



4th of March 2021

Russian Legislation Update

ACCOUNTING AND TAX

The Ministry of Finance of the Russian Federation is preparing a bill on tax policy for 2021–2023

The Ministry of Finance has prepared a draft law on its planned tax policy until 2023:

1. From 2023, it is proposed to cancel the declaration on property tax, for objects assessed by cadastral value;
2. To maintain the current limit on transfer of losses, of previous years, that do not exceed 50% of the size of the tax base, during the tax period;
3. To expand the list of taxable income of foreign organizations, earned from sources in the Russian Federation.

Document: https://minfin.gov.ru/ru/press-center/?id_4=37385-minfin_rossii_podgotovil_zakonoproekt_dlya_vypolneniya_polozhenii_osnovnykh_napravlenii_nalogovoi_politiki_na_2021-2023_gody

From January 1st 2021, there is an exemption from VAT of the sale of a single software package and its components

This exemption became effective as part of the tax manoeuvre for the IT industry. The exemption from VAT will be applied to the sale of software items that are included

in the Register of Russian Computer Programs and Databases. The Ministry of Finance explained that not only single software packages can be exempt from VAT, but also their individual components, which can be sold as independent modules, provided that they are assigned a separate registration number in the Register.

Document: Letter of the Ministry of Finance of the Russian Federation dated 27.01.2021 No. 03-07-08/4863, letter of the Ministry of Finance of the Russian Federation dated 03.02.2021 No. 03-07-07/6775, letter of the Ministry of Finance of the Russian Federation dated 05.02.2021 No. 03-07-07/7583

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In the financial statements for 2020, there are changes that are applicable to limited disclosure

The Russian Ministry of Finance amended the PBU 9/99 “Revenues of Organization”, 11/2008 “Related Parties Information,” 2/2008 “Accounting for Construction Contracts,” and 12/2010 “Segment Information”. According to these amendments, organizations do not need to disclose information, in the Notes to the Balance Sheet and Income Statement, if this information disclosure may result in loss, or damage, to the business reputation of the organization, its counterparties or related parties. The amendments came into force on February 27th 2021.

Document: Order of the Ministry of Finance of the Russian Federation dated 27.11.2020 No. 287H

PAYROLL AND HR RECORDS KEEPING

Indexation of social benefits by 4.9%

From February 1st 2021, the indexation rate of 1.049 is set for the following types of benefits:

- Minimum monthly nursing benefit – 7,082 RUB 85 Kopeks;
- One-off allowance for women registered in the early stages of pregnancy – 708 RUB 23 Kopeks;
- One-off childbirth benefit – 18,886 RUB 32 Kopeks.

Important! From January 1st 2021, benefits have been transferred to insured persons, directly from the Social Security Fund.

Document: Resolution of the Government of the Russian Federation of 28.01.2021 No. 73

Direct payments and alimony

The policy holder is not obliged to inform the Social Security Fund about the enforcement documents for the recipients of social benefits.

Even if the policy holder sends certified copies to the Social Security Fund, the inspectors have no right to keep the debt on them. To do this, they need documents that will be sent, to the Fund, by the bailiff, the collector or the court, rather than by the employer.

Document: Letter of the Social Security Fund of the Russian Federation dated 14.01.2021 No. 02-08-01/15-03-15268п

The Ministry of Labor and Social Protection explained the specifics of notifying employees about planned vacations

In its letter, the Ministry of Labor and Social Protection specified that informing the employee, in writing, about the vacation schedule, will not be equivalent to notifying the employee about the upcoming vacation.

The employee should be notified of each scheduled vacation, by a separate document, no later than 14 days before the start of the vacation. Such notifications shall be in no specific form.

Furthermore, the agency recalled that staff members should also be advised of additional leave periods.

Document: Letter of Federal Service for Labor and Employment (Rostrud) of 24.12.2020 No. PG/59245-6-1

Increased penalties for personal data breaches

Amendments to the Code of Administrative Offences of the Russian Federation will take effect from March 27th 2021. They will increase the fine amounts for non-compliance, with the legislation on personal data protection. In addition, there will be fines for repeated violations.

- Processing of personal data, in cases not provided by the Russian law, or processing of personal data, which is incompatible with the purposes of personal data collection, will result in a fine from of 10,000 to 20,000 RUB for officials, and from 60,000 to 100,000 RUB for legal entities.
- Processing of personal data, without the written consent of the owner of personal data to his/her personal data processing in cases, when such a consent must be obtained, entails the imposition of a fine from 20,000 to 40,000 RUB for officials, and from 30,000 to 150,000 RUB for legal entities.
- The fine for a failure of the operator's duty to publish, or otherwise provide unrestricted access to the document, defining the operator's policy in relation to personal data processing, will be an amount from 6,000 to 12,000 RUB for officials, and from 30,000 to 60,000 RUB for legal entities.

Document: Federal Law of 24.02.2021 No. 19-FZ

LABOR LEGISLATION

Federal Service for Labor and Employment (Rostrud) reminded employers of the employer's responsibility to conduct unscheduled briefings and assessments of employees' knowledge of labor protection requirements

In view of the entry into force of new rules for occupational health and safety on January 1st 2021, which were approved by orders of the Ministry of Labor, employers are obliged to conduct an unscheduled briefing and unscheduled check of employees' knowledge of occupational health and safety requirements. Employers should fulfill this responsibility, regardless of the date of the previous check.

The briefing should be conducted for all employees, with whom a labor contract has been concluded, for a period of more than 2 (two) months.

The Employer should suspend from work those employees, who have not completed training and knowledge check, in accordance with the established procedure.

Also, the Rostrud, in its letter, separately emphasizes that, if the employer allows an employee to perform his/her duties without passing by the latter, through the prescribed training and knowledge check of occupational health and safety requirements, the employer can be subjected to administrative liability in the form of a fine, established by Part 3 of Article 5.27.1 of the Code of Administrative Offences of the Russian Federation, amounting to:

- 15,000 – 20,000 RUB – for officials;
- 110,000 – 130,000 RUB – for legal entities.

Document: Letter of the Federal Service for Labor and Employment (Rostrud) of 20.01.2021 No. 87-TZ “On Instructing and Assessing the Knowledge of Labor Protection Requirements by Employees of Organizations”.

A new draft resolution of the Russian Government proposes to change the procedure for calculating the maximum amount of unemployment benefits

According to the draft resolution, the maximum amount of unemployment benefits is proposed to be defined for the period of unemployment benefit payment, rather than for the period of unemployment, as had been established earlier.

Document: Draft resolution of the Russian Government “On amending Paragraph 2 of Clause 1 of the Russian Government’s Resolution of December 31st, 2020 No. 2393”

The State Duma introduced a draft Federal Law obliging employers to post information about vacancies on the Single Digital Platform “Work in Russia”

According to the text of the draft law, the obligation to place on the Single Digital Platform “Work in Russia”, created on the basis of analytics platform “All-Russian Bank of Vacancies”, the information on the availability of job vacancies, as well as special jobs for disabled people and conditions for their employment, rests with the authorities of the Russian Federation, the authorities of the subjects of the Russian Federation, local governments, as well as with employers, who have the average number of employees, for the previous calendar year, exceeding 25 people, and for newly-established

organizations (including reorganizations), with the number of the said employees exceeding such a limit.

Furthermore, it is planned to oblige employment centers to register citizens on the government services portal, in order to provide a possibility of filing of an application through the single digital platform, to clarify the terms of social payments, with respect to specifying the period of payment of unemployment benefits, and scholarships for certain categories of the unemployed.

The draft law also intends to introduce new provisions on the liability of citizens, registered as unemployed, for improper receipt of unemployment benefits. The amounts obtained fraudulently should be returned voluntarily, or through the court.

Document: Draft Federal Law No. 1114509-7 "On Amendments to the Law Concerning Employment in the Russian Federation "

MIGRATION LEGISLATION

The Order of the Ministry of Internal Affairs of the Russian Federation updated the forms necessary to provide the State Service for Migration Registration of Foreign Persons and Stateless Persons in the Russian Federation

In particular, the Order establishes new forms of the following documents:

- Applications for cancelling the registration of a foreign national, or stateless person at the place of residence;
- Applications for registration of a foreign national, or stateless person, at the place of residence;
- Notifications of arrival of a foreign national, or stateless person, at the place of stay;
- Details of registration of a foreign national, or stateless person, at the place of residence;
- Details of cancelling the registration of a foreign national, or stateless person, at the place of residence;
- Confirmation of performing actions by the host party and a foreign national, or stateless person, that are necessary for his/her registration at the place of stay;
- Details confirming the performance of actions by the host party and a foreign national, or stateless person, required for his/her registration at the place of stay, which are made by the multifunctional center for the provision of public and municipal services.

The Order of the Ministry of Internal Affairs of the Russian Federation of July 30th 2019 No. 514 "On approval of the Administrative Regulations of the Ministry of Internal Affairs of the Russian Federation on the provision of public services for migration registration

of foreign citizens and stateless persons in the Russian Federation, forms of application of a foreign national, or stateless person for registration/deregistration, at the place of residence, notification of the arrival of a foreign national, or stateless person, to the place of stay, details of registration/deregistration of a foreign national or stateless person at the place of residence, details confirming the performance of actions by the host party and a foreign national, or stateless person, that are required for his/her registration at the place of stay, which are made through the multifunctional center for the provision of public and municipal services” shall be considered to have lost force from 22th February 2021.

Document: Order of the Ministry of Internal Affairs of the Russian Federation of 10th December 2020 No. 856 “On approval of the Administrative Regulations of the Ministry of Internal Affairs of the Russian Federation on the provision of public services for migration registration of foreign citizens and stateless persons in the Russian Federation, forms of application of a foreign national or stateless person for registration/deregistration at the place of residence, notification of the arrival of a foreign national, or stateless person, to the place of stay, details of registration (deregistration) of a foreign national, or stateless person, at the place of residence, details confirming the performance of actions by the host party and a foreign national, or stateless person, required for his/her registration at the place of stay, which are made through the multifunctional center for the provision of public and municipal services” (registered with the Ministry of Justice of the Russian Federation on 12th February 2021 No. 62483).

Formalizing the grounds and procedure for issuing temporary ID of a stateless person in the Russian Federation

The State Duma has introduced a bill establishing the grounds and procedure for issuing a temporary identity card, to a stateless person, in the Russian Federation.

According to the text of the draft Federal Law, it is established that the temporary identity card shall be issued to a stateless person, under the following conditions:

- Lack of identity documents;
- The absence of a state, to which a stateless person can enter on the basis of a residence permit, or other document confirming the right to temporary, or permanent, residence in a foreign country;
- Execution of the decision, taken against a stateless person, on administrative expulsion from the Russian Federation, deportation or readmission.

In addition, the bill amends the procedure for issuing and replacing the temporary identity card of a stateless person, the expiration date, the grounds for cancellation of the issued certificate, and recognizes the powers and authority of the Ministry of Internal Affairs of the Russian Federation, with regard to the issuance of the document.

Document: Federal Law of 24th February 2021 No. 22-FZ “On Amending the Federal Law on the Legal Status of Foreign Citizens in the Russian Federation” and separate statutory instruments of the Russian Federation related to the regulation of the legal status of stateless persons.