. Lump-sum payment for the birth of a child;
5. Monthly childcare allowance;
6. Payment for additional leave to the people injured at work.

The policyholder, at its own expense, pays the first three days of temporary disability, and the local branch of the Social Insurance Fund pays the rest of the period at the expense of the Fund's budget, starting from the fourth day of temporary disability.

Benefits' payment arrangement:

1. The insured person submits an application for the appropriate type of benefit and other documents required for the assignment and payment of the benefit.
2. The policy holder, no later than in five calendar days, provides the local branch of the Social Insurance Fund with:
  - Application on the benefit payment, documents re. the assignment of benefit, description (or electronic register);
  - Application on the benefit payment, act in the format N-1, or a certificate confirming an occupational disease, or other documents;

- Application of the insured person on the vacation payment, the policyholder's order on granting vacation to the insured person, certificate-calculation of vacation payment amount.

3. Within 10 calendar days, the local branch of the Social Insurance Fund makes a decision and transfers funds to the insured person.

When the benefits relate temporary disability resulted from an accident at work and payment for vacation, there shall be presented the sets of documents with a description on paper, electronic registers are not provided. Regarding the other payments, a set of documents for the benefit payment or an electronic register may be generated and sent to the Social Insurance Fund.

Perhaps the Russian Ministry of Labor will adjust the procedure for direct payments and the insured person will no longer submit an application to the policyholder. There may be required to submit the documents regarding appointment and payment of the benefits that the policyholder does not have. However, an additional obligation may appear, i.e. the insured person will have to provide the employer with the data about himself required by the Social Insurance Fund branch to pay the insurance coverage. Such information about the insured person might be submitted in a format that the Fund will approve.

In addition, within 3 days, the policyholder notifies the Regional branch of the Fund about the termination of the right of the insured person to receive a monthly childcare allowance.

It concerns the following cases:

- Termination of labor relations with the insured person;
- Commencement (resumption) of the full-time work;
- Death of a child, or deprivation of parental rights;
- Regular annual leave of a person working part-time;
- Commencement of maternity leave;
- Other cases when the circumstances formed the basis for the assignment and payment of the appropriate benefit have terminated.

#### **The list of payments made by the Employer:**

At his own expense - allowance for the first three days of sickness, except for the cases when the payment is secured at the expense of budgetary funds.

At his own expense with compensation from the Social Insurance Fund:

- Payment of four extra days to care for disabled children
- Payment of benefits for temporary incapacity for work through inter-budget transfers
- Payment of burial allowance
- Expenses on preventive measures to reduce work-related injuries and diseases

Provision of a register for payment of more than 5 days, provision of a notice of termination of the right of the insured person to receive payment of more than 3 days, as well as provision of inaccurate information, entails an administrative fine for officials

in amount of Three to Five hundred rubles in accordance with the Russian Administrative Code, Article 15.33, Part 4.

**Preparatory activities to the pilot changeover:**

1. Notify the employees on the new procedure for the benefit payment;
2. Notify the employees on possible ways to receive benefits;
3. In advance, **collect, in the format approved by the Social Insurance Fund, the applications from employees on parental leave and prepare the documents, or register regarding these persons;**
4. **By December 1, 2020, provide** the Fund's branch with the **list of recipients of the monthly childcare benefits who continue to receive benefits in 2021;**
5. Notify the recipients about the terms of receiving benefit: the initial payment of the monthly childcare benefit is effected within ten calendar days from the date of receipt of the documents or register; subsequent payment of the allowance is carried out from the first to the fifteenth day of the month following the month for which the allowance is paid.

Source: RF Government Decree #1459 dated December 1, 2018

**LABOR LEGISLATION**

## Remote work for at least 30 percent of employees for the period from October 5 to October 28, 2020 inclusive

According to the decree of the Moscow Mayor, for the period from October 5 to October 28, 2020, the Moscow employers shall shift to remote work at least 30 percent of employees, and all citizens over 65 years old, or those who have chronic diseases specified in the list of the Moscow Department of Health approved by order #1117 of September 25, 2020 "On implementation of provisions of the decree #92-UM by the Mayor of Moscow of September 25, 2020 "On amendments to the legal acts of the city of Moscow".

This requirement will not apply to the organizations involved in the military-industrial complex, aircraft construction, organizations integrated in Roskosmos State Corporation, organizations integrated in Rosatom State Corporation, organizations carrying out work under the state defense order, healthcare and other organizations defined by the Headquarters to prevent the importation and spread of infection caused by the 2019-nCoV coronavirus in Moscow.

Source: The Mayor of Moscow Decree #96-UM "On Amending the Decrees of the Moscow Mayor #40-UM of April 4, 2020 and #68-UM of June 8, 2020" dated October 1, 2020

## New Decree of the Moscow Mayor provides for a fine for violation of the requirement to shift 30 percent of employees to a remote work

According to the of the Moscow Mayor #97-UM “On amendments to decrees of the Moscow Mayor #12-UM of March 5, 2020 and #68-UM of June 8, 2020”, violation of the requirement to transfer at least 30 percent of employees to remote work and the citizens over 65 years old, or those with chronic diseases, the employers, from October 12, 2020, will be called to administrative account in the form of fine under the Russian Code of Administrative Offenses Article 20.6.1 as follows:

- Citizens: from One to Thirty thousand rubles;
- Officials: from Ten to Fifty thousand rubles;
- Individual entrepreneurs: from Thirty to Fifty thousand rubles;
- Legal entities: from One hundred to Three hundred thousand rubles.

Source: Decree by the Moscow Mayor #97-UM “On amendments to decrees of the Moscow Mayor #12-UM of March 5, 2020 and #68-UM of June 8, 2020”, dated October 6, 2020

## Rospotrebnadzor clarifications on prevention of new coronavirus infection

It is recommended, that employers, if it is impossible to secure social distance and prevent accumulation of workers at different stages of technological process, shall arrange work in several shifts. In addition, the employer shall notify the employees leaving the Russian Federation about the need to do the PCR laboratory test for COVID-19 within three calendar days from the day of arrival to the Russian Federation, as well as to follow the isolation regime at the place of residence (stay) until the results of the specified laboratory test are ready.

Source: Rospotrebnadzor Letter #02/21694-2020-30 “On prevention of new infection for employers” dated October 21, 2020

## Amendments to experimental system for storing and processing electronic labor documents in the all-Russian database of vacancies ‘Work in Russia’

Additional sections have appeared in the electronic system: ‘Electronic HR document flow’, ‘Citizens’ employment analysis’, ‘Employment of the citizens facing difficulties in finding a job’.

In addition, the procedure for the creation, use and storage of the electronic labor documents in the system has been determined.

Source: RF Government Resolution #1568 "On Amending the RF Government Resolution #885 of August 25, 2015" dated September 30, 2020

## **MIGRATION LEGISLATION**

### New form of notification on the departure of a foreign citizen from the place of stay

The Ministry of Internal Affairs of Russia has approved:

- List of information to be included into notification of the departure of a foreign citizen or stateless person from the place of stay;
- Notification submission requirements;
- Notification format;
- Procedure for sending a notification to the Migration Registration authority, including electronic form, as well as the storage period for a copy of this notification in a Multifunctional Public Services Center or the federal postal organization.

Similar Order #142 by the Ministry of Internal Affairs of Russia of March 18, 2019 is repealed.

Source: RF Ministry of Internal Affairs Order #641 "On approval of the notification on departure of a foreign citizen or stateless person from the place of stay, list of information contained in the notification, registration requirements, sending procedure to the migration registration authority, including electronic form, as well as the storage period for a notification copy in a multifunctional public services center or federal postal organizations" dated September 14, 2020

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