



RUSSIA/NEWSLETTER

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IN THIS ISSUE

Principal measures aimed at supporting business amid the spread of coronavirus infection (COVID-19)

1. For all categories of taxpayers

1.1. The Chamber of Commerce and Industry of Russia and its regional offices shall issue certificates of force majeure (circumstances of insuperable force) in accordance with the terms of foreign trade transactions and international treaties free of charge¹.

1.2. For all taxpayers the following actions are suspended through May 31, 2020²:

- decisions to conduct all kinds of field audits, including tax and customs audits;
- carrying out of scheduled field audits and the running of the time periods of such audits;

- running of the time periods of documentation and formalization of findings of tax audits (art. 100 of the Russian Tax Code), of decisions based on the findings of tax audits (art. 100 of the Russian Tax Code), of proceedings with regard to tax offences (art. 101.4 of the Russian Tax Code)
- initiation by the tax authorities of inspections of compliance with the currency legislation of the Russian Federation;
- conduction by the tax authorities of inspections of compliance with the currency legislation of the Russian Federation, with exception of cases when the carried-out inspections revealed offences the period of limitation for the commencement of administrative proceedings of which expires before June 1, 2020;
- adoption by the tax authorities of decisions to suspend bank account transactions and electronic money transfers;
- adoption of debt recovery measures and respective injunctive measures³, unless it is established that failure to adopt debt recovery measures might entail concealment of assets and (or) the possibility

¹ Information release memo of the Ministry of Economic Development of the Russian Federation
https://www.economy.gov.ru/material/news/ekonomika_bez_virusa/uslugi_po_vydache_sertifikatov_o_fors_mazhnykh_obstoyatelstvakh_stali_besplatnymi_dlya_biznesa.html?email_id=8316&cn=accountant_jurist

² Decree of the Government of the Russian Federation No 409 dated 02.04.2020.

³ Letter of the Federal Tax Service of the Russian Federation dated 27.04.2020 No EA-20-8/53@.

of other actions preventing the recovery.

1.3. For all taxpayers the following terms are extended:

- for 3 months the period of submission of tax returns (with the exception of VAT), advance payments settlements, financial statements, the submission period of which is March – May 2020;
- until May 15, 2020 the period of submission of VAT return, books of VAT invoices issued and received and settlements of insurance contributions in Q1 of 2020;
- for 10 working days the period of submission of documents/explanations upon request received within the framework of desk tax audits of VAT returns, when such request is received within the period from March 1st till May 31, 2020;
- for 20 working days the period of submission of documents/explanations upon request in other cases, when such request is received within the period from March 01 till May 31, 2020.

1.4. For all taxpayers the following measures are envisaged:

- abolition of tax sanctions for failure to provide information necessary under the tax control (art. 126 of the Russian Tax Code) within the period from March 1st, 2020 to May 31, 2020 (such violations are not subject to proceedings);
- deadlines for sending a tax claim and for adoption of a decision to collect taxes are extended for 6 months.

1.5. The lessees have been granted the right to request reduction of lease payments under the lease contracts of non-residential premises for the year of 2020 on grounds of impossibility to use the premises due to the introduced regime of high alert ⁴.

1.6. It is allowed to register as costs the expenses for disinfection of premises and purchase of instruments, laboratory equipment, work clothing and other personal protective equipment incurred due to the spread of COVID-19⁵.

1.7. The deadline for the annual general meeting of participants in limited liability companies and the annual general meeting of shareholders of joint-stock companies, in which, in particular, the annual financial statements and annual balance sheets of the company are to be approved, was postponed to September 30, 2020⁶. Moreover, in 2020, any general meeting of shareholders of joint-stock companies can be held *in absentia*, regardless of the issues of the agenda.

1.8. Within the period from March 15 till June 15, 2020 the employers are entitled to engage foreign citizens residing based on a visa without work permits (provided they have permission to engage and use foreign labor) and visa-exempt foreign citizens without patents⁷.

1.9. The validity period of some fixed-term licenses expiring from March 15 to December 31, 2020 is extended by 12 months⁸.

2. For taxpayers of the most affected industries

2.1. The federal list of the industries of the Russian Federation, most affected by the spread of the new coronavirus infection is approved⁹ and, as of May 8, 2020, it includes business activities of the following economic spheres:

- air and motor transportation, airport activities;
- culture, leisure and entertainment;
- health and fitness, sports;

⁴ Federal Law dated 01.04.2020 No 98-FZ.

⁵ Federal Law dated 22.04.2020 No 121-FZ.

⁶ Federal Law dated 07.04.2020 No 115-FZ.

⁷ Decree of the President of the Russian Federation dated 18.04.2020 No 274.

⁸ Decree of the Government of the Russian Federation dated 03.04.2020 No 440.

⁹ Decree of the Government of the Russian Federation dated 03.04.2020 No 434.

- travel agencies' and other touristic organizations activities;
- hotel business;
- foodservice;
- organizations of additional education and non-governmental educational institutions;
- conferences and exhibitions organization activities;
- personal services to the public (repairs, washing, dry cleaning, hairdressing and beauty salons);
- healthcare;
- retail sales of non-food goods.

One can check whether the company's business activities are included in the most affected industries using the following link to the Russian Federal Tax Service's web portal: <https://service.nalog.ru/covid/>

2.2. The Russian Government has been vested with the right to introduce moratorium on bankruptcy¹⁰. Based on this legal entitlement, a six-month moratorium has been introduced (valid until October 05, 2020) for the bankruptcy of legal entities operating in the most affected spheres of the economy, as well as in respect of strategic enterprises¹¹.

2.3. The lessees operating in the most affected spheres of the economy have been granted the right to request a deferment of lease payments under lease contracts of non-residential premises¹². A special Order of the Russian Government¹³ has been adopted which envisaged requirements towards the conditions and terms of such deferment.

2.4. Interest-free lending program for the purpose of salaries payments for businesses of the most affected industries has been launched¹⁴. The maximum amount of the loan is defined as the product of the estimated salary, the number of employees of the borrower and the subsidy period of 6 months and ending no later than November 30, 2020.

2.5. For taxpayers operating in the most affected industries in accordance with the list of the Government of Russia an individual deferment (for a period of up to 1 year) or installment plan (for a period of up to 5 years) of payment of certain taxes, advance payments and insurance contributions can be granted subject to certain criteria. The largest list of benefits is envisaged for the organizations that carry out certain kinds of activities according to a separate list (which currently contains fewer items than the list of the most affected industries approved by the Government of Russia).

2.6. The Russian Government has been vested with the right to introduce moratorium on bankruptcy. Based on this legal entitlement, a six-month moratorium has been introduced (valid until October 05, 2020) for the bankruptcy of legal entities operating in the most affected spheres of the economy, as well as in respect of strategic enterprises.

2.7. The lessees operating in the most affected spheres of the economy have been granted the right to request a deferment of lease payments under lease contracts of non-residential premises. A special Order of the Russian Government has been adopted which envisaged requirements towards the conditions and terms of such deferment.

2.8. Interest-free lending program for the purpose of salaries payments for businesses of the most affected industries has been launched. The maximum amount of the loan is defined as the product of the estimated salary, the number of employees of the borrower and the subsidy period of 6 months and ending no later than November 30, 2020.

2.9. For taxpayers operating in the most affected industries in accordance with the list of the Government of Russia an individual deferment (for a period of up to 1 year) or installment plan (for a period of up to 5 years) of payment of certain taxes, advance payments and insurance contributions can be granted subject to certain criteria. The largest list of benefits is envisaged for the organizations that carry out certain kinds of

¹⁰ Art. 5, Federal Law dated 01.04.2020 No 98-FZ.

¹¹ Decree of the Government of the Russian Federation dated 03.04.2020 No 428.

¹² Federal Law dated 01.04.2020 No 98-FZ.

¹³ Decree of the Government of the Russian Federation dated 03.04.2020 No 439.

¹⁴ Decree of the Government of the Russian Federation dated 02.04.2020 No 422.

activities according to a separate list (which currently contains fewer items than the list of the most affected industries approved by the Government of Russia).

- 2.10. The Russian Federal Tax Service has created a special section on its portal, where one can check whether the possibility to apply an individual deferment of installment plan of tax payments is available by entering INN or OGRN identification members of the company and calculate specific options of such tax benefits:
<https://service.nalog.ru/covid2/>

3. For companies carrying out certain business activities and/or carrying out business activities within the territory of Moscow

- 3.1. For the period from April 15, 2020 to September 30, 2020, the Bank of Russia has established the acquiring commission at a level not than 1% for retail and service businesses engaged in online sale of food products and foods, medicine and other medical products, clothing, and basic consumer goods. However, this reduction for household appliances, electronics and means of communications is valid for purchasing goods up to 20 thousand rubles¹⁵.
- 3.2. In Moscow for corporate taxpayers operating in sales, foodservice, tourism, fitness, sports, leisure and entertainment, film distribution, hotel services, additional education, health resort treatment, organization of conferences and exhibitions, personal services to the public, the deadline for advance payments for the Q1 of 2020 of corporate property tax and land tax has been extended until December 31, 2020¹⁶.
- 3.3. In Moscow the deadline of sales tax payment for the Q1 of 2020 has been extended until December 31, 2020¹⁷.

- 3.4 For the period from April 15, 2020 to September 30, 2020, the Bank of Russia has established the acquiring commission at a level not than 1%.

- 3.5. In Moscow for corporate taxpayers operating in sales, foodservice, tourism, fitness, sports, leisure and entertainment, film distribution, hotel services, additional education, health resort treatment, organization of conferences and exhibitions, personal services to the public, the deadline for advance payments for the Q1 of 2020 of corporate property tax and land tax has been extended until December 31, 2020.

- 3.6. The Government of Moscow has envisaged 13 kinds of subsidies for Moscow businesses. A detailed overview of such measures of economic support and of requirements towards their recipients can be found on the special portal:
<https://cashback.moscow.business/>

- Specifically, the Government of Moscow grants subsidies to:
- Compensate commission related to the promotion of goods and services on marketplaces;
- Compensate expenses related to the employees' education;
- Compensate expenses of the franchisee.
- Generally, such subsidies are provided to SMEs and on a competitive basis.

4. For small and medium-sized enterprises

- 4.1. The amount of insurance contributions has been reduced (on a constant basis) from 30% to 15% for payments exceeding the minimal wage amount starting from April 1st, 2020¹⁸.
- 4.2. The Bank of Russia will expand the refinancing program for loans of small and medium-sized businesses. The final lending rate for a credit user should not exceed 8.5%¹⁹.

¹⁵Information of the Central Bank of the Russian Federation
http://cbr.ru/press/pr/?file=27032020_152031dkp2020-03-27T15_20_11.htm&email_id=83167&cn=accountant_jurist

¹⁶Decree of the Government of Moscow dated 24.03.2020 No 212-ПП.

¹⁷Decree of the Government of Moscow dated 24.03.2020 No 212-ПП.

¹⁸ Federal Law dated 01.04. 2020 No 102-FZ.

¹⁹Information release memo of the Central Bank of the Russian Federation dated 20.03.2020.

- 4.5. Small and medium-sized enterprises are exempted from audits as per Federal Law dated December 26, 2008 No 294-FZ "On Protection of the Rights of Legal Entities and Individual Entrepreneurs in course of State Control (Supervision) and Municipal Control" for the period from April 1st, 2020, through December 31, 2020, except for the inspections which grounds are harm or threat to life and health of citizens, emergencies of natural or man-made kind²⁰. The Russian Government is entitled to establish exceptions to this provision of law²¹.

5. For small and medium-sized enterprises listed among the most affected industries

- 5.1. SMEs of the most affected industries are entitled to receive a subsidy from the state in order to maintain employment levels and salaries of the employees in April and May 2020. The amount of the subsidy is defined as the product of the minimum wage and the number of employees in March 2020.

One can check whether a legal entity meets the criteria for obtainment of the subsidy at a specially designed page on the official website of the Russian Federal Tax Service: <https://service.nalog.ru/subsidy/>

- 5.2. A deferment of repayment of loans has been granted for six months and the penalty sanctions are prohibited for the period of deferment subject to the reduction of revenues by 30% or more²².

- 5.3. For entities and individual entrepreneurs of the affected industries according to the list of the Russian Government included in the unified register of the small and medium-sized enterprises as of March 1st, 2020²³:

- to extend for 6 months the term for payment of the corporate income tax, tax payable under the simplified taxation

system, single agricultural tax for 2019 to extend for 6 months the term for payment of taxes (advance payments) with the exception of VAT for Q1 of 2020;

- to extend for 4 months the term for payment of taxes (advance payments) with the exception of VAT for the 1st semester of 2020;
 - to extend for 6 months the term for payment of insurance contributions payable for the period March – May, 2020;
 - to extend for 4 months the term for payment of insurance contributions payable for the period June – July, 2020;
 - to set the terms for advance payments for transport tax, corporate property tax and land tax: not later than October 20, 2020, for Q1 of 2020, and not later than December 30, 2020, for Q2 of 2020.
- 5.4. Taking collection measures with regard to already created tax arrears has been suspended. The adoption of decisions to freeze bank account operations to enforce decisions on the collection of taxes, duties, insurance contributions, penalty interests and (or) a fine has been prohibited²⁴.

²⁰ Federal Law dated 01.04.2020 No 98-FZ.

²¹ see Decree of the Government of the Russian Federation dated 03.04.2020 No 438.

²² Federal Law dated 03.04.2020 No 106-FZ.

²³ Decree of the Government of the Russian Federation No 409 dated 02.04.2020.

²⁴ Letter of the Federal Tax Service of the Russian Federation dated 27.04.2020 No EA-20-8/53@, Decree of the Government of the Russian Federation dated 02.04.2020 No 409.



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