



11th of January 2021

## Russian Legislation Update

### ACCOUNTING AND TAX

It is planned to amend mandatory audit criteria, as of January 1st 2021

The draft law envisages the following criteria, in accordance with which, organizations should conduct their mandatory audit:

- organization's securities are accepted for on-exchange trading;
- the amount of organizations' revenue for the year, preceding the reporting year exceeds RUB 800 mln, or the amount of the assets side of the balance sheets exceeds RUB 400 mln;
- organizations are members of the securities market, or a credit reporting agency;
- organizations which are foundations, with the receipt(s) of property, for the year preceding the reporting year, exceeding RUB 3 mln

If the financial reporting audit for 2020 was started prior to the day on which this law entered into force, these provisions shall be first applied to the 2021 financial reporting.

Document: Draft Federal Law N 840046-7

## Accounting reporting shall not be accepted in hard copy

FTS of Russia specified that, starting with accounting reporting for 2020, the service shall not accept copies of such reporting submitted in hard copy. Previously this restraint did not cover reporting submitted by small business enterprises.

Document: Letter from the Russian Ministry of Finance N 07-04-07/110599, FTS of Russia N VD-4-1/20793@ dt 17.12.2020

## It is planned to amend the list of equipment, the import of which to the territory of the Russian Federation shall be exempt from VAT

The draft envisages the reduction of the current list of equipment, the import of which, to the RF territory, is exempt from VAT and the analogues of which are not produced in Russia. The new list will not include steel storage vessels, used in the chemistry and pharmaceutical industry, compressors, pumps, equipment for making beverages etc.

Document: Draft Decree of the RF Government

### **PAYROLL**

## Margins of the contributions' base for 2021

In 2021, margins for the contributions' assessment base shall equal:

- RUB 966 thous. — for contributions for short-term disability and maternity benefit;
- RUB 1,465 thous. — for contributions for mandatory pension insurance.

If payments for the benefit of an insured person, since the beginning of the year, have exceeded the threshold amount of the base, the insured shall calculate pension contributions at the rate of 10%.

Document: RF Government Decree dt 26.11.2020 N 1935

## Personal income tax on payments to remote employees

Personal income tax, on payments to remote employees, shall be transferred to the budget according to the location of the organization or branch, where such employees perform their duties, in accordance with the work pattern.

For this category of employees, it is important to establish the source of revenue payment: the head office of the organization, or a separate subdivision. This is required to identify a revenue agent, i.e who should calculate, withhold and transfer the tax to the budget, in accordance with the place of registration.

Document: Letter from the FTS of Russia dt 14.10.2020 N SD-4-3/16830

## Transfer of child allowances to MIR bank cards

Until July 1st 2021, the Central Bank of Russia shall not impose penalties on banks for breaching the requirements on the transfer of child allowances to Visa, or Mastercard, bank cards. As of July 1st, it will be necessary to transfer the following payments to MIR bank cards:

- benefits for citizens with children;
- pensions;
- social benefits, falling under the responsibility of the Pension Fund of the Russian Federation;
- allowances for persons unemployed.

Document: Information letter of the Bank of Russia dt 18.12.2020 N IN-04-45/175

## New procedures for preparation and issuance of temporary disability leave

As of December 14th 2020, an employee, working for several employers, will be entitled to only one electronic sick leave, instead of several.

Such temporary disability leave can be prolonged in any format – on paper, or in electronic format, regardless of the initial form.

Document: Ministry of Health of the Russian Federation Order dt 01.09.2020 N 925n

## Draft law, on HR document flow simplification in NGOs, is passed in the third reading

Nonprofit organizations (NGO) will be able to work with human resources documentation, in accordance with the new rules:

- NGO is entitled not to pass in-house regulations, if their conditions are captured in labour contracts. In such a case, the number of employees, and income value, should not exceed the limits set by the Government.
- NGOs, with their number of employees not exceeding 35 people, can conclude fixed-term labour contracts.

The list of non-mandatory documents will not include an in-house regulation, on temporary transfer of an employee to remote work. Besides, the indicated rules shall not apply to all organizations: for example, they will not be applied in government-owned corporations and public not-for-profit organizations.

Document: Draft Federal Law N 1022523-7

## Draft Federal Law, allowing the Pension Fund of the Russian Federation to clarify the total former employment period from employers, has passed the first reading

The draft law envisages a citizens' opportunity to augment the individual personal account with information on their work, for the period prior to 2020, by presenting their paper labour book to the Pension Fund of the Russian Federation.

At its own discretion, the Pension Fund of the Russian Federation has the right to contact organizations to clarify and confirm such information.

Document: Draft Federal Law N 1052422-7

## Declaration on special assessment of working conditions can become termless

The State Duma has passed the Draft Federal Law on special assessment of working conditions. In accordance with it, declaration of working conditions compliance remains in force indefinitely, if the workplace environment has not changed.

Currently the declaration is issued for 5 years and, upon expiry of this period, a special assessment of working conditions should be conducted anew.

Declarations on special assessment of working conditions, in force at the moment of the law's adoption, shall be considered termless.

Document: Draft Federal Law N 1034649-7

## LABOR LEGISLATION

### It is planned to introduce amendments to the 'Occupational Health & Safety' section of the Labour Code of the Russian Federation

In accordance with the Draft Federal Law, it is planned to permit employers to independently conduct assessment(s) of compliance with labour legislation requirements concerning OHS, on the basis of check-lists.

Besides, amendments, introduced into the Labour Code, envisage:

- introduction of professional risks' management into the occupational health and safety management system;
- structuring of employers' main OHS management procedures and specifying rights and obligations of parties to employment relations, as well as operating procedures of OHS services and committees (commissions), created by employers to implement OHS management;
- improvement of procedures for investigation, and tracking of job-related accidents, to prevent concealing micro-damages (minor injuries).

Document: Draft Federal Law N 1070354-7 "On Introduction of changes to the Labour Code of the Russian Federation in relation to improvement of mechanisms for preventing work place injuries and occupational illness"

### As of January 1st 2021, changes to the Labour Code, regulating distance work, have come into force

Federal Law introduced amendments to Chapter 49.1 of the Labour Code of the Russian Federation. In particular, the law institutionalizes the concept of 'distance work' and its types, including distance work on a permanent basis, or temporary distance work. In its turn, it is proposed to divide temporary distance work into continuous work, throughout the

time period determined by the labour contract, or the supplementary agreement to the labour contract, which should not exceed six months, and periodic work, implemented by rotating periods, when an employee performs his labour duties remotely and at his permanent workplace.

Also, additional grounds for terminating a labour contract with a remote employee are being established. So, a labour contract with an employee, carrying out his/her labour function remotely, can be terminated:

- if, during the time period of carrying his/her labour function remotely, the employee does not interact with the employer, on issues related to the labour function, without reasonable excuse, for more than two business days in a row, starting with the date of receiving the relevant inquiry from the employer;
- in case of changing, by the employee, of a location of carrying out his/her labour function, if it entails the impossibility to perform, by the employee, his duties under the labour contract, on the same terms.

The opportunity to exchange electronic documents between the employer and a remote employee is envisaged, the order of setting working hours and leisure time for remote employees is established, as well as providing the employee with relevant equipment.

The text of the Federal Law specifically emphasizes that carrying out, by an employee of his/her labour function remotely, may not serve as grounds for reducing his/her salary.

Document: Federal Law dt 08.12.2020 N 407-FZ "On introduction of changes to the Labour Code of the Russian Federation in relation to regulating distance (remote) work and temporary transfer of employees to distance (remote) work at the employer's initiative in exceptional cases'

## **MIGRATION LEGISLATION**

### Administrative Procedure of the Ministry of the Interior regulating processing and issuing of invitations for entry into the territory of Russia by foreign citizens and stateless persons

The State service is rendered by the Ministry of the Interior of the Russian Federation. In accordance with the text of the Procedure, an inviting party is the applicant for obtaining the above-mentioned State service. The time period for rendering the service shall not exceed 14 business days.

For rendering the service for processing and issuing invitations, national duty is collected in the amount of RUB 800 for each invitee.

Document: Order of the Mol of Russia dt 29.09.2020 N 677 'On the approval of the Administrative Procedure of the Ministry of the Interior of the Russian Federation on rendering the state service for processing and issuing invitations for entry into the Russian Federation by foreign citizens and stateless persons'

## Issues on the possibility of multiple entry by foreign specialists into the territory of the Russian Federation, for the purpose of their involvement in the performance of work in an organization, are explained

In accordance with clause 1 of the Regulation of the RF Government dt 16.03.2020 N 635-r 'On temporary restriction of entry into the Russian Federation by foreign citizens and stateless persons and temporary suspension of processing and issuing visas and invitations', entry into the Russian Federation for foreign citizens and stateless persons has been temporarily suspended as of March 18th 2020.

But, in accordance with explanations, indicated in the Ministry of Finance letter, such provided restrictions are not applied in relation to highly-skilled professionals. Nevertheless, multiple entry for such specialists is not envisaged.

Document: <Letter> of the Russian Ministry of Finance dt 08.12.2020 N 27-04-13/107236 'On multiple entry by foreign specialists for the purpose of their involvement in the performance of work in an organization'

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