



17th of January 2022

## Russian Legislation Update

### ACCOUNTING

Ministry of Finance has prepared the program of Federal Accounting Standard development for 2022 - 2026

The project is undergoing public discussion. The following effective schedule is expected:

- Revenues - from 2022 to 2025;
- Expenditures - from 2023 to 2025;
- Financial reporting - from 2021 to 2025;
- Intangible assets - from 2021 to 2024;
- Debts - from 2022 to 2026;
- Financial instruments, Participation in associates and joint activity - from 2022 to 2027;
- Non-commercial activity - from 2021 to 2026.

Document: RF Ministry of Finance draft resolution

### Property tax: residual value of rented investment, clarification by Ministry of Finance

The residual value to calculate the average annual value of investment property is taken from the accounting register. The lease payments received are deducted from the net cost of the investment in lease.

As per FAS 25/2018, the lessor recognizes an investment in lease as an asset in accounting if it has transferred the property to a non-operating (financial) lease.

From January 1, 2022, the Tax Code of the Russian Federation fixes the following: the tax on the subject of rent or leasing, shall be paid by the lessor.

Document: RF Ministry of Finance Letter #03-05-05-01/101642 dated December 14, 2021

## Federal Tax Service has announced the companies' debts and fines for 2020

Open data on tax deficiency as well as penalties and fines debts has been published for each tax, collection and insurance premium. The information on tax penalties for 2020 is also available on the website.

FTS specifies that this information is also presented in the company's card at the Transparent Business service.

Document: RF Tax Service Information dated December 1, 2021

### **PAYROLL AND HR RECORDS KEEPING**

## Payment of benefits

An employee can no longer choose the form of sick leave certificate when receiving sickness or maternity benefits.

Every change of the status of electronic disability certificate (set up, extended, completed, canceled) is followed by an automatic message from the Social Insurance Fund to the employer. The employee's consent for this is not required.

Information required for calculating the benefit shall be submitted to the Social Insurance Fund only upon its request and only in the specified amount. The number of electronic sick leave certificate is not required. Application on the benefit payment is still optional.

Document: RF Government Resolution #2010 dated November 23, 2021

## Insurance premium payment

From January 1, 2022, the overpayment of taxes can be offset against payment of fees and contributions. Previously, taxes could only be offset against taxes, and contributions against contributions paid to the same foundation where the overpayment was formed.

This adjustment refers to every payment except injury contributions. So far, contributions on injuries have remained unchanged.

Document: RF Federal Law #379-FZ dated November 29, 2021

## Tax deductions

From January 1, 2022, the inspections notify the employers on the employee's right to deduction.

In 2022, the employers continue to provide social and property deductions. However, the inspectorate itself (after the employee has contacted it) is sending the notice on the right to deduction to the employer. The document is issued in pdf format.

A new social deduction, for health and fitness services, can be applied to revenues in 2022. Organizations provide such a deduction according to the ordinary procedure, based on the employee's application and notification from the inspection.

Document: RF Federal Law #100-FZ dated April 20, 2021

## Personal income tax paid by the employer for vouchers to employees and children

From January 1, 2022, the procedure for calculating the tax when the employer pays for vouchers has changed according to Federal Law #8-FZ dated February 17, 2021.

Compensation for the cost of voucher is not subject to personal income tax, even if its cost has been considered when calculating the income tax. If an employee has received several vouchers in a year, the exemption is valid only for the first one.

In addition, personal income tax is not subject to compensation for vouchers for the employees' children under the age of 18 (up to 24 years for the full-time students). In 2021, the age limit was 16 years.

Document: RF Federal Law #8-FZ dated February 17, 2021

## Notification to the employment service after January 1, 2022

From January 1, 2022, organizations shall provide the following data to the employment service:

- information on the application of insolvency (bankruptcy) procedures against the employer;
- information necessary for implementation of vocational rehabilitation and promotion of employment of persons with disabilities;
- information on availability of quota vacancies for people with disabilities.

Generally, the information can be provided in one of the following ways:

- on website Work in Russia;
- directly to the employment service;
- by mail with a list of enclosures;
- as an electronic document.

Employers and individual entrepreneurs with an average headcount of more than 25 people for the previous year may submit the information only on the Work in Russia portal.

Documents: RF Government Resolution #2576 dated December 30, 2021

'On the procedure of the employer's submission of the data provided for by the Law of the Russian Federation "On Employment of the Population in the Russian Federation" Article 25, Paragraph 3'

## New instructions on military registration arrangement

In accordance with the new instruction, from January 8, 2022, for each employee conscript or liable for military service, it is necessary to keep a card of a citizen subject to military registration in the form established by order. Previously, cards for the conscripts and liable for military service could be kept as a T-2 card.

The card shall include the personal data on the employee, information about military registration, data about receptions and dismissals.

The data reconciliation with the military registration and enlistment offices will be carried out using the new cards, the reconciliation procedure is like the existing one.

Document: RF Ministry of Defense Order #700 dated November 22, 2021

### LABOR LEGISLATION

## Legal precedents: Discrepancies in the wording of the dismissal grounds after the trial period in the notification and order is violation of the labor law

A company has notified the employee of the dismissal based on the results of the trial period with reference to a memo from his manager (the employee has not achieved projected targets, did not obey instructions, etc.). In the order, another memo was indicated as the basis for dismissal. The employee has filed a claim.

The courts disagreed:

The Krasnooktyabrsky District Court of Volgograd (first instance) partially satisfied the claims of the former employee, recognizing the employer's order to terminate the employment contract and dismissal as illegal, reinstating the employee in his position and recovering the employee's average earnings for the time of forced absenteeism and compensation for non-pecuniary damage.

The Judicial Collegium for Civil Cases of the Volgograd Regional Court (appeals instance) has recognized the dismissal legal, since the employee did not perform his duties properly during the trial period, which was recorded in the memos of management.

The Judicial Collegium for Civil Cases of the Fourth Cassation Court of General Jurisdiction (cassation instance) has supported the first instance, which reinstated the employee. In the notice and the dismissal order, the employer indicated different basis. Accordingly, the employee was not informed of the reasons why he was recognized as having failed the test, which deprived the employee of the opportunity to present his objections on the employer's claims.

Document: Decision of Fourth Cassation Court of General Jurisdiction #88-16196/2021 dated July 8. 2021

## Legal precedents: When transferring an employee to another position, it is required to sign a new agreement on financial liability

Upon entering employment an employee has signed an agreement on full individual financial liability. Several times the employee was transferred to other positions, but such an agreement was not re-signed. After dismissal there was shortage revealed. The employee refused to cover a loss, so the company tried to demand for the damage.

The courts (the Leninsky District Court of Sevastopol, Judicial Collegium for Civil Cases of the Sevastopol City Court, the Fourth Cassation Court of General Jurisdiction) sided with the employee, because he was not a financially liable person.

When transferring to another position, it is necessary to conclude a new agreement on full individual liability. The Employer did not do this, so the Employee does not have to pay damages.

Document: Decision of Fourth Cassation Court of General Jurisdiction #88-22632/2021 dated September 14, 2021

## The Ministry of Labor has published a list of activities to protect the health of employees working in the territory of another employer

The Ministry of Labor has published an indicative list of activities to protect the health of employees working in the territory and under the control of another employer.

The document will enter into force on March 1, 2022.

The controlling employer (the employer supervising the territory or facility) and the dependent employer (the employer carrying out works (rendering services) shall:

- appoint persons responsible for the safety at work;
- develop a single list of harmful and dangerous production factors;
- elaborate an action plan for evacuation and rescue of workers;
- fix the agreed measures to prevent the damage to the health of workers and working conditions in bilateral contracts.

These are just some of the recommended activities. Additionally, the Ministry of Labor specifies how employers can get ready technically, how to provide the employees with PPE, and also includes medical and preventive and sanitary measures.

Document: RF Ministry of Labor Order #656n dated September 22, 2021 'On approval of an indicative list of activities to protect the health of workers (during work (services) in the territory and under the control of another employer (another person)'

## New indicative list of activities implemented annually by the employer to improve working conditions and labor protection, eliminate or reduce levels of occupational risks, or prevent an increase of their levels is set from March 1, 2022

The activities include:

- Special assessment of working conditions, identification and assessment hazards, assessment of the occupational risks, implementation of the measures developed as a result of the above;
- Introduction of systems (devices) for remote control and regulation of production equipment, technological processes, elevation and transport vehicles;
- Provision of natural and artificial lighting at workplaces, in amenity premises, pass ways for workers.

The similar Order of the Ministry of Health and Social Development of Russia #181n dated March 1, 2012 is recognized invalid.

Document: RF Ministry of Labor Order #771n dated October 29, 2021 'On approval of the indicative list of activities implemented annually by the employer to improve working conditions and labor protection, eliminate or reduce the levels of occupational risks or prevent an increase of their levels' (Registered with the Ministry of Justice of Russia on December 3, 2021, #66196).

## Ministry of Labor of Russia defines ways to inform employees about their labor rights, which shall be applied by employers from March 1, 2022

Such forms of information include:

- Familiarization of the employee, upon hiring, with the terms of the employment contract signed with the employer, which specifies the labor rights of the employee and information about working conditions;
- Familiarization of the employees with the results of special assessment of working conditions at the workplaces;
- Familiarization about existing professional risks and their levels;
- Familiarization of the employee with the job description, labor protection requirements, the list of PPE provided at the workplace, the safety requirements (standards) and other local regulations of the employer.

Depending on the financial abilities and in addition to the above forms, the employers may also use other ways of informing employees about their labor rights listed in this Order.

The employees can be familiarized in electronic form if the employer uses an electronic document management.

Document: RF Ministry of Labor Order #773n dated October 29, 2021 'On approval of forms (methods) for informing employees about their labor rights, including the right to safe working conditions and labor protection, and an approximate list of information materials to inform employees about their labor rights, including the right to safe conditions and labor protection'

### **MIGRATION LEGISLATION**

## From December 29, 2021, foreigners will get patents under new forms

The Ministry of Internal Affairs has approved new forms of patents, including a card with an electronic information carrier.

The document will contain a QR code instead of a barcode. The form includes the same information as before: full name of the foreigner, series, number, the patent date of issue, etc.

A card will contain similar information. Additionally, the owner's biometric data will be recorded on the electronic chip.

Document: RF Ministry of Internal Affairs Order #805 dated November 2, 2021

## Updated procedure for obtaining a residence permit by a foreigner and its exchange

It is specified that an applicant is a foreign citizen who applies for an exchange of the residence permit due to expiration of the residence permit issued to a stateless person, a highly qualified specialist or a member of his family. Such an application is submitted no later than ten days from the expiry date of the residence permit.

In order to adjust the regulations in line with the amendments of the legislation on the legal status of foreign citizens in the Russian Federation, the document has been supplemented with a provision defining the validity period of a residence permit for a stateless person - a residence permit of the specified person is issued for 10 years.

In addition, the order specifies the list of documents provided by an applicant, the procedure for their provision and the procedure for interdepartmental interaction in the provision of public services using the state information systems.

Document: RF Ministry of Internal Affairs Order #804 dated November 2, 2021 'On Amendments to the Administrative Regulations of the Ministry of Internal Affairs of the Russian Federation on provision of public services to issue residence permits to foreign citizens and stateless persons, exchange of the resident permits by foreign citizens and stateless persons in the Russian Federation , approved by order of the Ministry of Internal Affairs of Russia # 417 dated June 11, 2020'

## Need of foreign workers arriving in the Russian Federation based on visa is determined for 2022 as 124,007 people

Quotas for issuing invitations to enter Russia to foreign citizens for carrying out labor activities and work permits have been approved. The need to attract foreign employees is carried out in accordance with priority of professional and qualification groups based on the annex to the Resolution.

Document: RF Government Decree #2187 dated December 2, 2021 'On determining the need to attract foreign employees arriving to the Russian Federation based on visa, including the priority of professional and qualification groups, and approving quotas for 2022'

## Foreigners must present a negative result of a PCR test taken not three, but two calendar days before arrival to the Russian Federation

In addition, the managers of the Rospotrebnadzor territorial offices are instructed to ensure that airports conduct complete testing under epidemiological indications of people from countries where the epidemiological situation has worsened.

Document: Resolution #34 of the Chief State Sanitary Doctor of the Russian Federation dated December 4, 2021 'On Amendments to the Decree #7 of the Chief State Sanitary Doctor of the Russian Federation dated March 18, 2020 'On ensuring the isolation regime to prevent the spread of COVID-2019'

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