

# **TAX CODE OF THE RUSSIAN FEDERATION**

## **PART II**

**UNOFFICIALLY TRANSLATED BY Ernst & Young**

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# **THE TAX CODE OF THE RUSSIAN FEDERATION**

## **PART TWO**

**FEDERAL LAW No. 117-FZ OF AUGUST 5, 2000**

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**As amended by:**

- 1. Federal Law No. 118-FZ of the Russian Federation of August 5, 2000 Concerning the Implementation of Part Two of the Tax Code of the Russian Federation and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation Concerning Taxes;**
- 2. Federal Law No. 166-FZ of the Russian Federation of December 29, 2000 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation;**
- 3. Federal Law No. 71-FZ of the Russian Federation of May 30, 2001 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation (Chapter 23 “Tax on Income of Physical Persons”);**
- 4. Federal Law No. 110-FZ of the Russian Federation of August 6, 2001 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Tax and Levy Legislation of the Russian Federation and Concerning the Annulment of Certain Acts (Provisions of Acts) of Tax and Levy Legislation of the Russian Federation;**
- 5. Federal Law No. 118-FZ of the Russian Federation of August 7, 2001 Concerning the Introduction of Amendments and**

**Additions to Chapter 22 of Part Two of the Tax Code of the Russian Federation;**

- 6. Federal Law No. 126-FZ of the Russian Federation of August 8, 2001 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation and Concerning the Annulment of Certain Acts of Legislation of the Russian Federation;**
- 7. Federal Law No. 148-FZ of the Russian Federation of November 27, 2001 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Article 20 of the Law of the Russian Federation “Concerning the Fundamental Principles of the Taxation System in the Russian Federation”;**
- 8. Federal Law No. 158-FZ of the Russian Federation of November 29, 2001 Concerning the Introduction of Amendments and an Addition to Article 228 of Part Two of the Tax Code of the Russian Federation;**
- 9. Federal Law No. 179-FZ of the Russian Federation of December 28, 2001 Concerning the Introduction of Amendments and Additions to Articles 149 and 164 of Part Two of the Tax Code of the Russian Federation;**
- 10. Federal Law No. 187-FZ of the Russian Federation of December 29, 2001 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Tax and Levy Legislation of the Russian Federation;**
- 11. Federal Law No. 198-FZ of the Russian Federation of December 31, 2001 Concerning the Introduction of Additions and Amendments to the Tax Code of the Russian Federation and to Certain Legislative Acts of the Russian Federation Concerning Taxes and Levies;**
- 12. Federal Law No. 57-FZ of the Russian Federation of May 29, 2002 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian**

**Federation and to Certain Legislative Acts of the Russian Federation;**

- 13. Federal Law No. 104-FZ of the Russian Federation of July 24, 2002 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation and Concerning the Annulment of Certain Acts of Tax and Levy Legislation of the Russian Federation;**
- 14. Federal Law No. 110-FZ of the Russian Federation of July 24, 2002 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation;**
- 15. Federal Law No. 116-FZ of the Russian Federation of July 25, 2002 Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of State Administration in the Field of Fire Safety;**
- 16. Federal Law No. 182-FZ of the Russian Federation of December 27, 2002 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Tax and Levy Legislation of the Russian Federation;**
- 17. Federal Law No. 187-FZ of the Russian Federation of December 31, 2002 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation;**
- 18. Federal Law No. 190-FZ of the Russian Federation of December 31, 2002 Concerning the Provision of Compulsory Social Insurance Allowances to Citizens Employed by Organizations and Private Entrepreneurs Which Apply Special Tax Regimes and to Certain Other Categories of Citizens;**
- 19. Federal Law No. 191-FZ of the Russian Federation of December 31, 2002 Concerning the Introduction of**

**Amendments and Additions to Chapters 22, 24, 25, 26.2, 26.3 and 27 of Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation;**

20. **Federal Law No. 193-FZ of the Russian Federation of December 31, 2002 Concerning the Annulment of Certain Legislative Acts of the Russian Federation Relating to Tax on the Purchase of Foreign Monetary Objects and Payment Documents Expressed in Foreign Currency;**
21. **Federal Law No. 196-FZ of the Russian Federation of December 31, 2002 Concerning the Introduction of an Amendment to Article 243 of the Tax Code of the Russian Federation;**
22. **Federal Law No. 51-FZ of the Russian Federation of May 6, 2003 Concerning the Introduction of Additions to Articles 214.1 and 219 of Part Two of the Tax Code of the Russian Federation;**
23. **Federal Law No. 55-FZ of the Russian Federation of May 22, 2003 Concerning the Introduction of Amendments to Articles 217 and 224 of Part Two of the Tax Code of the Russian Federation;**
24. **Federal Law No. 61-FZ of the Russian Federation of May 28, 2003: The Customs Code of the Russian Federation;**
25. **Federal Law No. 65-FZ of the Russian Federation of June 6, 2003 Concerning the Introduction of an Addition to Part Two of the Tax Code of the Russian Federation and the Introduction of Amendments and Additions to Certain Other Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts of the Russian Federation;**
26. **Federal Law No. 78-FZ of the Russian Federation of June 23, 2003 Concerning the Introduction of Additions and an Amendment to Article 97 of the Federal Law “Concerning the Federal Budget for 2003” and to Article 245 of Part Two of the Tax Code of the Russian Federation;**



27. **Federal Law No. 86-FZ of the Russian Federation of June 30, 2003 Concerning the Introduction of Amendments and Additions to Certain Legislative Acts of the Russian Federation, the Annulment of Certain Legislative Acts of the Russian Federation and the Granting of Certain Guarantees to Employees of Internal Affairs Bodies, Bodies for Control Over the Circulation of Narcotics and Psychotropic Substances and Abolished Federal Tax Police Bodies in Connection With the Implementation of Measures for the Improvement of State Administration;**
28. **Federal Law No. 105-FZ of the Russian Federation of July 7, 2003 Concerning the Introduction of Amendments to Article 218 of Part Two of the Tax Code of the Russian Federation;**
29. **Federal Law No. 110-FZ of the Russian Federation of July 7, 2003 Concerning the Introduction of Amendments to Articles 219 and 220 of Part Two of the Tax Code of the Russian Federation;**
30. **Federal Law No. 117-FZ of the Russian Federation of July 7, 2003 Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation and Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation;**
31. **Federal Law No. 139-FZ of the Russian Federation of November 11, 2003 Concerning the Introduction of an Addition to Part Two of the Tax Code of the Russian Federation and the Introduction of an Amendment and an Addition to Article 20 of the Law of the Russian Federation “Concerning the Fundamental Principles of the Taxation System in the Russian Federation”, and the Annulment of Acts of Legislation of the Russian Federation With Respect to Taxes and Levies;**
32. **Federal Law No. 147-FZ of the Russian Federation of November 11, 2003 Concerning the Introduction of Amendments to Chapter 26.1 of Part Two of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation;**

33. **Federal Law No. 148-FZ of the Russian Federation of November 11, 2003 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation;**
34. **Federal Law No. 163-FZ of the Russian Federation of December 8, 2003 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation Concerning Taxes and Levies;**
35. **Federal Law No. 178-FZ of the Russian Federation of December 23, 2003 Concerning the Introduction of Amendments to Articles 251 and 291 of the Tax Code of the Russian Federation;**
36. **Federal Law No. 186-FZ of the Russian Federation of December 23, 2003 Concerning the Federal Budget for 2004;**
37. **Federal Law No. 16-FZ of the Russian Federation of April 5, 2004 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and the Federal Law “Concerning the Introduction of Amendments to Chapter 26.1 of Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation”;**
38. **Federal Law No. 58-FZ of the Russian Federation of June 29, 2004 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts of the Russian Federation in Connection With the Implementation of Measures to Improve State Administration;**
39. **Federal Law No. 60-FZ of the Russian Federation of June 30, 2004 Concerning the Introduction of Amendments to Chapter 29 of Part Two of the Tax Code of the Russian Federation;**
40. **Federal Law No. 62-FZ of the Russian Federation of June 30, 2004 Concerning the Introduction of Amendments to Article 217 of Part Two of the Tax Code of the Russian Federation;**

41. **Federal Law No. 65-FZ of the Russian Federation of July 20, 2004 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**
42. **Federal Law No. 66-FZ of the Russian Federation of July 20, 2004 Concerning the Introduction of Amendments to Articles 346.27 and 346.29 of Part Two of the Tax Code of the Russian Federation;**
43. **Federal Law No. 70-FZ of the Russian Federation of July 20, 2004 Concerning the Introduction of Amendments to Chapter 24 of Part Two of the Tax Code of the Russian Federation and the Federal Law “Concerning Compulsory Pension Insurance in the Russian Federation” and the Annulment of Certain Provisions of Legislative Acts of the Russian Federation;**
44. **Federal Law No. 83-FZ of the Russian Federation of July 28, 2004 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and an Amendment to Article 19 of the Law of the Russian Federation “Concerning the Fundamental Principles of the Taxation System in the Russian Federation”, and Concerning the Annulment of Certain Legislative Acts of the Russian Federation;**
45. **Federal Law No. 84-FZ of the Russian Federation of July 28, 2004 Concerning the Introduction of Amendments to Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning the Annulment of the Federal Law “Concerning the Restructuring of Credit Organizations” and of Certain Provisions of Legislative Acts of the Russian Federation, and Concerning the Procedure for the Liquidation of the “Agency for the Restructuring of Credit Organizations” State Corporation”;**
46. **Federal Law No. 86-FZ of the Russian Federation of July 28, 2004 Concerning the Introduction of Amendments to Chapter 22 of Part Two of the Tax Code of the Russian Federation;**
47. **Federal Law No. 95-FZ of the Russian Federation of July 29, 2004 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of**

**Legislative Acts) of the Russian Federation Concerning Taxes and Levies;**

- 48. Federal Law No. 102-FZ of the Russian Federation of August 18, 2004 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Legislation of the Russian Federation;**
- 49. Federal Law No. 103-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of Amendments to Article 217 of Part Two of the Tax Code of the Russian Federation;**
- 50. Federal Law No. 105-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of Amendments to Articles 250 and 251 of Part Two of the Tax Code of the Russian Federation;**
- 51. Federal Law No. 107-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of an Amendment to Article 284 of Part Two of the Tax Code of the Russian Federation;**
- 52. Federal Law No. 108-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of Amendments to Articles 359 and 361 of Part Two of the Tax Code of the Russian Federation;**
- 53. Federal Law No. 109-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of Amendments to Articles 146 and 149 of Part Two of the Tax Code of the Russian Federation;**
- 54. Federal Law No. 110-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of an Amendment to Article 256 of Part Two of the Tax Code of the Russian Federation;**
- 55. Federal Law No. 112-FZ of the Russian Federation of August 20, 2004 Concerning the Introduction of Amendments to Articles 220 and 224 of Part Two of the Tax Code of the Russian Federation;**

56. **Federal Law No. 122-FZ of the Russian Federation of August 22, 2004 Concerning the Introduction of Amendments to Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Laws “Concerning the Introduction of Amendments and Additions to the Federal Law “Concerning the General Principles of the Organization of Legislative (Representative) and Executive State Bodies of Constituent Entities of the Russian Federation”“ and “Concerning the General Principles of the Organization of Local Government in the Russian Federation”;**
57. **Federal Law No. 124-FZ of the Russian Federation of October 4, 2004 Concerning the Introduction of an Amendment to Article 277 of Part Two of the Tax Code of the Russian Federation;**
58. **Federal Law No. 127-FZ of the Russian Federation of November 2, 2004 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation and Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation;**
59. **Federal Law No. 141-FZ of the Russian Federation of November 29, 2004 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation and Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation;**
60. **Federal Law No. 183-FZ of the Russian Federation of December 28, 2004 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Formation of the Federal Treasury;**
61. **Federal Law No. 203-FZ of the Russian Federation of December 29, 2004 Concerning the Introduction of**

**Amendments to Part Two of the Tax Code of the Russian Federation;**

- 62. Federal Law No. 204-FZ of the Russian Federation of December 29, 2004 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**
- 63. Federal Law No. 205-FZ of the Russian Federation of December 29, 2004 Concerning the Introduction of Amendments to Article 346.13 of Part Two of the Tax Code of the Russian Federation;**
- 64. Federal Law No. 208-FZ of the Russian Federation of December 29, 2004 Concerning the Introduction of an Amendment to Article 346.27 of Part Two of the Tax Code of the Russian Federation;**
- 65. Federal Law No. 212-FZ of the Russian Federation of December 30, 2004 Concerning the Introduction of Amendments to Articles 212 and 217 of Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Article 3 of the Federal Law “Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and an Amendment to Article 19 of the Law of the Russian Federation “Concerning the Fundamental Principles of the Taxation System in the Russian Federation”, and Concerning the Annulment of Certain Legislative Acts of the Russian Federation”;**
- 66. Federal Law No. 50-FZ of the Russian Federation of May 18, 2005 Concerning the Introduction of Amendments to Article 333.3 of Part Two of the Tax Code of the Russian Federation;**
- 67. Federal Law No. 55-FZ of the Russian Federation of June 3, 2005 Concerning the Introduction of Amendments to Article 346.9 of Part Two of the Tax Code of the Russian Federation;**
- 68. Federal Law No. 58-FZ of the Russian Federation of June 6, 2005 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation Concerning Taxes and Levies;**

69. **Federal Law No. 62-FZ of the Russian Federation of June 18, 2005 Concerning the Introduction of an Amendment to Article 363 of Part Two of the Tax Code of the Russian Federation;**
70. **Federal Law No. 63-FZ of the Russian Federation of June 18, 2005 Concerning the Introduction of Amendments to Article 346.26 of Part Two of the Tax Code of the Russian Federation;**
71. **Federal Law No. 64-FZ of the Russian Federation of June 18, 2005 Concerning the Introduction of Amendments to Article 346.29 of Part Two of the Tax Code of the Russian Federation;**
72. **Federal Law No. 68-FZ of the Russian Federation of June 29, 2005 Concerning the Introduction of Amendments to Chapter 26.1 of Part Two of the Tax Code of the Russian Federation;**
73. **Federal Law No. 71-FZ of the Russian Federation of June 30, 2005 Concerning the Introduction of Amendments to Article 217 of Part Two of the Tax Code of the Russian Federation;**
74. **Federal Law No. 74-FZ of the Russian Federation of June 30, 2005 Concerning the Introduction of Amendments to Article 182 of Part Two of the Tax Code of the Russian Federation;**
75. **Federal Law No. 78-FZ of the Russian Federation of July 1, 2005 Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Abolition of the Tax on Property Which is Received by Way of an Inheritance or Gift;**
76. **Federal Law No. 90-FZ of the Russian Federation of July 18, 2005 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
77. **Federal Law No. 93-FZ of the Russian Federation of July 21, 2005 Concerning the Introduction of Amendments to Legislative Acts of the Russian Federation Concerning Elections and Referenda and Other Legislative Acts of the Russian Federation;**

78. **Federal Law No. 101-FZ of the Russian Federation of July 21, 2005 Concerning the Introduction of Amendments to Chapters 26.2 and 26.3 of Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation Concerning Taxes and Levies, and Concerning the Annulment of Certain Provisions of Legislative Acts of the Russian Federation;**
79. **Federal Law No. 106-FZ of the Russian Federation of July 21, 2005 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Certain Provisions of Legislative Acts of the Russian Federation;**
80. **Federal Law No. 107-FZ of the Russian Federation of July 21, 2005 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Certain Provisions of Legislative Acts of the Russian Federation;**
81. **Federal Law No. 117-FZ of the Russian Federation of July 22, 2005 Concerning the Introduction of Amendments to Certain Legislative Acts in Connection with the Adoption of the Federal Law “Concerning Special Economic Zones in the Russian Federation”;**
82. **Federal Law No. 118-FZ of the Russian Federation of July 22, 2005 Concerning the Introduction of Amendments to Chapter 21 of Part Two of the Tax Code of the Russian Federation;**
83. **Federal Law No. 119-FZ of the Russian Federation of July 22, 2005 Concerning the Introduction of Amendments to Chapter 21 of Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Certain Provisions of Acts of Tax and Levy Legislation of the Russian Federation;**
84. **Federal Law No. 131-FZ of the Russian Federation of October 20, 2005 Concerning the Introduction of Amendments to Chapter 28 of Part Two of the Tax Code of the Russian Federation;**
85. **Federal Law No. 155-FZ of the Russian Federation of December 5, 2005 Concerning the Introduction of an**



**Amendment to Article 333.29 of Part Two of the Tax Code of the Russian Federation;**

- 86. Federal Law No. 158-FZ of the Russian Federation of December 6, 2005 Concerning the Introduction of an Amendment to Article 241 of Part Two of the Tax Code of the Russian Federation;**
- 87. Federal Law No. 168-FZ of the Russian Federation of December 20, 2005 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Creation of the Russian International Register of Vessels;**
- 88. Federal Law No. 201-FZ of the Russian Federation of December 31, 2005 Concerning the Introduction of Amendments to Chapter 25.3 of Part Two of the Tax Code of the Russian Federation and the Federal Law “Concerning the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Abolition of the Tax on Property Which is Received by Way of an Inheritance or Gift”;**
- 89. Federal Law No. 205-FZ of the Russian Federation of December 31, 2005 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation Concerning Taxes and Levies;**
- 90. Federal Law No. 16-FZ of the Russian Federation of January 10, 2006 Concerning the Special Economic Zone in the Kaliningrad Province and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
- 91. Federal Law No. 28-FZ of the Russian Federation of February 28, 2006 Concerning the Introduction of Amendments to Chapter 21 of Part Two of the Tax Code of the Russian Federation and Article 3 of the Federal Law “Concerning the Introduction of Amendments to Chapter 21 of Part Two of the Tax Code of the Russian Federation and Concerning the**

**Annulment of Certain Provisions of Acts of Tax and Levy Legislation of the Russian Federation”;**

- 92. Federal Law No. 39-FZ of the Russian Federation of Concerning the Introduction of Amendments to Chapters 26.1 and 26.3 of Part Two of the Tax Code of the Russian Federation and Article 2.1 of the Federal Law “Concerning the Introduction of Amendments and Additions to Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Tax and Levy Legislation of the Russian Federation, and Concerning the Annulment of Certain Acts (Provisions of Acts) of Tax and Levy Legislation of the Russian Federation”;**
- 93. Federal Law No. 73-FZ of the Russian Federation of June 3, 2006 Concerning the Implementation of the Water Code of the Russian Federation;**
- 94. Federal Law No. 75-FZ of the Russian Federation of June 3, 2006 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Article 1 of the Federal Law “Concerning Foreign Investments in the Russian Federation”;**
- 95. Federal Law No. 93-FZ of the Russian Federation of June 30, 2006 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation Regarding the Simplified Registration of Citizens’ Rights in Certain Items of Immovable Property;**
- 96. Federal Law No. 119-FZ of the Russian Federation of July 18, 2006 Concerning the Introduction of an Amendment to Article 218 of Part Two of the Tax Code of the Russian Federation;**
- 97. Federal Law No. 134-FZ of the Russian Federation of July 26, 2006 Concerning the Introduction of Amendments to Chapter 22 of Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation;**
- 98. Federal Law No. 137-FZ of the Russian Federation of July 27, 2006 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and to Certain Legislative Acts of the Russian Federation in**

**Connection With the Implementation of Measures to Improve Tax Administration;**

99. **Federal Law No. 144-FZ of the Russian Federation of July 27, 2006 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation Regarding the Creation of Favourable Taxation Conditions for Taxpayers Which Carry Out Activities in the Field of Information Technology and the Introduction of Other Amendments Aimed at Increasing the Efficiency of the Tax System;**
100. **Federal Law No. 151-FZ of the Russian Federation of July 27, 2006 Concerning the Introduction of Amendments to Chapter 26 of Part Two of the Tax Code of the Russian Federation and the Annulment of Certain Provisions of Legislative Acts of the Russian Federation;**
101. **Federal Law No. 153-FZ of the Russian Federation of July 27, 2006 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning the Ratification of the Council of Europe Convention for the Prevention of Terrorism” and the Federal Law “Concerning the Countering of Terrorism”;**
102. **Federal Law No. 160-FZ of the Russian Federation of October 16, 2006 Concerning the Introduction of Amendments to Legislative Acts of the Russian Federation and Concerning the Annulment of Certain Provisions of Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning Advertising”;**
103. **Federal Law No. 175-FZ of the Russian Federation of November 3, 2006 Concerning the Introduction of Amendments to Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning Autonomous Institutions” and for the Purpose of Clarifying the Legal Capacity of State and Municipal Institutions;**
104. **Federal Law No. 176-FZ of the Russian Federation of November 3, 2006 Concerning the Introduction of an**

**Amendment to Article 149 of Part Two of the Tax Code of the Russian Federation;**

- 105. Federal Law No. 177-FZ of the Russian Federation of November 3, 2006 Concerning the Introduction of an Amendment to Article 346.2 of Part Two of the Tax Code of the Russian Federation;**
- 106. Federal Law No. 178-FZ of the Russian Federation of November 3, 2006 Concerning the Introduction of Amendments to Article 398 of Part Two of the Tax Code of the Russian Federation;**
- 107. Federal Law No. 191-FZ of the Russian Federation of November 10, 2006 Concerning the Introduction of Amendments to Article 35 of the Law of the Russian Federation “Concerning the Customs Tariff” and Article 150 of Part Two of the Tax Code of the Russian Federation;**
- 108. Federal Law No. 201-FZ of the Russian Federation of December 4, 2006 Concerning the Implementation of the Forestry Code of the Russian Federation;**
- 109. Federal Law No. 208-FZ of the Russian Federation of December 5, 2006 Concerning the Introduction of Amendments to Chapter 23 of Part Two of the Tax Code of the Russian Federation;**
- 110. Federal Law No. 232-FZ of the Russian Federation of December 18, 2006 Concerning the Introduction of Amendments to the Town-Planning Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
- 111. Federal Law No. 244-FZ of the Russian Federation of December 29, 2006 Concerning the State Regulation of Activities Involving the Organization and Conduct of Games of Chance and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
- 112. Federal Law No. 257-FZ of the Russian Federation of December 29, 2006 Concerning the Introduction of**

**Amendments to Articles 217 and 238 of Part Two of the Tax Code of the Russian Federation;**

- 113. Federal Law No. 268-FZ of the Russian Federation of December 30, 2006 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and to Certain Legislative Acts of the Russian Federation;**
- 114. Federal Law No. 276-FZ of the Russian Federation of December 30, 2006 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning the Procedure for the Formation and Use of Special-Purpose Capital of Non-Commercial Organizations”;**
- 115. Federal Law No. 38-FZ of the Russian Federation of March 23, 2007 Concerning the Introduction of an Amendment to Article 217 of Part Two of the Tax Code of the Russian Federation;**
- 116. Federal Law No. 75-FZ of the Russian Federation of May 16, 2007 Concerning the Introduction of Amendments to Chapter 22 of Part Two of the Tax Code of the Russian Federation;**
- 117. Federal Law No. 76-FZ of the Russian Federation of May 16, 2007 Concerning the Introduction of Amendments to Articles 224, 275 and 284 of Part Two of the Tax Code of the Russian Federation;**
- 118. Federal Law No. 77-FZ of the Russian Federation of May 16, 2007 Concerning the Introduction of an Amendment to Article 372 of Part Two of the Tax Code of the Russian Federation;**
- 119. Federal Law No. 83-FZ of the Russian Federation of May 17, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning the Development Bank”;**
- 120. Federal Law No. 84-FZ of the Russian Federation of May 17, 2007 Concerning the Introduction of Amendments to Articles 5 and 23 of the Federal Law “Concerning the Special Economic Zone in the Kaliningrad Province and Concerning the**

**Introduction of Amendments to Certain Legislative Acts of the Russian Federation”, Article 89 of Part One of the Tax Code of the Russian Federation and Articles 288.1 and 385.1 of Part Two of the Tax Code of the Russian Federation;**

- 121. Federal Law No. 85-FZ of the Russian Federation of May 17, 2007 Concerning the Introduction of Amendments to Chapters 21, 26.1, 26.2 and 26.3 of Part Two of the Tax Code of the Russian Federation;**
- 122. Federal Law No. 195-FZ of the Russian Federation of July 19, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation Regarding the Creation of Favourable Tax Conditions for the Financing of Innovation Activities;**
- 123. Federal Law No. 198-FZ of the Russian Federation of July 24, 2007 Concerning the Federal Budget for 2008 and for the Planning Period of 2009 and 2010;**
- 124. Federal Law No. 216-FZ of the Russian Federation of July 24, 2007 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation;**
- 125. Federal Law No. 239-FZ of the Russian Federation of October 30, 2007 Concerning the Introduction of an Amendment to Article 217 of Part Two of the Tax Code of the Russian Federation;**
- 126. Federal Law No. 240-FZ of the Russian Federation of October 30, 2007 Concerning the Introduction of Amendments to the Federal Law “Concerning Special Economic Zones in the Russian Federation” and Certain Legislative Acts of the Russian Federation;**
- 127. Federal Law No. 255-FZ of the Russian Federation of November 4, 2007 Concerning the Introduction of Amendments to Chapter 21 of Part Two of the Tax Code of the Russian Federation in Connection With a Clarification of the Procedure for the Application of the 0 Per Cent Tax Rate by Taxpayers Which Carry Out Activities Associated With the Production and Maintenance of Space Equipment;**

128. **Federal Law No. 257-FZ of the Russian Federation of November 8, 2007 Concerning Roads and Road Activities in the Russian Federation and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
129. **Federal Law No. 258-FZ of the Russian Federation of November 8, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Provisions of Legislative Acts of the Russian Federation With Regard to the Licensing of Certain Types of Activity;**
130. **Federal Law No. 261-FZ of the Russian Federation of November 8, 2007 Concerning Sea Ports in the Russian Federation and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
131. **Federal Law No. 284-FZ of the Russian Federation of November 29, 2007 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**
132. **Federal Law No. 285-FZ of the Russian Federation of November 29, 2007 Concerning the Introduction of Amendments to Chapter 25.1 of Part Two of the Tax Code of the Russian Federation;**
133. **Federal Law No. 310-FZ of the Russian Federation of December 1, 2007 Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
134. **Federal Law No. 324-FZ of the Russian Federation of December 4, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**

135. **Federal Law No. 332-FZ of the Russian Federation of December 4, 2007 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation for the Purpose of Improving the Procedure for the Use of Airspace;**
136. **Federal Law No. 333-FZ of the Russian Federation of December 6, 2007 Concerning the Introduction of Amendments to the Federal Law “Concerning Fishing and the Conservation of Aquatic Biological Resources” and Certain Legislative Acts of the Russian Federation;**
137. **Federal Law No. 55-FZ of the Russian Federation of April 30, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection With the Adoption of the Federal Law “Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets”;**
138. **Federal Law No. 103-FZ of the Russian Federation of June 26, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Government of the Russian Federation in Connection with the Improvement of State Administration in the Customs Sphere;**
139. **Federal Law No. 108-FZ of the Russian Federation of June 30, 2008 Concerning the Introduction of Amendments to the Federal Law “Concerning Concession Agreements” and Certain Legislative Acts of the Russian Federation;**
140. **Federal Law No. 121-FZ of the Russian Federation of July 22, 2008 Concerning the Introduction of Amendments to Article 218 of Part Two of the Tax Code of the Russian Federation;**
141. **Federal Law No. 135-FZ of the Russian Federation of July 22, 2008 Concerning the Introduction of an Amendment to Article 256 of Part Two of the Tax Code of the Russian Federation and the Annulment of Certain Provisions of Legislative Acts of the Russian Federation Concerning Taxes and Levies;**



142. **Federal Law No. 142-FZ of the Russian Federation of July 22, 2008 Concerning the Introduction of Amendments to Chapter 22 of Part Two of the Tax Code of the Russian Federation;**
143. **Federal Law No. 155-FZ of the Russian Federation of July 22, 2008 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**
144. **Federal Law No. 158-FZ of the Russian Federation of July 22, 2008 Concerning the Introduction of Amendments to Chapters 21, 23, 24, 25 and 26 of Part Two of the Tax Code of the Russian Federation and Certain Other Acts of Tax and Levy Legislation of the Russian Federation;**
145. **Federal Law No. 160-FZ of the Russian Federation of July 23, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with Improvements in the Exercise of Powers of the Government of the Russian Federation;**
146. **Federal Law No. 172-FZ of the Russian Federation of October 13, 2008 Concerning the Introduction of an Amendment to Article 174 of Part Two of the Tax Code of the Russian Federation;**
147. **Federal Law No. 205-FZ of the Russian Federation of November 24, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Federal Law “Concerning the Federal Budget for 2009 and the Planning Period 2010 and 2011”;**
148. **Federal Law No. 208-FZ of the Russian Federation of November 24, 2008 Concerning the Introduction of an Amendment to Article 346.14 of Part Two of the Tax Code of the Russian Federation;**
149. **Federal Law No. 209-FZ of the Russian Federation of November 24, 2008 Concerning the Introduction of an Amendment to Article 149 of Part Two of the Tax Code of the Russian Federation;**

150. **Federal Law No. 224-FZ of November 26, 2008 “Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation”;**
151. **Federal Law No. 225-FZ of the Russian Federation of December 1, 2008 Concerning the Introduction of Amendments to the Federal Law “Concerning the Support Fund for the Reform of the Housing and Utilities Sector” and Certain Legislative Acts of the Russian Federation;**
152. **Federal Law No. 251-FZ of the Russian Federation of December 4, 2008 Concerning the Introduction of Amendments to Articles 154 and 164 of Part Two of the Tax Code of the Russian Federation;**
153. **Federal Law No. 263-FZ of the Russian Federation of December 22, 2008 Concerning the Introduction of Amendments to Articles 333.33 and 333.35 of Part Two of the Tax Code of the Russian Federation;**
154. **Federal Law No. 264-FZ of the Russian Federation of December 22, 2008 Concerning the Introduction of Amendments to the Federal Law “Concerning Mortgages (Pledges of Immovable Property)” and Certain Legislative Acts of the Russian Federation;**
155. **Federal Law No. 272-FZ of the Russian Federation of December 22, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of State Control in the Area of Private Security and Detective Activities;**
156. **Federal Law No. 281-FZ of the Russian Federation of December 25, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
157. **Federal Law No. 282-FZ of the Russian Federation of December 25, 2008 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**

158. **Federal Law No. 305-FZ of the Russian Federation of December 30, 2008 Concerning the Introduction of Amendments to Article 284 of Part Two of the Tax Code of the Russian Federation;**
159. **Federal Law No. 311-FZ of the Russian Federation of December 30, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
160. **Federal Law No. 313-FZ of the Russian Federation of December 30, 2008 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation with a View to Providing for the Replacement of Compulsory Certification with the Declaration of Conformity;**
161. **Federal Law No. 314-FZ of the Russian Federation of December 30, 2008 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation with a View to Increasing the Efficiency of the Taxation of the Fishing Sector;**
162. **Federal Law No. 323-FZ of the Russian Federation of December 30, 2008 Concerning the Procedure for Determining the Minimum Level of Participatory Financing of Capital Repairs to Apartment Blocks and the Relocation of Citizens from Unfit Housing Facilities, Including When Taking into Account the Need to Stimulate the Development of the Housing Market, from the Resources of Budgets of Constituent Entities of the Russian Federation and (or) the Resources of Local Budgets in 2009, and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
163. **Federal Law No. 36-FZ of the Russian Federation of March 14, 2009 Concerning the Introduction of an Amendment to Article 251 of Part Two of the Tax Code of the Russian Federation;**
164. **Federal Law No. 67-FZ of the Russian Federation of April 28, 2009 Concerning the Introduction of an Amendment to Article 217 of Part Two of the Tax Code of the Russian Federation;**

165. **Federal Law No. 117-FZ of the Russian Federation of June 3, 2009 Concerning the Introduction of Amendments to Article 217 of Part Two of the Tax Code of the Russian Federation;**
166. **Federal Law No. 120-FZ of the Russian Federation of June 3, 2009 Concerning the Introduction of an Amendment to Article 219 of Part Two of the Tax Code of the Russian Federation;**
167. **Federal Law No. 125-FZ of the Russian Federation of June 28, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Games and the Development of the City of Sochi as a Mountain Climate Resort;**
168. **Federal Law No. 145-FZ of the Russian Federation of July 17, 2009 Concerning the “Russian Roads” State Company and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
169. **Federal Law No. 161-FZ of the Russian Federation of July 17, 2009 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**
170. **Federal Law No. 165-FZ of the Russian Federation of July 17, 2009 Concerning the Introduction of an Amendment to Article 346.25.1 of Part Two of the Tax Code of the Russian Federation;**
171. **Federal Law No. 188-FZ of the Russian Federation of July 18, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation with Regard to the Issue of Ship Radio Station and Aircraft Radio Station Permits;**
172. **Federal Law No. 201-FZ of the Russian Federation of July 19, 2009 Concerning the Introduction of Amendments to Article 346.25.1 of Part Two of the Tax Code of the Russian Federation;**

173. **Federal Law No. 202-FZ of the Russian Federation of July 19, 2009 Concerning the Introduction of Amendments to Chapters 23 and 25 of Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Certain Provisions of the Federal Law “Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation” (as amended by Federal Law No. 368-FZ of the Russian Federation of December 27, 2009 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and the Federal Law “Concerning the Introduction of Amendments to Chapters 23 and 25 of Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Certain Provisions of the Federal Law “Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation””);**
174. **Federal Law No. 204-FZ of the Russian Federation of July 19, 2009 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation;**
175. **Federal Law No. 205-FZ of the Russian Federation of July 19, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
176. **Federal Law No. 209-FZ of the Russian Federation of July 24, 2009 Concerning Hunting and the Conservation of Game Resources and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
177. **Federal Law No. 213-FZ of the Russian Federation of July 24, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning Insurance Contributions to the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation, the Federal Compulsory Medical Insurance Fund and Territorial Compulsory Medical Insurance Funds”;**

178. **Federal Law No. 220-FZ of the Russian Federation of September 27, 2009 Concerning the Introduction of an Amendment to Article 217 of Part Two of the Tax Code of the Russian Federation;**
179. **Federal Law No. 242-FZ of the Russian Federation of October 30, 2009 Concerning the Introduction of an Amendment to Article 373 of Part Two of the Tax Code of the Russian Federation;**
180. **Federal Law No. 253-FZ of the Russian Federation of November 9, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
181. **Federal Law No. 261-FZ of the Russian Federation of November 23, 2009 Concerning Energy Conservation and the Raising of Energy Efficiency and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation;**
182. **Federal Law No. 275-FZ of the Russian Federation of November 25, 2009 Concerning the Introduction of Amendments to Articles 346.5 and 346.6 of Part Two of the Tax Code of the Russian Federation;**
183. **Federal Law No. 276-FZ of the Russian Federation of November 25, 2009 Concerning the Introduction of Amendments to Article 217 of Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
184. **Federal Law No. 281-FZ of the Russian Federation of November 25, 2009 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
185. **Federal Law No. 282-FZ of the Russian Federation of November 28, 2009 Concerning the Introduction of Amendments to Chapters 22 and 28 of Part Two of the Tax Code of the Russian Federation;**

186. **Federal Law No. 283-FZ of the Russian Federation of November 28, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts;**
187. **Federal Law No. 284-FZ of the Russian Federation of November 28, 2009 Concerning the Introduction of Amendments to Chapter 30 of Part Two of the Tax Code of the Russian Federation;**
188. **Federal Law No. 287-FZ of the Russian Federation of November 28, 2009 Concerning the Introduction of Amendments to Articles 149 and 162 of Part Two of the Tax Code of the Russian Federation;**
189. **Federal Law No. 316-FZ of the Russian Federation of December 17, 2009 Concerning the Introduction of Amendments to the Federal Law “Concerning the Housing and Utility Reform Foundation” and Certain Legislative Acts of the Russian Federation”;**
190. **Federal Law No. 318-FZ of December 17, 2009 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation in Connection with the Introduction of a Claim-Based Procedure for Value Added Tax Reimbursement;**
191. **Federal Law No. 368-FZ of the Russian Federation of December 27, 2009 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and the Federal Law “Concerning the Introduction of Amendments to Chapters 23 and 25 of Part Two of the Tax Code of the Russian Federation and Concerning the Annulment of Certain Provisions of the Federal Law “Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation””;**
192. **Federal Law No. 374-FZ of the Russian Federation of December 27, 2009 Concerning the Introduction of Amendments to Article 45 of Part One and to Chapter 25.3 of Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation and Concerning the Annulment of the Federal Law “Concerning**

**Fees for the Issue of Licences to Carry Out Types of Activity Associated with the Production and Circulation of Ethyl Alcohol and Alcoholic and Alcohol-Containing Products”;**

- 193. Federal Law No. 379-FZ of the Russian Federation of December 27, 2009 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Organization and Holding of the 2014 Sochi XXII Olympic Winter Games and XI Paralympic Winter Games and the Development of the City of Sochi as a Mountain Climate Resort;**
- 194. Federal Law No. 41-FZ of the Russian Federation of April 5, 2010 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
- 195. Federal Law No. 50-FZ of the Russian Federation of April 5, 2010 Concerning the Introduction of Amendments to Article 164 of Part Two of the Tax Code of the Russian Federation;**
- 196. Federal Law No. 69-FZ of the Russian Federation of April 30, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning Compensation for Violation of the Right to Judicial Proceedings within a Reasonable Time Period and the Right to the Execution of a Judicial Decision Within a Reasonable Time Period”;**
- 197. Federal Law No. 83-FZ of the Russian Federation of May 8, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of the Legal Status of State (Municipal) Institutions;**
- 198. Federal Law No. 86-FZ of the Russian Federation of May 19, 2010 Concerning the Introduction of Amendments to the Federal Law “Concerning the Legal Status of Foreign Citizens in the Russian Federation” and Certain Legislative Acts of the Russian Federation;**



199. **Federal Law No. 115-FZ of the Russian Federation of June 2, 2010 Concerning the Introduction of Amendments to Article 346.3 of Part Two of the Tax Code of the Russian Federation;**
200. **Federal Law No. 119-FZ of the Russian Federation of June 17, 2010 Concerning the Introduction of Amendments to the Federal Law “Concerning the State Registration of Rights in Immovable Property and Transactions Involving Such Rights” and Certain Legislative Acts of the Russian Federation;**
201. **Federal Law No. 153-FZ of the Russian Federation of July 5, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning Microfinance Activities and Microfinance Organizations”;**
202. **Federal Law No. 207-FZ of the Russian Federation of July 27, 2010 Concerning the Introduction of Amendments to Chapter 23 of Part Two of the Tax Code of the Russian Federation;**
203. **Federal Law No. 217-FZ of the Russian Federation of July 27, 2010 Concerning the Introduction of an Amendment to Article 170 of Part Two of the Tax Code of the Russian Federation;**
204. **Federal Law No. 229-FZ of the Russian Federation of July 27, 2010 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and Certain Other Legislative Acts of the Russian Federation and the Annulment of Certain Legislative Acts (Provisions of Legislative Acts) of the Russian Federation in Connection with the Revision of the Regulation of Indebtedness in Respect of Taxes, Levies, Penalties and Fines and Certain Other Tax Administration Issues;**
205. **Federal Law No. 242-FZ of the Russian Federation of July 30, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort;**

206. **Federal Law No. 243-FZ of the Russian Federation of September 28, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning the “Skolkovo” Innovation Centre”;**
207. **Federal Law No. 285-FZ of the Russian Federation of November 3, 2010 Concerning the Introduction of Amendments to Article 165 of Part Two of the Tax Code of the Russian Federation and Article 45 of the Federal Law “Concerning the Fundamental Principles of the State Regulation of Foreign Trade Activity”;**
208. **Federal Law No. 291-FZ of the Russian Federation of November 3, 2010 Concerning the Introduction of Amendments to the Federal Law “Concerning the Central Bank of the Russian Federation (Bank of Russia)” and Certain Legislative Acts of the Russian Federation;**
209. **Federal Law No. 293-FZ of the Russian Federation of November 8, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of Monitoring and Supervisory Functions and the Optimization of the Provision of State Services in the Sphere of Education;**
210. **Federal Law No. 300-FZ of the Russian Federation of November 15, 2010 Concerning the Introduction of Amendments to Chapter 25 of Part Two of the Tax Code of the Russian Federation;**
211. **Federal Law No. 306-FZ of the Russian Federation of November 27, 2010 Concerning the Introduction of Amendments to Part One and Part Two of the Tax Code of the Russian Federation and the Law of the Russian Federation “Concerning the Tax Authorities of the Russian Federation”;**
212. **Federal Law No. 307-FZ of the Russian Federation of November 27, 2010 Concerning the Introduction of Amendments to Articles 342 and 361 of Part Two of the Tax Code of the Russian Federation;**

213. **Federal Law No. 308-FZ of the Russian Federation of November 27, 2010 Concerning the Introduction of Amendments to Chapters 30 and 31 of Part Two of the Tax Code of the Russian Federation;**
214. **Federal Law No. 309-FZ of the Russian Federation of November 27, 2010 Concerning the Introduction of Amendments to Chapter 21 of the Tax Code of the Russian Federation;**
215. **Federal Law No. 310-FZ of the Russian Federation of November 27, 2010 Concerning the Introduction of an Amendment to Article 346.12 of Part Two of the Tax Code of the Russian Federation;**
216. **Federal Law No. 395-FZ of the Russian Federation of December 28, 2010 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation;**
217. **Federal Law No. 397-FZ of the Russian Federation of December 28, 2010 Concerning the Introduction of Amendments to Articles 251 and 265 of Part Two of the Tax Code of the Russian Federation;**
218. **Federal Law No. 409-FZ of the Russian Federation of December 28, 2010 Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation with Regard to Regulation of the Payment of Dividends (the Distribution of Profit);**
219. **Federal Law No. 425-FZ of the Russian Federation of December 28, 2010 Concerning the Introduction of Amendments to Chapters 25 and 26 of Part Two of the Tax Code of the Russian Federation;**
220. **Federal Law No. 23-FZ of the Russian Federation of March 7, 2011 Concerning the Introduction of Amendments to Part Two of the Tax Code of the Russian Federation Concerning the Treatment of Income and Expenses of Small and Medium-Sized Business Entities Where They Are Granted Financial Support;**

- 221. Federal Law No. 25-FZ of the Russian Federation of March 7, 2011 Concerning the Introduction of an Amendment to Article 346.29 of Part Two of the Tax Code of the Russian Federation.**

**SECTION VIII FEDERAL TAXES**

**CHAPTER 21. VALUE ADDED TAX**

**Article 143 Taxpayers**

1. Taxpayers of value added tax (hereafter in this Chapter referred to as “taxpayers”) shall be:

- organizations;

- private entrepreneurs;

- persons who are deemed to be taxpayers of value added tax (hereafter in this Chapter referred to as “tax”) in connection with the conveyance of goods across the customs border of the Customs Union, as defined in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

2. Organizations which are foreign organizers of the Sochi 2014 XXII Olympic Games and XI Paralympic Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” or foreign marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law and branches and representations in the Russian Federation of foreign organizations which are foreign marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law shall not be deemed to be taxpayers in relation to operations undertaken in the context of the organization and holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games.

Organizations which are official broadcasting companies in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” shall not be deemed to be taxpayers in relation to operations involving the production and dissemination of mass media products (including official television and radio broadcasting, including digital and other communications channels) which are undertaken in accordance with an agreement with the International Olympic Committee or an organization authorized by that Committee and occur during the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 2 of Article 2 of the above-mentioned Federal Law.

**Article 145 Exemption from the Fulfilment of Taxpayer Obligations**

1. Organizations and private entrepreneurs shall have the right to an exemption from the fulfilment of taxpayer obligations associated with the calculation and payment of tax (hereafter in this Article referred to as “exemption”) if, in the last three consecutive calendar months, the amount of receipts from the sale of goods (work and services) of those organizations or private entrepreneurs, excluding tax, did not in the aggregate exceed two million roubles.
2. The provisions of this Article shall not apply to organizations and private entrepreneurs which sold excisable goods during the last three consecutive calendar months, or to organizations such as are referred to in Article 145.1 of this Code.
3. The exemption in accordance with clause 1 of this Article shall not apply to obligations which arise in connection with the importation into the territory of the Russian Federation and other territories under its jurisdiction of goods which are taxable in accordance with subsection 4 of clause 1 of Article 146 of this Code.

Persons exercising the right to an exemption must submit an appropriate written notification and the documents referred to in clause 6 of this Article which confirm the right to such exemption to the tax authority where they are registered.

The above-mentioned notification and documents shall be submitted no later than the 20th of the month beginning in which the persons concerned exercise the right to an exemption.

The form of the notification concerning the exercise of the right to an exemption shall be approved by the Ministry of Finance of the Russian Federation.

4. Organizations and private entrepreneurs which have sent a notification concerning the exercise of the right to an exemption (concerning an extension of the exemption period) to the tax authority may not relinquish that exemption until 12 consecutive calendar months have elapsed, except in the event that they lose the right to an exemption in accordance with clause 5 of this Article.

After 12 calendar months have elapsed and not later than the 20th of the following month, organizations and private entrepreneurs which have exercised the right to an exemption shall submit to the tax authorities:

- documents confirming that during the stated exemption period the amount of receipts from the sale of goods (work and services) as calculated in accordance with clause 1 of this Article, excluding tax, for each three consecutive calendar months did not in the aggregate exceed two million roubles;

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- a notification concerning an extension of the exercise of the right to an exemption for the next 12 calendar months or concerning the relinquishment of the exercise of that right.

5. If, during a period in which organizations and private entrepreneurs exercise the right to an exemption, the amount of receipts from the sale of goods (work and services), excluding tax, for each three consecutive calendar months has exceeded two million roubles or if the taxpayer has sold excisable goods, the taxpayers shall lose the right to an exemption beginning from the 1st of the month in which such excess occurred or in which excisable goods were sold and until the end of the exemption period.

The amount of tax for the month in which the above-mentioned excess occurred or in which excisable goods and (or) excisable mineral raw materials were sold must be restored and paid to the budget in accordance with the established procedure.

In the event that a taxpayer fails to submit the documents which are referred to in clause 4 of this Article (or submits documents containing inaccurate information) or in the event that a tax authority ascertains that a taxpayer is not in compliance with the limits which are established by this clause and clauses 1 and 4 of this Article, the amount of tax must be restored and paid to the budget in accordance with the established procedure with appropriate amounts of tax sanctions and penalties being recovered from the taxpayer.

6. The documents which confirm the right to an exemption (an extension of the exemption period) in accordance with clauses 3 and 4 of this Article shall be:

- an extract from the balance sheet (to be presented by organizations);
- an extract from the sales ledger;
- an extract from the ledger of income and expenses and economic operations (to be presented by private entrepreneurs);
- a copy of the journal of VAT invoices received and issued.

For organizations and private entrepreneurs which have transferred from the simplified taxation system to the general taxation regime, the document which confirms the right to an exemption shall be an extract from the ledger of income and expenses of organizations and private entrepreneurs which apply the simplified taxation system.

For private entrepreneurs who have transferred to the general taxation regime from the taxation system for agricultural goods producers (the unified agricultural tax), the document which confirms the right to an exemption shall be an extract from the ledger of income and expenses of private entrepreneurs who apply the taxation system for agricultural goods producers (the unified agricultural tax).

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7. In the instances envisaged by clauses 3 and 4 of this Article, the taxpayer shall have the right to send the notification and documents to the tax authority by registered mail. In this case, the day of their submission to the tax authority shall be deemed to be the sixth day from the day on which the registered letter is sent.
8. Amounts of tax which the taxpayer deducted in accordance with Articles 171 and 172 of this Code before exercising the right to an exemption in accordance with this Article in respect of goods (work and services), including fixed assets and intangible assets, which were acquired for the purpose of carrying out operations which are deemed to be objects of taxation in accordance with this Chapter but were not used for such operations must, after the taxpayer has sent a notification concerning the exercise of the right to an exemption, be restored in the last tax period prior to the sending of the notification concerning the exercise of the right to an exemption by means of reducing tax deductions.

Amounts of tax paid in respect of goods (work and services) which were acquired by a taxpayer which has lost the right to an exemption in accordance with this Article before that right was lost and which the taxpayer used after it lost that right in carrying out operations which are deemed to be objects of taxation in accordance with this Chapter shall be deductible in accordance with the procedure which is established by Articles 171 and 172 of this Code.

### **Article 145.1 Exemption of an Organization Which Has Acquired the Status of Participant in a Project Involving the Conduct of Research and Development Activities and Commercialization of the Results of Those Activities from the Performance of Taxpayer Obligations**

1. An organization which has acquired the status of participant in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” (hereafter in this Article referred to as “project participant”) shall have the right to an exemption from taxpayer obligations associated with the calculation and payment of tax (hereafter in this Article referred to as “exemption”) for ten years from the day on which it acquired project participant status in accordance with the above-mentioned Federal Law.

The exemption which is provided for in this Article shall not apply to obligations arising in connection with the importation into the territory of the Russian Federation and other territories under its jurisdiction of goods which are taxable in accordance with subsection 4 of clause 1 of Article 146 of this Code.

2. A project participant shall lose the right to an exemption in the event that:
  - project participant status has been lost – from the time when that status is lost;



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- the aggregate profit of the project participant, computed in accordance with Chapter 25 of this Code as a cumulative total commencing from the 1<sup>st</sup> day of the year in which the project participant's annual receipts from the sale of goods (work, services, property rights) exceeded one billion roubles, has exceeded 300 million roubles – from the 1<sup>st</sup> day of the tax period in which aggregate profit exceeded that level.

The amount of tax for the tax period in which the loss of project participant status occurred or aggregate profit exceeded the above-mentioned level must be restored and paid to the budget in accordance with the established procedure and appropriate amounts of penalties must be recovered from the project participant.

3. A project participant may exercise the right to an exemption from the 1<sup>st</sup> of the month following the month in which project participant status was acquired.

A project participant which has begun to exercise the right to an exemption must send a written notification and the documents referred to in paragraph 2 of clause 6 of this Article to the tax authority where it is registered not later than the 20<sup>th</sup> of the month following the month in which the project participant began to exercise the right to an exemption.

The standard form of a notification of the exercise of the right to an exemption (of the extension of the period of validity of the right to an exemption) shall be approved by the Ministry of Finance of the Russian Federation.

4. A project participant which has sent a notification of the exercise of the right to an exemption (of the extension of the exemption period) to a tax authority shall have the right to renounce the exemption by sending an appropriate notification to the tax authority where it is registered as a project participant not later than the 1<sup>st</sup> day of the tax period commencing from which the project participant intends to renounce the exemption.

Such renunciation may only be effected in relation to all operations carried out by the project participant.

It shall not be permitted for the exemption to be exercised or renounced according to who is the purchaser (recipient) of the goods (work and services) concerned.

A project participant which has renounced the exemption shall not be granted that exemption a second time.

5. Upon the lapse of 12 calendar months and not later than the 20<sup>th</sup> of the following month, a project participant which has exercised the right to an exemption shall present to the tax authority:

- the documents referred to in clause 6 of this Article;

- a notification of continuation of the exercise of the right to an exemption for the ensuing 12 calendar months or of the renunciation of the exemption.

In the event that a project participant has not presented the documents referred to in clause 6 of this Article or has presented documents containing false information, or in the event of the circumstances referred to in clause 2 of this Article, the amount of tax must be restored and paid to the budget in accordance with the established procedure and appropriate amounts of penalties must be recovered from the project participant.

6. Documents which confirm the right to an exemption (an extension of the exemption period) in accordance with clauses 3 and 5 of this Article shall be:

- documents confirming project participant status which are specified in the Federal Law “Concerning the “Skolkovo” Innovation Centre”;

- an extract from the project participant’s ledger of income and expenses confirming annual receipts from the sale of goods (work, services, property rights).

From the 1<sup>st</sup> day of the year in which a project participant’s annual receipts from the sale of goods (work, services, property rights) exceeded one billion roubles, the project participant must also present the computation provided for in clause 18 of Article 274 of this Code showing aggregate profit computed as a cumulative total commencing from the 1<sup>st</sup> day of the year in which the project participant’s annual receipts exceeded one billion roubles.

7. In the cases provided for in clauses 3 and 5 of this Article, a project participant shall have the right to send the notification and documents to the tax authority by registered mail. In that case the date of their submission to the tax authority shall be deemed to be the sixth day from the day on which the registered letter was sent.

8. After a project participant has sent a notification of the exercise of the right to an exemption to a tax authority, amounts of tax which the project participant took as a deduction in accordance with Articles 171 and 172 of this Code prior to exercising the right to an exemption in accordance with this Article in relation to goods (work and services), including fixed assets and intangible assets, which were acquired for the purpose of carrying out operations which are recognised as objects of taxation in accordance with this Chapter but have not been used for those operations must be restored in the last tax period before the sending of the notification of the exercise of the right to an exemption to the tax authority by means of reducing tax deductions.

Amounts of tax paid on goods (work and services) which a project participant which has lost the right to an exemption in accordance with this Article acquired prior to the loss of that right and which are used after the loss of that right in carrying out operations which are recognised as objects of taxation in accordance with this Chapter shall be taken as deductions in accordance with the procedure established by Articles 171 and 172 of this Code.

**Article 146 Object of Taxation**

1. The following operations shall be deemed taxable:

- 1) the sale of goods (work and services) in the territory of the Russian Federation, including the sale of pledged articles and the transfer of goods (results of work performed, rendering of services) under an indemnity or novation agreement, and the transfer of property rights.

For the purposes of this Chapter the transfer of ownership in goods or of the results of work performed and the rendering of services without consideration shall be regarded as the sale of goods (work and services);

- 2) the transfer of goods (performance of work, rendering of services) in the territory of the Russian Federation for own requirements, expenses for which are not deductible (whether through amortization deductions or otherwise) for the purpose of calculating tax on the profit of organizations;
- 3) the performance of construction and installation work for own consumption;
- 4) the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction.

2. The following shall not be deemed to constitute an object of taxation for the purposes of this Chapter:

- 1) the operations referred to in clause 3 of Article 39 of this Code;
- 2) the transfer without consideration of dwelling houses, kindergartens, clubs, sanatoria and other social and cultural facilities, housing facilities and utilities, and roads, power-supply systems, substations, gas-supply systems, water-supply facilities and other similar facilities to State bodies and local government bodies (or, at the decision of those bodies, to specialized organizations which operate or maintain those facilities in accordance with their designated purpose);
- 3) the transfer of assets of State and municipal enterprises which are purchased through privatization;
- 4) the performance of work (rendering of services) by bodies which form part of the system of State bodies and local government bodies by way of the performance of the exclusive powers in a particular sphere of activity which have been assigned to them if the performance of that work (the rendering of those services) is obligatory in accordance with the legislation of the Russian Federation, the legislation of constituent entities of the Russian Federation and acts of local government bodies;
- 5) the transfer of fixed assets without consideration to State government and administrative bodies and local government bodies and to State and municipal institutions and State and municipal unitary enterprises;

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- 6) operations involving the sale of plots of land (shares therein);
- 7) the transfer of property rights of an organization to its legal successor (legal successors);
- 8) the transfer of monetary resources to non-commercial organizations for the formation of special-purpose capital which is carried out in accordance with the procedure established by the Federal Law “Concerning the Procedure for the Formation and Use of Special-Purpose Capital of Non-Commercial Organizations”;
- 9) operations involving the sale of goods (work and services) and property rights by taxpayers which are Russian organizers of the Olympic Games and Paralympic Games in accordance with Article 3 of the Federal Law “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” which are carried out in consultation with entities which are foreign organizers of the Olympic Games and Paralympic Games in accordance with Article 3 of the Federal Law “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” by way of the fulfilment of obligations under the agreement concluded by the International Olympic Committee with the Russian Olympic Committee and the City of Sochi on the Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games;
- 10) the rendering of services involving the transfer to non-commercial organizations without consideration for use in carrying out their statutory activities of State property not assigned to State enterprises and institutions which forms part of the State coffers of the Russian Federation, the coffers of a constituent republic of the Russian Federation or the coffers of a territory, a province, a city of federal significance, an autonomous province or an autonomous district, or of municipal property not assigned to municipal enterprises and institutions which forms part of the municipal coffers of a particular urban or rural settlement or other municipality;
- 11) the performance of work (rendering of services) in the context of additional measures aimed at reducing tension on the labour market of constituent entities of the Russian Federation which are carried out in accordance with decisions of the Government of the Russian Federation;
- 12) operations involving the sale (transfer) in the territory of the Russian Federation of State or municipal property not assigned to State enterprises and institutions which forms part of the State coffers of the Russian Federation, the coffers of a constituent republic of the Russian Federation or the coffers of a territory, a province, a city of federal significance, an autonomous province or an autonomous district, or of municipal property not assigned to municipal enterprises and institutions which forms part of the municipal coffers of a

particular urban or rural settlement or other municipality, where such property is purchased in accordance with the procedure established by Federal Law No. 159-FZ of July 22, 2008 “Federal Law No. 159-FZ of the Russian Federation of July 22, 2008 Concerning Special Considerations Relating to the Alienation of Immovable Property Which is Under the Ownership of Constituent Entities of the Russian Federation or Under Municipal Ownership and is Leased by Small and Medium-Sized Business Entities, and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”.

**Article 147 Place of Sale of Goods**

For the purposes of this Chapter the place of sale of goods shall be deemed to be the territory of the Russian Federation if any one or more of the following circumstances exist:

- the goods are situated in the territory of the Russian Federation and are not shipped or transported;
- the goods are situated in the territory of the Russian Federation at the time of the commencement of shipment or transportation.

**Article 148 Place of Sale of Work (Services)**

1. For the purposes of this Chapter the place of sale of work (services) shall be deemed to be the territory of the Russian Federation if:
  - 1) the work (services) is (are) directly connected with immovable property (with the exception of aircraft, sea-going vessels and inland vessels and spacecraft) which is situated in the territory of the Russian Federation. Such work (services) shall include, in particular, construction, installation, construction and installation, repair, restoration and landscaping work and leasing services;
  - 2) the work (services) is (are) directly connected with movable property, aircraft, sea-going vessels and inland vessels which are situated in the territory of the Russian Federation. Such work (services) shall include, in particular, installation, assembly, processing, treatment, repair and technical servicing;
  - 3) the services are actually rendered in the territory of the Russian Federation in the sphere of culture, art, education (training), physical education, tourism, leisure and sport;
  - 4) the purchaser of the work (services) carries out activities in the territory of the Russian Federation.

The place of activity of the purchaser shall be deemed to be the territory of the Russian Federation if the purchaser of the work (services) which are referred to in this subsection actually has a presence in the territory of the Russian Federation on the basis of the State registration of an organization or a private entrepreneur or, where this does not exist, on the basis of a place indicated in the foundation documents of an organization, the place of management of an

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organization, the location of its permanent executive body, the location of a permanent establishment (if the work (services) is (are) rendered through that permanent establishment) or the place of residence of a physical person. The provision of this subsection shall apply in the case of:

- the transfer or provision of patents, licences, trademarks, copyrights or other similar rights;
- the rendering of services (performance of work) involving the development of computer programmes and databases (computer software and information products) and the adaptation and modification thereof;
- the rendering of consulting, legal, accounting, engineering, advertising and marketing services, information processing services and the performance of research and design work. Engineering services shall include engineering-advisory services involving the preparation of the process of the production and sale of goods (work and services), preparation of the construction and operation of industrial, infrastructure, agricultural and other facilities, preliminary design and design services (preparation of feasibility studies, project development and other similar services). Information processing services shall include services involving the gathering and summarization of information, the systematization of information files and the placing of the results of the processing of that information at the disposal of the user thereof;
- the provision of staff where the staff work at the place of activity of the purchaser;
- the rent of movable property, with the exception of land motor vehicles;
- the rendering of services of an agent who engages a person (organization or physical person) on behalf of the main party to a contract to perform services which are envisaged by this subsection;

- 4.1) carriage and (or) transportation services and services (work) which are (is) directly connected with carriage and (or) transportation (with the exception of services (work) which are (is) directly connected with the carriage and (or) transportation of goods placed under the customs transit customs procedure where foreign goods are carried from the customs authority at a place of arrival in the territory of the Russian Federation to the customs authority at a place of exit from the territory of the Russian Federation) are rendered (is performed) by Russian organizations or private entrepreneurs, where the point of departure and (or) the destination point are in the territory of the Russian Federation.

The place of sale of services shall likewise be deemed to be the territory of the Russian Federation where means of transport, under a charter contract which provides for carriage (transportation) on those means of transport, are provided by Russian organizations and private entrepreneurs and the point of departure and (or) the destination point are in the territory of the Russian Federation. In this respect, means of transport shall be taken to mean aircraft,

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sea-going vessels and inland vessels which are used to carry goods and (or) passengers by water (sea, river) or air transport;

- 4.2) services (work) which are (is) directly connected with the carriage and transportation of goods placed under the customs transit customs procedure, where foreign goods are carried from the customs authority at a place of arrival in the territory of the Russian Federation to the customs authority at a place of exit from the territory of the Russian Federation, are rendered (is performed) by organizations or private entrepreneurs whose place of activity is deemed to be the territory of the Russian Federation;
  - 5) the activities of the organization or a private entrepreneur which performs the work (renders the services) are carried out in the territory of the Russian Federation (with respect to the performance of types of work (rendering of types of services) not envisaged in subsections 1 to 4.1 of this clause).
- 1.1 For the purposes of this Chapter the place of sale of work (services) shall not be deemed to be the territory of the Russian Federation where:
- 1) the work (services) is (are) directly connected with immovable property (with the exception of aircraft, sea-going vessels and inland vessels and spacecraft) which is situated outside the territory of the Russian Federation. Such work (services) shall include, in particular, construction, installation, construction and installation, repair, restoration and landscaping work and leasing services;
  - 2) the work (services) is (are) directly connected with movable property situated outside the territory of the Russian Federation or with aircraft, sea-going vessels and inland vessels which are situated outside the territory of the Russian Federation. Such work (services) shall include, in particular, installation, assembly, processing, treatment, repair and technical servicing;
  - 3) the services are actually rendered outside the territory of the Russian Federation in the sphere of culture, art, education (training), physical education, tourism, leisure and sport;
  - 4) the purchaser of the work (services) does not carry out activities in the territory of the Russian Federation. The provision of this subsection shall apply in relation to the performance of those types of work and services which are enumerated in subsection 4 of clause 1 of this Article;
  - 5) carriage (transportation) services and services (work) which are (is) directly connected with carriage, transportation or chartering are not enumerated in subsections 4.1 and 4.2 of clause 1 of this Article.
2. The place of activity of an organization or a private entrepreneur which performs types of work (renders types of services) which are not envisaged in subsections 1 to 4.1 of clause 1 of this Article shall be deemed to be the territory of the Russian Federation if that organization or private entrepreneur actually has a presence in the territory of the Russian Federation on the basis of State registration or, where this does not exist, on the basis of the place indicated in the organization's foundation documents, the place of

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management of an organization, the location of the organization's permanent executive body, or the location of a permanent establishment in the Russian Federation (if the work performed (services rendered) is (are) performed through that permanent establishment) or the place of residence of a private entrepreneur.

For the purposes of this Chapter the place of activity of an organization or a private entrepreneur which provides aircraft, sea-going vessels or inland vessels for use under a lease agreement (time chartering) with a crew and transportation services shall not be deemed to be the territory of the Russian Federation if the transportation occurs between ports which are situated outside the territory of the Russian Federation.

3. Where the sale of particular work (services) is ancillary to the sale of the main work (services), the place of such ancillary sale shall be deemed to be the place of sale of the main work (services).
4. Documents which confirm the place of the performance of work (rendering of services) shall be:
  - 1) a contract concluded with foreign or Russian persons;
  - 2) documents confirming the performance of the work (rendering of the services).

### **Article 149 Non-Taxable (Tax-Exempt) Operations**

1. The letting of premises by a lessor in the territory of the Russian Federation to foreign citizens or organizations which are accredited in the Russian Federation shall not be taxable (shall be exempt from taxation).

The provisions of paragraph 1 of this clause shall apply in those cases where the legislation of the relevant foreign state establishes a similar procedure for citizens of the Russian Federation and Russian organizations accredited in that foreign state or where a provision to that effect is contained in an international agreement (treaty) entered into by the Russian Federation. The list of foreign states to whose citizens and (or) organizations the norms of this clause apply shall be determined by the federal executive body responsible for international relations in conjunction with the Ministry of Finance of the Russian Federation.

2. The sale (and the transfer, performance and rendering for own requirements) of the following in the territory of the Russian Federation shall not be taxable (shall be exempt from taxation):
  - 1) the following medical goods of domestic and foreign manufacture according to a list to be approved by the Government of the Russian Federation:
    - essential and vital medical equipment;



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- prosthetic and orthopaedic appliances, raw materials and other materials for the manufacture thereof and semi-finished articles for such appliances;
  - technical equipment, including motor vehicles, and materials which can be used solely for the prevention of disability or the rehabilitation of disabled persons;
  - spectacles (with the exception of sunglasses) and lenses and frames for spectacles (with the exception of sunglasses);
- 2) medical services rendered by medical organizations and (or) institutions and doctors who engage in private medical practice, with the exception of cosmetic, veterinary and sanitary and epidemiological services. The limitation which is established by this subsection shall not apply to veterinary and sanitary and epidemiological services which are financed from the budget. For the purposes of this Chapter medical services shall include:
- services which are covered by the list of services provided under the terms of compulsory medical insurance;
  - services rendered to the public involving diagnosis, preventive care and treatment, irrespective of the form and source of payment for those services, according to a list to be approved by the Government of the Russian Federation;
  - services involving the collection of blood from members of the public which are rendered under agreements with permanent health care institutions and polyclinic divisions;
  - first aid services rendered to the public;
  - services involving attendance of medical staff at a patient's bed;
  - pathological-anatomical services;
  - services which are rendered to pregnant women, newborns, disabled persons and narcological patients;
- 3) services involving care for the sick, disabled and elderly which are provided by State and municipal social welfare institutions to persons whose need for care is confirmed by appropriate statements of opinion of health authorities and social welfare bodies;
- 4) services involving attendance to children in pre-school institutions and the organization of activities with minors in study groups, clubs (including sports clubs) and art schools;
- 5) food products which are directly produced by student and school canteens, canteens of other educational establishments and canteens of medical organizations and of children's pre-school institutions and which are sold by them within those institutions, and food products which are directly produced

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by public catering organizations and which are sold by them to the above-mentioned canteens or the above-mentioned institutions.

The provisions of this subsection shall apply to student and school canteens, canteens of other educational establishments and canteens of medical organizations only if those institutions are wholly or partially financed from the budget or from resources of a compulsory medical insurance fund;

- 6) services involving the preservation, updating and use of archives which are rendered by archive institutions and organizations;
- 7) services involving the carriage of passengers:
  - by public municipal passenger transport (except for taxis, including fixed-route taxis). For the purposes of this Article services involving the carriage of passengers by public municipal passenger transport shall include services involving the carriage of passengers in accordance with standard conditions of passenger carriage and standard fares established by local government bodies, including with the granting of all travel concessions which have been approved in accordance with the established procedure;
  - by sea, river, rail or road transport (except for taxis, including fixed-route taxis) on local transport services provided that passenger carriage is provided on the basis of standard fares with the granting of all travel concessions which have been approved in accordance with the established procedure;
- 8) ceremonial services, work (services) involving the manufacture of gravestones and the design of graves, and the sale of funeral accessories (according to a list to be approved by the Government of the Russian Federation);
- 9) postage stamps (except for collectors' stamps), stamped postcards and stamped envelopes and lottery tickets of lotteries conducted by decision of an authorized body;
- 10) services involving the provision for use of residential accommodation in housing facilities of all forms of ownership;
- 11) coins of precious metals which are a legal medium of cash payment of the Russian Federation or of a foreign state (group of states);
- 12) participating interests in the charter (pooled) capital of organizations, stock units in mutual funds of co-operatives and mutual investment funds, securities and term transaction instruments, with the exception of an underlying asset of term transaction financial instruments which is assessable to value added tax.

For the purposes of this Chapter the sale of a term transaction financial instrument shall be understood to mean the sale of the underlying asset of the transaction and the payment of amounts of contract premiums and amounts of variation margin and other periodic or one-time payments of the parties to the term transaction financial instrument which do not represent payment for the

underlying asset in accordance with the conditions of the term transaction financial instrument.

Term transaction financial instruments and their underlying asset shall be defined in accordance with clause 1 of Article 301 of this Code;

- 12.1) depository services rendered by the depository of resources of the International Monetary Fund, the International Bank for Reconstruction and Development and the International Development Association under the terms of the Articles of Agreements of the International Monetary Fund, the International Bank for Reconstruction and Development and the International Development Association;
- 13) services rendered without the charging of an additional payment involving the repair and technical servicing of goods and domestic appliances, including medical goods, during their warranty period, including the value of spare parts and components for them;
- 14) educational services involving the organization by non-commercial educational organizations of the job training (in the areas of main and supplementary education which are indicated in the licence) or educational process, with the exception of advisory services, and services involving the rent of premises.  
  
The sale by non-commercial educational organizations of goods (work and services), whether of own production (produced by educational enterprises, including job training workshops as part of the main and supplementary training process) or acquired from third parties shall be taxable irrespective of whether or not income from such sale is allocated to that educational organization or used for the immediate requirements of the development and improvement of the educational process;
- 15) repair and restoration, conservation and recovery work which is carried out on historical and cultural monuments which are protected by the State, religious buildings and structures which are used by religious organizations (with the exception of archaeological and excavation work in the area in which historical and cultural monuments or religious buildings and structures are situated; construction work involving the reconstruction of historical and cultural monuments or religious buildings and structures which have been completely lost; work involving the production of restoration and conservation designs and materials; activities involving control over the quality of work carried out);
- 16) work which is performed during the period of the implementation of special-purpose socio-economic housing construction programmes (projects) for servicemen and as part of the implementation of those programmes (projects), including:  
  
- work involving the construction of social and cultural or recreational facilities and related infrastructure;

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- work involving the establishment, construction and maintenance of professional retraining centres for servicemen and persons who have been retired from military service and members of their families.

The operations which are referred to in this subsection shall not be taxable (shall be exempt from taxation) provided that the work is financed exclusively and directly using loans or credits provided by international organizations and (or) governments of foreign states or by foreign organizations or physical persons in accordance with intergovernmental or interstate agreements to which the Russian Federation is a party and agreements which have been signed on behalf of the Government of the Russian Federation by State administrative bodies authorized by the Government of the Russian Federation;

- 17) services rendered by authorized bodies for which a State duty is levied, all types of licence, registration and patent duties and fees, customs storage fees, and duties and fees which are charged by State bodies, local government bodies and other authorized bodies and officials on granting particular rights to organizations and physical persons (including payments to budgets for the right to use natural resources);
- 18) goods which have been placed under the duty-free shop customs procedure;
- 19) goods (work and services), with the exception of excisable goods, which are sold (performed, rendered) within the framework of the provision of aid (assistance) to the Russian Federation without consideration in accordance with the Federal Law "Concerning Aid (Assistance) Provided to the Russian Federation Without Consideration and the Introduction of Amendments and Additions to Certain Legislative Acts of the Russian Federation Concerning Taxes and Concerning the Establishment of Exemptions in Respect of Payments to State Non-Budgetary Funds in Connection with the Provision of Aid (Assistance) to the Russian Federation Without Consideration".

The sale of the goods (work and services) which are referred to in this subsection shall not be taxable (shall be exempt from taxation) provided that the following documents are presented to the tax authorities:

- the contract (a copy of the contract) between the taxpayer and the donor (an organization authorized by the donor) of the aid (assistance) provided without consideration or between the taxpayer and the recipient of the aid (assistance) provided without consideration for the supply of goods (performance of work, rendering of services) within the framework of the provision of aid (assistance) to the Russian Federation without consideration. Where the recipient of aid (assistance) provided without consideration is a federal executive body of the Russian Federation, there shall be presented to the tax authority the contract (a copy of the contract) with an organization authorized by that federal executive body of the Russian Federation;

- a certificate (notarized copy of a certificate) issued in accordance with the established procedure which confirms that the goods supplied (work

performed, services rendered) are classified as humanitarian or technical aid (assistance);

- 20) services rendered by cultural and art institutions in the sphere of culture and art, which shall include:
- services involving the hiring out of audio and video media from the stocks of those institutions, sound engineering equipment, musical instruments, stage production resources, costumes, footwear, theatre properties, dummies, wig-makers' accessories, cultural equipment, animals, exhibits and books; services involving the making of copies for educational purposes and of text-books and photocopying, reproduction, xeroxing and microcopying from printed matter, museum exhibits and documents from the stocks of those institutions; services involving the sound recording of stage spectacles, cultural and educational events and entertainment shows and involving the preparation of copies of sounding recordings from the sound recording libraries of those institutions; services involving the delivery to and collection from readers of printed matter from library stocks; services involving the preparation of lists, reference notes and catalogues of exhibits, materials and other articles and collections which make up the stocks of those institutions; services involving the rent of stage and concert areas to other budgetary cultural and art institutions, and services involving the distribution of the tickets which are referred to in paragraph 3 of this subsection;
  - the sale of entry tickets and season tickets for stage spectacles, cultural and educational events and entertainment shows and for attractions in zoos and culture and recreation parks and excursion tickets and excursion package documents the form of which has been approved in accordance with the established procedure as a strict reporting form;
  - the sale of programmes for spectacles and concerts, catalogues and booklets.

For the purposes of this Chapter, cultural and art institutions shall include theatres, cinemas, concert organizations and collectives, theatre and concert box offices, circuses, libraries, museums, exhibitions, cultural centres and palaces of culture, clubs, arts centres (in particular, film-makers', writers' and composers' centres), planetaria, culture and leisure parks, reading-rooms and people's universities, excursion bureaux (with the exception of tourist excursion bureaux), nature reserves, botanical gardens and zoos, national parks, nature parks and landscape parks;

- 21) the sale of work (services) involving the production of cinematographic products performed (rendered) by cinematographic organizations and the rights to the use (including rental and showing) of cinematographic products which have received a national film certificate;
- 22) services which are rendered directly at airports of the Russian Federation and in the airspace of the Russian Federation involving the servicing of aircraft, including air navigation services;

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- 23) work (services, including repair services) involving the servicing of sea-going vessels and inland vessels while they are moored in ports (all types of harbour dues, services of harbour craft), and pilotage;
  - 24) services of pharmacy organizations involving the preparation of medicines and involving the manufacture or repair of optical aids (with the exception of sunglasses) and the repair of hearing aids and prosthetic and orthopaedic appliances which are enumerated in subsection 1 of clause 2 of this Article, and services involving the provision of prosthetic and orthopaedic aid;
  - 25) scrap and waste of ferrous and non-ferrous metals;
  - 26) exclusive rights in inventions, utility models, industrial designs, computer programmes, databases, integrated circuit topographies and trade secrets (know-how), and rights to use the above-mentioned results of intellectual activity on the basis of a licence agreement;
  - 27) goods (work and services) and property rights by taxpayers which are Russian marketing partners of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”, with the exception of branches and representations in the Russian Federation of foreign organizations which are foreign marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law, in connection with the fulfilment by those organizations of the obligations of a marketing partner of the International Olympic Committee in the context of the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games.
3. The following operations shall not be taxable (shall be exempt from taxation) in the territory of the Russian Federation:
- 1) the sale (transfer for own requirements) of articles of a religious nature and religious literature (in accordance with a list to be approved by the Government of the Russian Federation on a submission from religious organizations (associations)) which are produced by religious organizations (associations) and organizations whose sole founders (participants) are religious organizations (associations) and are sold by those or other religious organizations (associations) and organizations whose sole founders are religious organizations (associations) within the framework of religious activities, with the exception of excisable goods and mineral raw materials, and the organization and conduct by such organizations of religious rites, ceremonies, prayer meetings or other religious acts;
  - 2) the sale (including transfer, performance and rendering for own requirements) of goods (with the exception of excisable goods, mineral raw materials and commercial minerals and other goods according to a list to be approved by the Government of the Russian Federation on a submission from all-Russian

social organizations of disabled persons), work and services (with the exception of broker and other intermediary services) which are produced and (or) sold:

- by social organizations of disabled persons (including those established as unions of social organizations of disabled persons) where disabled persons and their legal representatives account for no less than 80 per cent of the members;
- by organizations whose charter capital consists entirely of contributions made by the social organizations of disabled persons referred to in paragraph 2 of this subsection if the average number of disabled persons among their employees is no less than 50 per cent and their share of the labour payment fund is no less than 25 per cent;
- by institutions whose assets are solely owned by the social organizations of disabled persons referred to in paragraph 2 of this subsection and which were established to achieve educational, cultural, health and fitness, sporting, scientific, informational and other social goals and to provide legal and other assistance to disabled persons and to disabled children and their parents;
- by State unitary enterprises attached to anti-tuberculosis, psychiatric and psychoneurological institutions and social protection or social rehabilitation institutions, by occupational therapy (work therapy) workshops attached to such institutions and by occupational therapy (work therapy) workshops of therapeutic correctional institutions of the penal system;

3) the performance by banks of banking operations (with the exception of collection), including:

- the attraction of monetary resources from organizations and physical persons into deposits;
- the investment of monetary resources attracted from organizations and physical persons in the name of and at the expense of banks;
- the opening and maintenance of bank accounts for organizations and physical persons, including bank accounts which are used for bank card settlements, and operations associated with the servicing of bank cards;
- the carrying-out of settlements on the instructions of organizations and physical persons, including correspondent banks, on their bank accounts;
- the provision of cash services to organizations and physical persons;
- the purchase and sale of foreign currency in cash and non-cash forms (including the rendering of intermediary services in respect of operations involving the purchase and sale of foreign currency);
- the performance of operations involving precious metals and precious stones in accordance with the legislation of the Russian Federation;

- operations associated with the execution of bank guarantees (the issue and annulment of a bank guarantee, confirmation and amendment of the conditions of that guarantee, payment in respect of such guarantee, drawing-up and examination of documents relating to the guarantee), and the performance by banks of the following operations:

- the issue of guarantees on behalf of third parties which envisage the fulfilment of obligations in monetary form;

- the rendering of services associated with the installation and operation of the “client-bank” system, including the provision of software and the training of the staff responsible for maintaining that system;

- the receipt of amounts from borrowers by way of compensation for insurance premiums (insurance contributions) which have been paid by a bank under insurance agreements against the death or disability of those borrowers in which the bank is the policyholder and the beneficiary;

3.1) services associated with the servicing of bank cards;

4) operations carried out by organizations which support information exchange and technological interaction between parties to settlements, including the rendering of services involving the collection, processing and distribution to parties to settlements of information on operations carried out using bank cards;

5) the performance of certain banking operations by organizations which, in accordance with the legislation of the Russian Federation, have the right to perform them without a licence issued by the Central Bank of the Russian Federation;

6) the sale of folk craft articles of recognised artistic merit (with the exception of excisable goods), samples of which have been registered in accordance with the procedure established by a federal executive body authorized by the Government of the Russian Federation;

7) the rendering of insurance, co-insurance and re-insurance services by insurance organizations and the rendering of non-State pension provision services by non-State pension funds.

For the purposes of this Article, insurance, co-insurance and re-insurance operations shall be understood to mean operations as a result of which an insurance organization receives:

- insurance payments (fees) under insurance, co-insurance and re-insurance agreements, including insurance premiums, and payable re-insurance commission (including bonuses);

- interest accrued on a premium deposit under re-insurance agreements and transferred by the re-insured to the re-insurer;



- insurance premiums which are received by an authorized insurance organization which has concluded a co-insurance agreement in accordance with the established procedure in the name of and on the instructions of insurers;
  - resources which are received by an insurer through subrogation from a person responsible for damage caused to an insured in the amount of the insurance indemnity paid to the insured;
  - resources received by an insurer under a direct indemnity agreement concluded in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners from an insurer which insured the civil liability of a tortfeasor;
- 8) the organization of totalizators and other risk-based games (including those involving the use of gaming machines) by organizations or private entrepreneurs in the gaming business;
- 8.1) the conduct of lotteries which are conducted on the basis of a decision of an authorized executive body, including the rendering of services involving the sale of lottery tickets;
- 9) the sale of ore, concentrates and other industrial products containing precious metals and scrap and waste of precious metals for the production of precious metals and refinement; the sale of precious metals and precious stones by taxpayers (with the exception of those referred to in subsection 6 of clause 1 of Article 164 of this Code) to the State Fund of Precious Metals and Precious Stones of the Russian Federation, funds of precious metals and precious stones of constituent entities of the Russian Federation, the Central Bank of the Russian Federation and banks; the sale of precious stones in the raw material (with the exception of unworked diamonds) for treatment to enterprises, irrespective of their form of ownership, for subsequent export sale; the sale of precious stones in the raw material or faceted to specialized foreign economic organizations, the State Fund of Precious Metals and Precious Stones of the Russian Federation, funds of precious metals and precious stones of constituent entities of the Russian Federation, the Central Bank of the Russian Federation and banks; the sale of precious metals from the State Fund of Precious Metals and Precious Stones of the Russian Federation and from funds of precious metals and precious stones of constituent entities of the Russian Federation to specialized foreign economic organizations, the Central Bank of the Russian Federation and banks, and the sale of precious metals by the Central Bank of the Russian Federation and banks to the Central Bank of the Russian Federation and banks, including under contracts of delegation, commission agreements or agency agreements with the Central Bank of the Russian Federation and banks, irrespective of whether those ingots are placed in a depository of the Central Bank of the Russian Federation or depositories of banks, and to other persons on condition that the ingots remain in a depository (the State Valuables Depository, a depository of the Central Bank of the Russian Federation or depositories of banks);

- 10) the sale of unworked diamonds to treatment enterprises of all forms of ownership;
- 11) the intrasystem sale (transfer, performance, rendering for own requirements) by organizations and institutions of the penal system of goods (work and services) produced by them;
- 12) the transfer of goods (performance of work, rendering of services) without consideration within the framework of charitable activities in accordance with the Federal Law “Concerning Charitable Activities and Charitable Organizations”, with the exception of excisable goods;
- 13) the sale of entry tickets the form of which has been approved in accordance with the established procedure as a strict reporting form by physical fitness and sports organizations for sporting events organized by them; the rendering of services involving the rent of sports facilities for the holding of such events;
- 14) the rendering of services by Bar associations, law bureaus and law chambers of constituent entities of the Russian Federation or the Federal Chamber of Lawyers to their members in connection with the performance by them of professional activities;
- 15) money lending and securities lending transactions, including related interest, and repo transactions, including amounts of money payable for the provision of securities in repo transactions.

For the purposes of this Chapter, “repo transaction” shall be understood to mean an agreement which meets the requirements which are established for repo agreements by the Federal Law “Concerning the Securities Market”;

- 16) the performance of research and design work at the expense of the resources of budgets or at the expense of resources of the Russian Fundamental Research Fund, the Russian Technological Development Fund and non-budgetary funds of ministries, departments and associations which are formed for those purposes in accordance with the legislation of the Russian Federation; the performance of research and design work by educational institutions and scientific organizations on the basis of contracts;
- 16.1) the performance by organizations of research, development and technological work concerned with the creation of new products and technologies or the improvement of existing products and technologies, where the research, development and technological work includes the following types of activity:
  - the development of an engineering object or a technical system;
  - the development of new technologies, i.e. methods of combining physical, chemical, technological and other processes with work processes to form an integral system which generates new products (goods, work and services);

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- the creation of developmental prototypes of machinery, equipment and materials, i.e. not having a certificate of conformity, which possess the basic characteristic features of innovations and are not intended for sale to third parties, and the testing of those prototypes for the period of time needed to obtain data and accumulate experience and record them in technical documentation;
- 18) services of health resort, recreational and holiday organizations and children's holiday and recreational organizations, including children's recreational camps, situated in the territory of the Russian Federation which are documented by holiday package documents or board and treatment authorizations which are forms subject to strict reporting;
- 19) the performance of work (rendering of services) involving the extinguishing of forest fires;
- 20) the sale of produce of own production of organizations engaged in the production of agricultural produce where income from the sale of that produce accounts for no less than 70 per cent of total income by way of payment for labour in kind, dispensations in kind for the remuneration of labour and for the provision of meals to workers who are hired for agricultural work;
- 22) the sale of residential buildings and residential premises, and of shares therein;
- 23) the transfer of a part interest in the common property in an apartment building upon the sale of apartments;
- 23.1) services of a developer on the basis of a shared construction participation agreement concluded in accordance with Federal Law No. 214-FZ of December 30, 2004 "Concerning Participation in the Shared Construction of Apartment Buildings and Other Immovable Property and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation" (with the exception of services rendered by a developer in relation to the construction of production facilities);
- 25) the transfer of goods (work and services) for advertising purposes, provided that the cost of acquiring (creating) a unit of those goods (work and services) does not exceed 100 roubles;
- 26) operations involving the cession (assignment, acquisition) of a creditor's rights (claims) in respect of obligations arising from agreements on the provision of loans in monetary form and (or) credit agreements, and involving the fulfilment by a borrower of obligations to each new creditor under the original agreement underlying an assignment agreement;
- 27) the performance of work (rendering of services) by residents of a port special economic zone in a port special economic zone;
- 28) the rendering without consideration of services involving the provision of air time and (or) print space in accordance with the legislation of the Russian Federation concerning elections and referenda;

- 29) the sale of utility services which are provided by management organizations, housing owner partnerships or housing construction, housing or other specialized consumer co-operatives which have been established for the purpose of satisfying citizens' housing needs and are responsible for maintaining building utility systems through which utility services are provided, provided that utility services are acquired by those taxpayers from utility complex organizations, electricity suppliers and gas supply organizations;
- 30) the sale of work (services) associated with the maintenance and repair of the common property in an apartment building which is performed (are rendered) by management organizations, housing owner partnerships or housing construction, housing or other specialized consumer co-operatives which have been established for the purpose of satisfying citizens' housing needs and are responsible for maintaining building utility systems through which utility services are provided, provided that work (services) associated with the maintenance and repair of the common property in an apartment building is (are) acquired by those taxpayers from the organizations and private entrepreneurs who or which actually perform (render) the work (services) in question;
- 31) the transfer of property rights (including the granting of the right to use results of intellectual activity and (or) means of individualization) by an all-Russian social association which carries out its activities in accordance with the legislation of the Russian Federation concerning social associations and the Olympic Charter of the International Olympic Committee and on the basis of recognition by the International Olympic Committee, or by an all-Russian social association which carries out its activities in accordance with the legislation of the Russian Federation concerning social associations and the Constitution of the International Paralympic Committee and on the basis of recognition by the International Paralympic Committee, by way of the fulfilment of obligations under agreements concluded with Russian and foreign organizers of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 "Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation".
4. Where a taxpayer carries out both operations which are taxable and operations which are not taxable (are exempt from taxation) in accordance with the provisions of this Article, the taxpayer shall be obliged to maintain separate records of such operations.
5. A taxpayer which carries out the operations involving the sale of goods (work and services) which are envisaged by clause 3 of this Article shall have the right to reject the exemption from taxation for such operations by submitting an appropriate application to the tax authority where it is registered no later

than the 1st of the tax period as from which the taxpayer intends to reject or stop using the exemption.

Such a rejection or suspension may be made only in respect of all operations envisaged by one or more subsections of clause 3 of this Article which are carried out by the taxpayer. It shall not be permissible for such operations to be exempted or not to be exempted from taxation depending on who is purchasing (acquiring) the goods (work and services) in question.

An exemption from taxation may not be rejected or suspended for a period of less than one year.

6. The operations which are referred to in this Article shall not be taxable (shall be exempt from taxation) provided that the taxpayers which carry out those operations possess appropriate licences for activities which are licensable in accordance with the legislation of the Russian Federation.
7. Exemptions from taxation in accordance with the provisions of this Article shall not apply where entrepreneurial activities are carried out in the interests of another person on the basis of contracts of delegation, commission agreements or agency agreements, unless otherwise stipulated by this Code.
8. In the event that the wording of clauses 1 to 3 of this Article is amended (an exemption from taxation is abolished or taxable operations are classified as non-taxable operations), taxpayers shall apply the procedure for the determination of the tax base (or for exemption from taxation) which was in force as at the date on which goods (work and services) were despatched, irrespective of the date on which payment is made for them.

**Article 150 Non-Taxable (Tax-Exempt) Importation of Goods into the Territory of the Russian Federation and Other Territories Under its Jurisdiction**

The importation of the following into the territory of the Russian Federation and other territories under its jurisdiction shall not be taxable (shall be exempt from taxation):

- 1) goods (with the exception of excisable goods) which are imported as aid (assistance) provided to the Russian Federation without consideration according to a procedure to be determined by the Government of the Russian Federation in accordance with the Federal Law “Concerning Aid (Assistance) Provided to the Russian Federation Without Consideration and the Introduction of Amendments and Additions to Certain Legislative Acts of the Russian Federation Concerning Taxes and Concerning the Establishment of Exemptions in Respect of Payments to State Non-Budgetary Funds in Connection with the Provision of Aid (Assistance) to the Russian Federation Without Consideration”;
- 2) the goods referred to in subsection 1 of clause 2 of Article 149 of this Code and raw materials and components for the production thereof;

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- 3) materials for the making of medical immuno-biological preparations for the diagnosis, prevention and (or) treatment of infectious diseases (according to a list to be approved by the Government of the Russian Federation);
- 4) cultural valuables acquired using resources of the federal budget, budgets of constituent entities of the Russian Federation and local budgets, cultural valuables gifted by State and municipal cultural institutions and State and municipal archives and cultural valuables gifted to institutions which are classified in accordance with the legislation of the Russian Federation as highly valuable objects of the cultural and national heritage of the peoples of the Russian Federation;
- 5) all types of printed publications which are received by State and municipal libraries and museums through international book exchange and cinematographic works which are imported by specialized State organizations for the purpose of carrying out international non-commercial exchanges;
- 6) goods produced as a result of the economic activities of Russian organizations on lands which are the territory of a foreign state with land use rights granted to the Russian Federation on the basis of an international agreement;
- 7) manufacturing equipment (including components and spare parts for such equipment) for which there are no equivalents made in the Russian Federation, according to a list to be approved by the Government of the Russian Federation;
- 8) unworked natural diamonds;
- 9) goods which are intended for the official use of foreign diplomatic and equated representations and the personal use of the diplomatic and administrative and technical staff of such representations, including members of their families who reside with them;
- 10) Russian Federation and foreign currency, banknotes which are legal media of payment (with the exception of those intended for collection) and securities - shares, debentures, certificates and bills of exchange;
- 11) sea fishery products caught and (or) processed by fishing enterprises (organizations) of the Russian Federation;
- 12) vessels which are subject to registration in the Russian International Register of Vessels;
- 13) goods, with the exception of excisable goods, included in a list to be approved by the Government of the Russian Federation which are carried within the framework of international co-operation of the Russian Federation in the area of the exploration and use of outer space and under agreements on spacecraft launch services;
- 14) goods, with the exception of excisable goods, included in a list to be approved by the Government of the Russian Federation for use in holding the Sochi

2014 XXII Olympic Winter Games and XI Paralympic Winter Games, subject to the presentation to the customs authorities of a confirmation issued by the Organizing Committee for the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which has been agreed with the International Olympic Committee or the International Paralympic Committee accordingly and contains information concerning the range, quantity and value of goods and concerning the organizations which are importing the goods concerned;

- 15) Russian fishing fleet vessels which have undergone capital repair and (or) modernization work outside the customs territory of the Russian Federation.

**Article 151 Special Considerations Relating to Taxation When Goods Are Imported into the Territory of the Russian Federation and Other Territories Under its Jurisdiction and When Goods Are Exported from the Territory of the Russian Federation**

1. When goods are imported into the territory of the Russian Federation and other territories under its jurisdiction, depending on the selected customs procedure tax shall be levied as follows:
  - 1) where goods are placed under the release for domestic consumption customs procedure tax shall be payable in full;
  - 2) where goods are placed under the re-importation customs procedure, the taxpayer shall pay the amounts of tax from the payment of which it was exempted or the amounts which were refunded to it in connection with the export of the goods in accordance with this Code according to the procedure which is stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
  - 3) where goods are placed under the transit, customs warehouse, re-exportation, duty-free trade, free customs zone, free warehouse, destruction and abandonment to the State customs procedures and in the case of the declaration of stores for customs purposes, tax shall not be paid;
  - 4) where goods are placed under the processing in the customs territory customs procedure, tax shall not be payable provided that the processed products are exported from the customs territory of the Customs Union within the specified time limit;
  - 5) where goods are placed under the temporary importation customs procedure, a full or partial exemption from the payment of tax shall apply in accordance with the procedure which is stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
  - 6) upon the import of products of the processing of goods which were placed under the processing outside the customs territory customs procedure, a full or partial exemption from the payment of tax shall apply in accordance with the procedure which is stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;

- 7) where goods are placed under the processing for domestic consumption customs procedure, tax shall be payable in full.
2. Where goods are exported from the territory of the Russian Federation, tax shall be levied as follows:
  - 1) where goods are exported from the territory of the Russian Federation under the export customs procedure, tax shall not be payable.

The taxation procedure which is laid down in this subsection shall also apply where goods are placed under the customs warehouse customs procedure with a view to the subsequent exportation of those goods in accordance with the export customs procedure, and where goods are placed under the free customs zone customs procedure;
  - 2) where goods are exported beyond the boundaries of the territory of the Russian Federation and other territories under its jurisdiction under the re-exportation customs procedure, amounts of tax which were paid when they were imported into the territory of the Russian Federation and other territories under its jurisdiction shall be refunded to the taxpayer according to the procedure provided for by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
  - 3) tax shall not be paid in the case of the exportation of stores from the territory of the Russian Federation;
  - 4) where goods are exported from the territory of the Russian Federation and other territories under its jurisdiction in accordance with customs procedures other than those referred to in subsections 1 to 3 of this clause, there shall be no exemption from the payment of tax and (or) refund of amounts of tax paid unless otherwise stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.
3. Where goods intended for personal, family and domestic needs and other needs not connected with entrepreneurial activities are carried by physical persons, the procedure for the payment of tax which is payable in connection with the movement of goods across the customs border of the Customs Union shall be determined by the customs legislation of the Customs Union.

**Article 153 The Tax Base**

1. The tax base arising from the sale of goods (work and services) shall be determined by the taxpayer in accordance with this Chapter according to the particular circumstances of the sale of goods (work and services) which it has produced or acquired from third parties.

In the case of the transfer of goods (performance of work, rendering of services) for own requirements which are deemed taxable in accordance with



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Article 146 of this Code, the tax base shall be determined by the taxpayer in accordance with this Chapter.

Where goods are imported into the territory of the Russian Federation and other territories under its jurisdiction, the tax base shall be calculated by the taxpayer in accordance with this Chapter and the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

Where taxpayers apply different tax rates in selling (transferring, performing, rendering for own requirements) goods (work and services), the tax base shall be determined separately for each type of goods (work and services) assessable at different rates. Where the same rates of tax are applied the tax base shall be determined as an aggregate for all types of operations assessable at that rate.

Where property rights are transferred the tax base shall be determined with account taken of the special considerations established by this Chapter.

2. For the purpose of determining the tax base, receipts from the sale of goods (work and services) and the transfer of property rights shall be determined on the basis of all income of the taxpayer associated with settlements in respect of those goods (work and services) and property rights which it has received in monetary form and (or) in kind, including payment in the form of securities.

The income which is referred to in this clause shall be taken into account where and insofar as it is determinable.

3. For the purpose of determining the tax base, receipts (expenses) of a taxpayer in foreign currency shall be translated into roubles on the basis of the exchange rate of the Central Bank of the Russian Federation as at the date corresponding to the moment of the determination of the tax base upon the sale (transfer) of goods (work and services) and property rights as established by Article 167 of this Code or the date on which expenses are actually incurred respectively. In this respect, receipts from the sale of the goods (work and services) which are envisaged by subsections 1, 2.1 to 2.3, 2.5 to 2.7, 3, 8 and 9 of clause 1 of Article 164 of this Code, where they are received in foreign currency, shall be translated into roubles on the basis of the exchange rate of the Central Bank of the Russian Federation prevailing as at the date on which payment is made for goods despatched (work performed, services rendered).

### **Article 154 The Procedure for Determining the Tax Base Arising from the Sale of Goods (Work and Services)**

1. The tax base arising from the sale of goods (work and services) by a taxpayer shall, unless otherwise provided by this Article, be determined as the value of those goods (work and services) as calculated on the basis of prices determined in accordance with Article 40 of this Code, including excise duties (in the case of excisable goods) and excluding tax.

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Where a taxpayer receives payment or partial payment in respect of future supplies of goods (performance of work, rendering of services), the tax base shall be determined on the basis of the amount of payment received, inclusive of tax. There shall not be included in the tax base payment or partial payment received by a taxpayer in respect of future supplies of goods (performance of work, rendering of services):

- for which the length of the production cycle for the manufacture thereof is greater than six months, where the taxpayer determines the tax base as and when such goods are despatched (transferred) (work is performed, services are rendered) in accordance with the provisions of clause 13 of Article 167 of this Code;
- which are taxable at the 0 per cent tax rate in accordance with clause 1 of Article 164 of this Code;
- which are not taxable (are exempt from taxation).

The tax base arising when goods (work and services) are despatched against payment or partial payment already received which was previously included in the tax base shall be determined by the taxpayer in accordance with the procedure established by paragraph 1 of this clause.

2. Where goods (work and services) are sold by means of goods exchange (barter) transactions, where goods (work and services) are sold without consideration, where ownership of a pledged object is transferred to the pledgee as a result of the non-fulfilment of the obligation which was secured by the pledge and where goods are transferred (the results of work performed are transferred, services are rendered) as payment for labour in kind, the tax base shall be determined as the value of those goods (work and services) calculated on the basis of prices determined according to a procedure similar to that which is envisaged by Article 40 of this Code, including excise duties (in the case of excisable goods) and excluding tax.

Where goods (work and services) are sold with account taken of subsidies granted by budgets of the budget system of the Russian Federation in connection with the application by a taxpayer of State regulated prices or with account taken of exemptions which are granted to particular consumers in accordance with legislation, the tax base shall be determined as the value of goods (work and services) sold calculated on the basis of their actual selling prices.

Amounts of subsidies which are granted by budgets of the budget system of the Russian Federation in connection with the application by a taxpayer of State regulated prices or of concessions granted to certain consumers in accordance with legislation shall not be taken into account in determining the tax base.

3. In the case of the sale of assets which are recorded on the basis of their value inclusive of tax paid, the tax base shall be determined as the difference between the price of the assets which are sold as determined with account

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taken of the provisions of Article 40 of this Code, including tax and excise duties (in the case of excisable goods), and the value of the assets which are sold (the net book value with account taken of revaluations).

4. In the case of the sale of agricultural produce and processed products thereof purchased from physical persons (who are not taxpayers) according to a list to be approved by the Government of the Russian Federation (excluding excisable goods), the tax base shall be determined as the difference between the price as determined in accordance with Article 40 of this Code, including tax, and the price at which that produce was acquired.
5. The tax base arising from the sale of services involving the production of goods from customer-supplied raw materials (other materials) shall be determined as the cost of the treatment, processing or other transformation thereof including excise duties (in the case of excisable goods) and excluding tax.
  - 5.1 In the case of the sale of motor vehicles which were acquired from physical persons (who are not taxpayers) for resale, the tax base shall be determined as the difference between the price determined in accordance with Article 40 of this Code, inclusive of tax, and the price at which the motor vehicles in question were acquired.
6. The tax base arising from the sale of goods (work and services) through term transactions (transactions which call for the delivery of goods (performance of work, rendering of services) upon the expiry of a period specified by the agreement (contract) at a price which is directly specified in the agreement or contract) and term transaction financial instruments which are not circulated on the organized market shall be determined as the value of those goods (work and services) or the value of the underlying asset (in the case of term transaction financial instruments which are not circulated on the organized market) which is specified directly in the agreement (contract), but not lower than the value thereof which is calculated on the basis of prices determined in a manner similar to that laid down in Article 40 of this Code which are current as at the date corresponding to the moment of the determination of the tax base which is established by Article 167 of this Code, including excise duties (in the case of excisable goods) and excluding tax.

The tax base arising from the sale of the underlying asset of term transaction financial instruments which are circulated on the organized market and call for the delivery of an underlying asset (with the exception of the sale of the underlying asset of option agreements (contracts)) shall be determined as the value at which the underlying asset should be sold and which is determined in accordance with the conditions of the specification of the term transaction financial instrument which has been approved by the exchange. The tax base arising from the sale of such underlying asset shall be determined as at the date corresponding to the moment of the determination of the tax base which is established by Article 167 of this Code, including excise duties (in the case of excisable goods) and excluding tax.

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The tax base arising from the sale of the underlying asset of option agreements (contracts) which are circulated on the organized market and call for the delivery of an underlying asset shall be determined as the value at which the underlying asset should be sold and which is determined in accordance with the conditions of the specification of the term transaction financial instrument which has been approved by the exchange, but not lower than the value which is calculated on the basis of prices determined in a manner similar to that laid down in Article 40 of this Code which are current as at the date corresponding to the moment of the determination of the tax base which is established by Article 167 of this Code, including excise duties (in the case of excisable goods) and excluding tax.

For the purposes of this Chapter the specification of a term transaction financial instrument shall be understood to mean a document issued by an exchange which sets out the conditions of the term transaction financial instrument.

7. Where goods are sold in reusable tare for which deposit prices exist, the deposit prices of that tare shall not be included in the tax base in the event that the tare is returnable to the seller.
8. Depending on the particular circumstances of the sale of goods (work and services), the tax base shall be determined in accordance with Articles 155 to 162 of this Chapter.

### **Article 155 Special Considerations Relating to the Determination of the Tax Base When Property Rights Are Transferred**

1. In the event that a monetary claim arising from an agreement on the sale of goods (work and services) operations involving the sale of which are taxable (are not exempt from taxation in accordance with Article 149 of this Code) is assigned, or in the event that such a claim passes to another person by law, the tax base arising from operations involving the sale of those goods (work and services) shall be determined in accordance with the procedure prescribed by Article 154 of this Code.
2. The tax base arising in the event of assignment by a new creditor which received a monetary claim arising from an agreement on the sale of goods (work and services) operations involving the sale of which are taxable shall be determined as the amount by which amounts of income received by the new creditor upon the subsequent assignment of the claim or upon the termination of the corresponding obligation exceed the amount of expenses incurred in acquiring that claim.
3. Where taxpayers, including participants in share construction, transfer property rights in residential buildings or residential premises, share interests in residential buildings or residential premises, garages or vehicle spaces, the tax base shall be determined as the difference between the value at which the property rights are transferred, inclusive of tax, and expenses incurred in acquiring those rights.

4. Where a monetary claim is acquired from a third party, the tax base shall be determined as the amount by which the amount of income received from the debtor and (or) upon subsequent assignment exceeds the amount of expenses incurred in acquiring that claim.
5. In the case of the transfer of rights associated with the right to conclude an agreement and tenancy rights, the tax base shall be determined in accordance with the procedure prescribed by Article 154 of this Code.

**Article 156 Special Considerations Relating to the Determination of the Tax Base by Taxpayers Which Receive Income on the Basis of Contracts of Delegation, Commission Agreements or Agency Agreements**

1. Taxpayers carrying out entrepreneurial activities in the interests of another person on the basis of contracts of delegation, commission agreements or agency agreements shall determine the tax base as the amount of income received by them in the form of fees (any other income) in connection with the performance of any of those agreements.

A similar procedure shall apply for determining the tax base where a pledgee sells in accordance with the procedure established by the legislation of the Russian Federation an unclaimed pledge belonging to a pledgor.

2. Where operations are carried out involving the sale of services which are rendered on the basis of contracts of delegation, commission agreements or agency agreements and which involve the sale of goods (work and services) which are not taxable (are exempt from taxation) in accordance with Article 149 of this Code, the exemption from taxation shall not apply to those operations, with the exception of intermediary services involving the sale of the goods (work and services) which are referred to in clause 1, subsections 1 and 8 of clause 2 and subsection 6 of clause 3 of Article 149 of this Code.

**Article 157 Special Considerations Relating to the Determination of the Tax Base and the Payment of Tax in Respect of Carriage and the Sale of International Communication Services**

1. With respect to the carriage (with the exception of carriage on local transport services in accordance with paragraph 3 of subsection 7 of clause 2 of Article 149 of this Code) of passengers, baggage, freight, freight baggage or mail by rail, road, air, sea or river transport, the tax base shall be determined as the cost of carriage (excluding tax). In the case of air carriage the boundaries of the territory of the Russian Federation shall be defined according to the point of departure and the destination of the flight.
2. Where travel documents are sold at discount rates, the tax base shall be calculated on the basis of those discount rates.

3. The provisions of this Article shall be applied with account taken of the provisions of clause 1 of Article 164 of this Code and shall not apply to the carriage referred to in subsection 7 of clause 2 of Article 149 of this Code or to carriage envisaged by international agreements (treaties).
4. Where money for unused travel documents is refunded to purchasers before the start of a journey, the entire amount of tax shall be included in the refundable amount. Where travel documents are returned by passengers en route in connection with the termination of a journey, tax shall be included in the refundable amount in an amount corresponding to the distance which remained to be travelled by the passengers. In this case the amounts actually refunded to the passengers shall not be taken into account for the purpose of determining the tax base.
5. In the case of the sale of international communications services, amounts received by communications organizations from the sale of those services to foreign purchasers shall not be taken into account for the purpose of determining the tax base.

**Article 158 Special Considerations Relating to the Determination of the Tax Base Upon the Sale of an Enterprise as a Whole as an Asset Complex**

1. In the event of the sale of an enterprise as a whole as an asset complex, the tax base shall be determined separately for each type of asset of the enterprise.
2. In the event that the price at which an enterprise is sold is lower than the balance sheet value of the sold assets, there shall be applied for taxation purposes an adjustment coefficient calculated as the ratio of the selling price of the enterprise to the balance sheet value of those assets.  
  
In the event that the price at which an enterprise is sold is higher than the balance sheet value of the sold assets, there shall be applied for taxation purposes an adjustment coefficient calculated as the ratio of the selling price of the enterprise less the balance sheet value of accounts receivable (and the value of securities unless a decision has been adopted to revalue them) to the balance sheet value of assets sold less the balance sheet value of accounts receivable (and the value of securities unless a decision has been adopted to revalue them). In this case, the adjustment coefficient shall not be applied to the amount of the accounts receivable (and the value of securities).
3. For taxation purposes the price of each type of asset shall be taken to be equal to the product of its balance sheet value and the adjustment coefficient.
4. The seller of an enterprise shall prepare a consolidated VAT invoice, indicating in the "Total with VAT" column the price at which the enterprise was sold. In this respect, fixed assets, intangible assets, other types of production and non-production assets, the amount of accounts receivable, the value of securities and other balance sheet asset items shall be shown as individual items in the invoice. The consolidated VAT invoice shall be accompanied by an inventory report.

In the consolidated VAT invoice the price of each type of asset shall be taken to be equal to the product of the balance sheet value of the asset and the adjustment coefficient.

For each type of asset the sale of which is taxable, there shall be entered in the “Rate of VAT” and “Amount of VAT” columns respectively the tax-inclusive tax rate of 15.25 per cent and the amount of tax determined as a percentage of the tax base corresponding to the tax-inclusive tax rate of 15.25 per cent.

**Article 159 The Procedure for Determining the Tax Base Upon Carrying Out Operations Involving the Transfer of Goods (Performance of Work, Rendering of Services) for Own Requirements and the Performance of Construction and Installation Work for Own Consumption**

1. Where a taxpayer transfers goods (performs works, renders services) for its own requirements and expenses associated with the goods (work and services) in question are not deductible (whether through amortization deductions or otherwise) for the purpose of the calculation of tax on the profit of organizations, the tax base shall be determined as the value of those goods (work and services) as calculated on the basis of the selling prices of identical (or, where these do not exist, similar) goods (similar work and services) which were prevailing in the preceding tax period, or, where these do not exist, on the basis of the market prices including excise duties (in the case of excisable goods) and excluding tax.
2. Where construction and installation work is performed for own consumption, the tax base shall be determined as the value of work performed as calculated on the basis of all expenses actually incurred by the taxpayer in performing the work, including expenses of an organization which has been (is in the process of being) re-organized.

**Article 160 The Procedure for Determining the Tax Base Where Goods Are Imported into the Territory of the Russian Federation and Other Territories Under its Jurisdiction**

1. Where goods (with the exception of those referred to in clauses 2 and 4 of this Article and with account taken of Articles 150 and 151 of this Code) are imported into the territory of the Russian Federation and other territories under its jurisdiction, the tax base shall be determined as the sum of:
  - 1) the customs value of those goods;
  - 2) payable customs duty;
  - 3) payable excise duties (in the case of excisable goods).
2. In the case of the importation into the territory of the Russian Federation and other territories under its jurisdiction of products processed from goods which

were previously exported from that territory for processing outside the customs territory in accordance with the processing outside the customs territory customs procedure, the tax base shall be determined as the value of such processing.

3. The tax base shall be determined separately for each group of goods of one description, type and marque which is imported into the territory of the Russian Federation and other territories under its jurisdiction.

Where one consignment of goods imported into the customs territory of the Russian Federation includes both excisable goods and non-excisable goods, the tax base shall be determined separately for each group of those goods. The tax base shall be determined in similar fashion where a consignment of goods imported into the customs territory of the Russian Federation includes products processed from goods which were previously exported from the territory of the Russian Federation in accordance with the processing outside the customs territory customs procedure.

5. The tax base arising when Russian goods which have been placed under the free customs zone customs procedure are imported into the remaining part of the territory of the Russian Federation and other territories under its jurisdiction or when they are transferred in the territory of a special economic zone to persons who are not residents of such zone shall be determined in accordance with clause 1 of this Article with account taken of the special considerations envisaged by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

#### **Article 161 Special Considerations Relating to the Determination of the Tax Base by Tax Agents**

1. Where goods (work and services) are sold by taxpayers which are foreign entities not registered as taxpayers with the tax authorities and the place of sale of the goods (work and services) is the territory of the Russian Federation, the tax base shall be determined as the amount of income from the sale of those goods (work and services) including tax.

The tax base shall be determined separately for each operation involving the sale of goods (work and services) in the territory of the Russian Federation with account taken of this Chapter.

2. The tax base which is referred to in clause 1 of this Article shall be determined by tax agents. In this respect, tax agents shall be organizations and private entrepreneurs who are registered with the tax authorities and who acquire goods (work and services) from the foreign persons referred to in clause 1 of this Article in the territory of the Russian Federation. Tax agents must calculate, withhold from the taxpayer and pay to the budget the appropriate amount of tax irrespective of whether or not they carry out taxpayer obligations associated with the calculation and payment of tax and other obligations which are established by this Chapter.



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3. Where State government and administrative bodies, local government bodies and State-owned institutions let federal property, property of constituent entities of the Russian Federation and municipal property in the territory of the Russian Federation, the tax base shall be determined as the amount of the lease payment including tax. In this respect, the tax base shall be determined by the tax agent separately for each leased item of property. In this case the tax agents shall be the lessees of the property in question. Those persons must calculate, withhold from income payable to the lessor and pay to the budget the appropriate amount of tax.

In the event of the sale (transfer) in the territory of the Russian Federation of State property not assigned to State enterprises and institutions which forms part of the State coffers of the Russian Federation, the coffers of a constituent republic of the Russian Federation or the coffers of a territory, a province, a city of federal significance, an autonomous province or an autonomous district, or of municipal property not assigned to municipal enterprises and institutions which forms part of the municipal coffers of a particular urban or rural settlement or other municipality, the tax base shall be determined as the amount of income from the sale (transfer) of that property inclusive of tax. In this respect, the tax base shall be determined separately for each operation involving the sale (transfer) of such property. In this case, the tax agents shall be the purchasers (recipients) of the property in question, with the exception of physical persons who are not private entrepreneurs. The persons in question shall be obliged to compute, withhold from income paid and pay to the budget the appropriate amount of tax.

4. In the case of the sale in the territory of the Russian Federation of confiscated property, property which is sold by decision of a court (including in the course of bankruptcy procedures conducted in accordance with the legislation of the Russian Federation), unowned assets, treasure-trove and bought-up assets and assets which have passed to the State by right of inheritance, the tax base shall be determined on the basis of the price of the property (assets) which is sold as determined with account taken of the provisions of Article 40 of this Code, including excise duties (in the case of excisable goods). In this case, the tax agents are the bodies, organizations or private entrepreneurs which have been authorized to sell that property.
5. Where goods are sold, property rights are transferred, work is performed and services are rendered in the territory of the Russian Federation by foreign persons who are not registered with the tax authorities of the Russian Federation as taxpayers, the tax agents shall be organizations and private entrepreneurs which carry out entrepreneurial activities with participation in settlements on the basis of contracts of delegation, commission agreements or agency agreements with those foreign persons and which are registered with the tax authorities as taxpayers. In this case the tax base shall be determined by the tax agent as the value of such goods (work and services) and property rights, inclusive of excise duties (in the case of excisable goods) and excluding the amount of tax.
6. Where, within ten years from the moment when a vessel is registered in the Russian International Register of Vessels, it is excluded from that register,

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except for exclusion as a result of the vessel being declared wrecked, missing, constructively wrecked or to have lost the attributes of a vessel as a result of rebuilding or any other alterations, or where a vessel is not registered in the Russian International Register of Vessels within 45 calendar days of ownership of the vessel passing from the taxpayer to a client, the tax base shall be determined by the tax agent as the value at which the vessel was sold to the client, inclusive of tax.

In this respect, the tax agent shall be the person which has ownership of the vessel at the time of its exclusion from the Russian International Register of Vessels if the vessel has been excluded from that register, or, where a vessel is not registered in the Russian International Register of Vessels within 45 days of ownership of the vessel passing from the taxpayer to a client, the person which has ownership of the vessel upon the expiration of 45 days from the moment of such transfer of ownership.

The tax agent shall be obliged to calculate the appropriate amount of tax at the tax rate envisaged by clause 3 of Article 164 of this Code, withhold it from the taxpayer and transfer it to the budget.

### **Article 162 Special Considerations Relating to the Determination of the Tax Base With Account Taken of Amounts Associated With Settlements in Respect of Goods (Work and Services)**

1. The tax base as determined in accordance with Articles 153 to 158 of this Code shall be increased by the following amounts:
  - 2) amounts received for sold goods (work and services) in the form of financial assistance, for the replenishment of special-purpose funds or as an increase in income or otherwise associated with payment for sold goods (work and services);
  - 3) amounts received in the form of interest (discount) on debentures received towards payment for goods (work and services) sold and bills of exchange and interest on commercial credit insofar as they exceed interest as calculated in accordance with the refinancing rates of the Central Bank of the Russian Federation which were in effect in the periods for which interest is calculated;
  - 4) amounts of insurance payments received under agreements on insurance against the risk of the non-fulfilment of contractual obligations by the counterparty of the creditor-insured, where the insured contractual obligations envisage the supply by the insured of goods (work and services) the sale of which is deemed to be an object of taxation in accordance with Article 146 of this Code.
2. The provisions of clause 1 of this Article shall not apply to operations involving the sale of goods (work and services) which are not taxable (are exempt from taxation) or to goods (work and services) for which the place of sale in accordance with Articles 147 and 148 of this Code is not the territory of the Russian Federation.

3. Monetary resources which are received by management organizations, housing owner partnerships or housing construction, housing or other specialized consumer co-operatives which have been established for the purpose of satisfying citizens' housing needs and are responsible for maintaining building utility systems through which utility services are provided for the formation of the reserve for the performance of routine and capital repairs in an apartment building shall not be included in the tax base.

**Article 162.1 Special Considerations Relating to Taxation in the Event of the Re-Organization of Organizations**

1. Where an organization is re-organized by means of a spin-off, deductions shall be made by the organization which has been (is in the process of being) re-organized for amounts of tax calculated and paid by it on amounts of advance or other payments in respect of future supplies of goods (performance of work, rendering of services) which are sold in the territory of the Russian Federation in the event that the debt is transferred upon re-organization to the legal successor (legal successors) in respect of obligations associated with the sale of goods (work and services) or the transfer of property rights.

The deductions of the amounts of tax referred to in this clause shall be made in full after the debt has been transferred to the legal successor (legal successors) in respect of obligations associated with the sale of goods (work and services) or the transfer of property rights.

2. Where an organization is re-organized by means of a spin-off, the tax base of the legal successor (legal successors) shall be increased by amounts of advance or other payments in respect of future supplies of goods (performance of work, rendering of services) which have been received by way of legal succession from the organization that has been (is in the process of being) re-organized and are liable to be recorded by the legal successor (legal successors).
3. In the case of a re-organization in the form of a merger, acquisition, demerger or change of form, deductions shall be made by the legal successor (legal successors) for amounts of tax calculated and paid by the re-organized organization on amounts of advance or other payments received in respect of future supplies of goods (performance of work, rendering of services).
4. Deductions of the amount of tax calculated and paid on the amounts of advance or other payments envisaged by clause 2 of this Article, and of the amounts of tax referred to in clause 3 of this Article, shall be made by the legal successor (legal successors) after the date of sale of the goods (work and services) in question or after operations have been reflected in the accounting records of the legal successor (legal successors) in the event that the relevant agreement is abrogated or the conditions thereof are amended and the amounts of advance payments in question are refunded, but not later than one year after such refund.

5. Where an organization is re-organized, irrespective of the form of re-organization, amounts of tax liable to be recorded by the legal successor (legal successors) which were charged to the organization that has been (is in the process of being) re-organized and were paid by that organization upon acquiring (importing) goods (work and services) but were not claimed by that organization as deductible shall be deducted by the legal successor (legal successors) of that organization in accordance with the procedure prescribed by this Chapter.

Deductions of the amounts of tax referred to in paragraph 1 of this clause shall be made by the legal successor (legal successors) of the organization that has been (is in the process of being) re-organized on the basis of VAT invoices (copies of VAT invoices) issued to the organization that has been (is in the process of being) re-organized or VAT invoices issued to the legal successor (legal successors) by the sellers upon the acquisition of goods (work and services), and on the basis of copies of documents confirming the actual payment by the organization that has been (is in the process of being) re-organized of amounts of tax to the sellers upon the acquisition of goods (work and services) and (or) documents confirming the actual payment of amounts of tax to sellers upon the acquisition of goods (work and services) by the legal successor (legal successors) of that organization.

6. For the purposes of this Chapter the transfer by a taxpayer of a right of claim to a legal successor (legal successors) upon the re-organization of an organization shall not be deemed to constitute payment for goods (work and services). When a right of claim is transferred from an organization that has been (is in the process of being) re-organized to a legal successor (legal successors), the tax base shall be determined by the legal successor (legal successors) which receives (receive) the right of claim at the moment of the determination of the tax base in accordance with the procedure established by Article 167 of this Code, with account taken of the provisions laid down in subsections 2 to 4 of clause 1 and clause 2 of Article 162 of this Code.
7. Where an organization is re-organized, the provisions prescribed by subsections 2 and 3 of clause 5 of Article 169 of this Code for amounts of tax to be claimed as deductible or reimbursable by the legal successor (legal successors) of the organization that has been (is in the process of being) re-organized shall be deemed to have been fulfilled if the VAT invoice contains the particulars of the organization that has been (is in the process of being) re-organized.
8. In the event of the transfer to a legal successor (legal successors) of goods (work, services, property rights), including fixed assets and intangible assets, in respect of which amounts of tax paid upon the acquisition (importation) thereof were claimed by the organization that has been (is in the process of being) re-organized as deductible in accordance with the procedure prescribed by this Chapter, the amounts of tax in question shall not be restored and paid to the budget by the organization that has been (is in the process of being) re-organized.

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9. Where an organization is re-organized, irrespective of the form of re-organization, amounts of tax liable to be recorded by the legal successor (legal successors) which are reimbursable in accordance with Articles 176 and 176.1 of this Code but were not recovered by the organization that has been (is in the process of being) re-organized prior to the completion of the re-organization shall be reimbursed to the legal successor (legal successors) in accordance with the procedure established by this Chapter.
10. Where there are a number of legal successors, the share of each of the legal successors for the purposes of operations carried out in accordance with this Article shall be determined on the basis of a deed of transfer or dividing balance sheet.
11. For the purposes of this Article, an organization that is in the process of being re-organized shall be understood to mean an organization which is being re-organized by means of a spin-off until such time as its re-organization is completed (until the date of registration of the last of the newly formed organizations).

### **Article 163 Tax Period**

The tax period (including for taxpayers performing the duties of tax agents, hereinafter referred to as “tax agents”) shall be established as a quarter.

### **Article 164 Tax Rates**

1. Tax shall be levied at the rate of 0 per cent with respect to the sale of:
  - 1) goods which have been exported under the export customs procedure and goods placed under the free customs zone customs procedure, provided that the documents which are envisaged by Article 165 of this Code are presented to the tax authorities;
  - 2.1) services involving the international carriage of goods.

For the purposes of this Article the international carriage of goods shall be understood to mean the carriage of goods by sea-going, river-going and combined (river-sea) vessels, by aircraft, by rail or by motor vehicle where the departure point or destination point of the goods is situated outside the territory of the Russian Federation.

The provisions of this subsection shall also apply to the following services rendered by Russian organizations or private entrepreneurs:

- services involving the making of railway rolling stock and (or) containers possessed through ownership or lease (including finance lease (leasing)) available for international carriage;

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- freight forwarding services which are rendered on the basis of a freight forwarding agreement in the context of the arrangement of international carriage. For the purposes of this subsection freight forwarding services shall include participation in the negotiation of contracts for the purchase and sale of goods, preparation of documents, acceptance and release of cargoes, delivery and pick-up of cargoes, loading and unloading services, warehousing services, information services, preparation and additional equipping of means of transport, arrangement of freight insurance, payment and finance services and customs clearance of cargoes and means of transport, development and approval of technical specifications for the loading and securing of cargoes, tracing cargo after the delivery deadline has expired, checking the completeness of a shipment of equipment, re-marking cargoes, maintenance and repair of consignors' general-purpose containers, maintenance of refrigerated containers and storage of cargoes in the forwarder's warehouse facilities.

The provisions of this subsection shall not apply to services of Russian rail carriers such as are referred to in subsection 9 of this clause;

2.2) work (services) performed (rendered) by oil and oil product pipeline transport organizations involving:

- the transportation of oil and oil products, irrespective of the date on which they are placed under a particular customs procedure, from a departure point situated in the territory of the Russian Federation to the border of the Russian Federation for subsequent exportation by pipeline out of the territory of the Russian Federation, or to seaports of the Russian Federation for subsequent exportation out of the territory of the Russian Federation by marine transport, or to a point of transshipment (reloading, offloading, onloading) onto other modes of transport, including pipelines situated in the territory of the Russian Federation, for subsequent exportation out of the territory of the Russian Federation by other modes of transport, including pipeline transport;

- the transshipment and (or) reloading of oil and oil products which are exported out of the territory of the Russian Federation, including at seaports and river ports, irrespective of the date on which they are placed under a particular customs procedure.

For the purposes of this Article, transshipment shall be understood to mean the loading, unloading, offloading, onloading, marking, sorting, packing, movement within the boundaries of a seaport or river port and aggregation of cargoes, the rendering of cargoes fit for transportation and the securing and separation of cargoes.

For the purposes of this subsection, oil and oil product pipeline transport organizations shall include Russian organizations which carry out activities involving the transportation of oil and oil products through main pipelines.

This subsection shall apply to work (services) performed (rendered) on the basis of an agreement (contract) with:

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- a foreign or Russian person who concluded a foreign economic transaction involving the sale of oil and (or) oil products which are to be transported out of the territory of the Russian Federation or is the entity in whose name or on whose instruction the above-mentioned foreign economic transaction was concluded;

- an agent (commission agent) of a foreign or Russian person who concluded a foreign economic transaction involving the sale of oil and (or) oil products which are to be transported out of the territory of the Russian Federation or is the entity in whose name or on whose instruction the above-mentioned foreign economic transaction was concluded.

This subsection shall not apply to work (services) performed (rendered) on the basis of agreements to which only oil and oil product pipeline transport organizations are parties;

- 2.3) services involving the arrangement of the transportation by pipeline of natural gas which is exported out of the territory of the Russian Federation (imported into the territory of the Russian Federation), and services involving the transportation (arrangement of the transportation) by pipeline of natural gas which is imported into the territory of the Russian Federation for processing in the territory of the Russian Federation.

For the purposes of this Article, the arrangement of the transportation of natural gas by pipeline shall be understood to mean services rendered by an owner of main gas pipelines on the basis of a separate agreement which provides for the arrangement of the transportation of natural gas;

- 2.4) services rendered by the organization for the administration of the unified national (all-Russian) electricity network involving the transmission through the unified national (all-Russian) electricity network of electricity which is supplied from the electric power system of the Russian Federation to electric power systems of foreign states;
- 2.5) work (services) performed (rendered) by Russian organizations (other than pipeline transport organizations) in seaports and river ports involving the transshipment and storage of goods which are moved across the border of the Russian Federation where shipping documents indicate a departure point and (or) destination point situated outside the territory of the Russian Federation;
- 2.6) work (services) involving the processing of goods placed under the processing in the customs territory customs procedure;
- 2.7) services involving the making available of railway rolling stock and (or) containers which are rendered by Russian organizations or private entrepreneurs which possess railway rolling stock and (or) containers through ownership or lease (including finance lease (leasing)) for the purpose of the carriage or transportation by rail of exported goods or processed products, provided that the departure point and the destination point are situated in the territory of the Russian Federation.

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The provisions of this subsection shall apply on condition that the documents of carriage bear customs authorities' marks such as are referred to in subsection 3 of clause 3.7 of Article 165 of this Code.

The provisions of this subsection shall not apply to services of Russian rail carriers such as are referred to in subsection 9 of this clause and services such as are referred to in subsection 2.1 of this clause;

- 2.8) work (services) performed (rendered) by inland water transport organizations in relation to goods which are to be exported under the export customs procedure involving the carriage (transportation) of the goods within the territory of the Russian Federation from a departure point to a point of unloading or reloading (transshipment) onto sea-going vessels, combined (river-sea) vessels or other modes of transport.

For the purposes of this Article inland water transport organizations shall include Russian organizations which carry on shipping business on inland waterways of the Russian Federation and other shipping-related activities on inland waterways of the Russian Federation and activities involving entry into the internal waters and exit into the territorial sea of the Russian Federation;

- 3) work (services) which is (are) directly connected with the carriage or transportation of goods placed under the customs transit customs procedure in the case of the carriage of foreign goods from the customs authority at a place of arrival in the territory of the Russian Federation to the customs authority at a place of exit from the territory of the Russian Federation;
- 4) services involving the carriage of passengers and baggage provided that the point of departure or the destination of the passengers and baggage is situated outside the territory of the Russian Federation, where standard international documents of carriage are issued in respect of such carriage;
- 5) goods (work and services) in the area of space activity.

The provisions of this subsection shall apply to space equipment, space facilities and space infrastructure facilities which are subject to compulsory certification in accordance with the legislation of the Russian Federation in the area of space activity and military, and to dual-use space equipment, space facilities and space infrastructure facilities, and to work (services) performed (rendered) using equipment which is situated directly in outer space, including where it is controlled from the Earth's surface and (or) atmosphere; work (services) involving the investigation of outer space and the observation of objects and phenomena in outer space, including from the Earth's surface and (or) atmosphere; preparatory and (or) auxiliary (associated) ground-based work (services) which is (are) technologically determined (required) by and inextricably linked to the performance of work (rendering of services) involving the investigation of outer space and (or) the performance of work (rendering of services) using equipment which is situated directly in outer space;



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- 6) precious metals by taxpayers which extract or produce them from scrap and waste containing precious metals to the State Fund of Precious Metals and Precious Stones of the Russian Federation, funds of precious metals and precious stones of constituent entities of the Russian Federation, the Central Bank of the Russian Federation and banks;
- 7) goods (work and services) for official use by foreign diplomatic and equated representations or for the personal use of the diplomatic and administrative and technical staff of such representations, including members of their families who reside with them.

The sale of the goods (performance of work, rendering of services) referred to in this subsection shall be taxable at the rate of 0 per cent in those cases where the legislation of the relevant foreign state establishes a similar procedure for diplomatic and equated representations of the Russian Federation and diplomatic and administrative and technical staff of such representations (including members of their families residing with them) or where a provision to that effect is contained in an international agreement (treaty) to which the Russian Federation is a party. The list of foreign states to whose representations the norms of this subsection apply shall be determined by the federal executive body responsible for international relations in conjunction with the Ministry of Finance of the Russian Federation.

The procedure for the application of this subsection shall be established by the Government of the Russian Federation;

- 8) stores exported from the territory of the Russian Federation. For the purposes of this Article, stores shall be understood to mean fuel and lubricants which are required for the normal operation of aircraft, sea-going vessels and mixed (river-sea) vessels;
- 9) the following work (services) when performed by Russian rail carriers:
  - work (services) involving the carriage or transportation of goods which are exported from the territory of the Russian Federation and the removal from the territory of the Russian Federation of products of processing in the territory of the Russian Federation;
  - work (services) connected with carriage or transportation such as is referred to in paragraph 2 of this subsection the cost of which is specified in documents of carriage for the carriage of the goods which are exported (processed products which are removed).

The provisions of this subsection shall apply on condition that the documents of carriage bear the customs authority marks referred to in clause 5 of Article 165 of this Code;

- 10) constructed vessels which are subject to registration in the Russian International Register of Vessels, provided that the documents envisaged by Article 165 of this Code are submitted to the tax authorities.

2. Tax shall be levied at the rate of 10 per cent with respect to the sale of:
- 1) the following foodstuffs:
- live cattle and poultry;
  - meat and meat products (except for delicacies: fillet steak, veal, tongue, sausage - best-quality raw smoked, best-quality raw smoked semi-dry, best-quality raw cured stuffed; smoked products of pork, mutton, beef, veal, poultry - balyk, carbonado, neck, gammon, pastrami, fillet; baked pork and beef; tinned foods - ham, bacon, carbonado and tongue in sauce);
  - milk and dairy products (including ice cream produced on the basis thereof, with the exception of ice cream produced on a fruit and berry base and fruit-flavoured and edible ice);
  - eggs and egg products;
  - vegetable oil;
  - margarine;
  - sugar, including raw sugar;
  - salt;
  - grain, mixed fodder, fodder mixes, grain by-products;
  - oilseeds and processed products derived therefrom (oilseed meal, oil-cake);
  - bread and bakery products (including buns, rusks and rolls);
  - groats;
  - flour;
  - pasta;
  - live fish (with the exception of valuable varieties: whitefish, Baltic and Far East salmon, sturgeons (beluga, bester, osyotr, stellate sturgeon, sterlet), semga salmon, trout (with the exception of sea trout), nelma, Siberian salmon, king salmon, silver salmon, muksun, omul, Siberian and Amur whitefish and chir);
  - seafood and fish, including cooled and frozen fish and other processed fish, herring, tinned food and preserves (with the exception of delicacies: sturgeon and salmon roe; whitefish, Baltic salmon, sturgeons - beluga, bester, osyotr, stellate sturgeon, sterlet; semga salmon; cold-smoked back and belly of nelma; lightly-salted, medium-salted and salmon-salted Siberian salmon and king salmon; cold-smoked back of Siberian salmon, king salmon and silver salmon; cold-smoked belly of Siberian salmon and side of king salmon; cold-smoked

back of muksun, omul, Siberian and Amur whitefish and chir; preserves of fillets/pieces of Baltic and Far East salmon; crab meat and selections of boiled and frozen crab extremities; lobster);

- baby food products and food products for diabetics;

- vegetables (including potatoes);

2) the following goods for children:

- knitted wear for newborns and children of nursery, pre-school, junior and senior school age groups: knitted outer clothes, knitted underclothes, hosiery, other knitted wear: gloves, mittens and head-dresses;

- ready-made garments, including garments of natural sheepskin and rabbit skin (including garments of natural sheepskin and rabbit skin with leather inserts) for newborns and children of nursery, pre-school, junior and senior school age groups, outer clothes (including dress and suit groups), underwear, head-dresses, clothes and garments for newborns and children of nursery age. The provisions of this paragraph shall not apply to ready-made garments of natural leather and natural fur, excluding natural sheepskin and rabbit skin;

- footwear (with the exception of sports shoes): booties, baby shoes, pre-school and school shoes; felt shoes; rubber shoes: toddlers', children's, school;

- children's beds;

- children's mattresses;

- prams and pushchairs;

- school exercise books;

- toys;

- plasticine;

- pencil boxes;

- counting sticks;

- school abaci;

- school diaries;

- drawing pads;

- drawing albums;

- sketch albums;

- folders for exercise books;
- covers for textbooks, diaries and exercise books;
- number and letter cases;
- nappies;

3) periodic printed publications, excluding periodic printed publications of an advertising or erotic nature;

book products associated with education, science and culture, excluding book products of an advertising and erotic nature.

For the purposes of this subsection, a periodic printed publication shall be understood to mean a newspaper, magazine, almanac, bulletin or other publication which has a permanent name and a current issue and is published no less frequently than once a year.

For the purposes of this subsection, periodic printed publications of an advertising nature shall include periodic printed publications in which advertising exceeds 40 per cent of the volume of one issue of the periodic printed publication;

4) the following medical goods of domestic and foreign manufacture:

- medicines, including medicines intended for the performance of clinical trials and medicinal substances, whether or not pharmacy-prepared;
- medical products.

The codes of the types of products enumerated in this clause of this Article in accordance with the All-Russian Product Classifier and the Product Classifier for Foreign Economic Activities shall be determined by the Government of the Russian Federation.

3. Tax shall be levied at the tax rate of 18 per cent in instances not specified in clauses 1, 2 and 4 of this Article.

4. In the event of the receipt of monetary resources in connection with payment for the goods (work and services) envisaged by Article 162 of this Code, and in the event of the receipt of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or transfer of the property rights envisaged by clauses 2 to 4 of Article 155 of this Code, in the event of the withholding of tax by tax agents in accordance with clauses 1 to 3 of Article 161 of this Code, in the event of the sale of assets which were acquired from third parties and are recorded inclusive of tax in accordance with clause 3 of Article 154 of this Code, in the event of the sale of agricultural produce and processed products thereof in accordance with clause 4 of Article 154 of this Code, in the event of the sale of motor vehicles in

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accordance with clause 5.1 of Article 154 of this Code, in the event of the transfer of property rights in accordance with clauses 2 to 4 of Article 155 of this Code and in other instances where, in accordance with this Code, the amount of tax must be determined by calculation, the tax rate shall be determined as a percentage ratio of the tax rate which is envisaged by clause 2 or clause 3 of this Article to a tax base which is taken to be 100 and increased by the appropriate tax rate amount.

5. Where goods are imported into the territory of the Russian Federation and other territories under its jurisdiction, the rates of tax shown in clauses 2 and 3 of this Article shall apply.

### **Article 165 The Procedure for Confirming the Right to a Reimbursement Where Tax is Levied at the Tax Rate of 0 Per Cent**

1. Where the goods envisaged by subsection 1 and (or) subsection 8 of clause 1 of Article 164 of this Code are sold, the following documents shall be submitted to the tax authorities to confirm the legitimacy of the application of the rate of 0 per cent (or special conditions of taxation) and tax deductions, unless otherwise stipulated by clauses 2 and 3 of this Article:
  - 1) the contract (a copy of the contract) between the taxpayer and a foreign person for the shipment of goods (stores) out of the unified customs territory of the Customs Union (hereafter in this Code referred to as “the customs territory of the Customs Union”) and (or) the shipment of stores out of the Russian Federation. Where contracts contain information which constitutes State secrets, instead of a copy of the full text of the contract an extract from the contract shall be presented containing information required for tax control (including, in particular, information on the conditions of supply, dates, price and type of products);
  - 2) a bank statement (copy of a statement) confirming that receipts from the sale of the goods (stores) in question to the foreign person have actually entered an account which is held by the taxpayer at a Russian bank.

In the event that the contract provides for settlement in cash, the taxpayer shall submit to the tax authorities a bank statement (copy of a statement) which confirms that the taxpayer has deposited the amounts received in an account which it holds at a Russian bank and copies of cash credit slips which confirm the actual receipt of receipts from the foreign person purchasing the goods (stores).

Where the non-depositing of currency receipts from the sale of goods (work and services) in the territory of the Russian Federation occurs in accordance with the procedure which is stipulated by the currency legislation of the Russian Federation, the taxpayer shall submit to the tax authorities documents (copies thereof) which confirm the right not to deposit currency receipts in the territory of the Russian Federation.

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Where a taxpayer undertakes foreign trade goods exchange (barter) operations in the process of which goods are imported into the territory of the Russian Federation or work is performed (services are rendered), the taxpayer shall present to the tax authority documents (copies of documents) confirming the importation of goods into the territory of the Russian Federation or the performance of work (rendering of services) and the fact that they have been recorded in accounts.

Where a taxpayer carries out foreign trade goods exchange (barter) operations in the process of which goods are not imported into the territory of the Russian Federation, the taxpayer shall present to the tax authority documents (copies of documents) specified by the conditions of the foreign trade goods exchange (barter) operation which confirm that the taxpayer received the goods outside the territory of the Russian Federation (or in that territory) and that they have been recorded in accounts.

Where a taxpayer has received goods (work and services) through a foreign trade goods exchange (barter) operation from a third party which is not indicated in that foreign trade goods exchange (barter) operation as a party which transfers goods (work and services) on behalf of a foreign entity, in addition to the documents referred to in paragraphs 4 and (or) 5 of this subsection documents (copies of documents) shall be presented to the tax authorities which confirm that the third party transferred goods (work and services) to the taxpayer in fulfilment of the foreign entity's obligations to transfer goods (work and services) to the taxpayer in connection with the above-mentioned goods exchange (barter) operation. The documents referred to in this paragraph need not be presented to the tax authorities where a taxpayer has received goods (work and services) through a foreign trade goods exchange (barter) operation from a third party which is indicated in that operation as a party which transfers goods (work and services) on behalf of a foreign entity.

In the event that receipts from the sale of goods (stores) to a foreign person were received in the taxpayer's account from a third party, there shall be presented to the tax authorities, in addition to the bank statement (a copy thereof), the agency agreement relating to payment for the goods (stores) in question between the foreign person and the organization (person) which effected the payment;

- 3) a customs declaration (a copy thereof) with marks made by the Russian customs authority which cleared the goods under the export procedure and the Russian exit customs authority through which the goods were exported from the territory of the Russian Federation and other territories under its jurisdiction (hereafter in this Article referred to as "Russian exit customs authority") is situated.

Where goods are exported under the export customs procedure by pipeline transport or through power supply lines, a full customs declaration (a copy thereof) shall be submitted with marks made by a Russian customs authority confirming that the goods were placed under the export customs procedure.

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Where goods are exported under the export customs procedure across the border of the Russian Federation with a member state of the Customs Union on which customs clearance has been abolished to third-party countries, a customs declaration (a copy thereof) shall be presented bearing marks made by the customs authority of the Russian Federation which carried out the customs clearance of the above-mentioned exportation of goods.

Where stores are exported from the territory of the Russian Federation, a stores customs declaration (a copy thereof) shall be presented bearing marks made by the customs authority in whose region of activity the port (airport) open to international traffic is situated concerning the exportation of the stores from the customs territory of the Customs Union and (or) concerning the exportation of the stores out of the Russian Federation.

In accordance with a procedure to be determined by the Ministry of Finance of the Russian Federation in consultation with the federal executive body in charge of the customs sphere, a taxpayer may submit:

- a register of customs declarations containing information concerning goods actually exported, with marks made by a Russian exit customs authority, in place of the customs declarations (copies thereof) whose submission is envisaged by paragraph 1 of this subsection;

- a register of customs declarations containing information concerning the customs clearance of goods in accordance with the export customs procedure, with marks made by a customs authority of the Russian Federation confirming that the goods were placed under the export customs procedure, in place of the customs declarations (copies thereof) whose submission is envisaged by paragraphs 2 and 3 of this subsection;

- 4) copies of transport, shipping and (or) other documents with marks made by exit customs authorities confirming that the goods have been shipped out of the territory of the Russian Federation. The taxpayer may submit any of the listed documents taking into account the following special considerations.

Where goods are shipped under the export customs procedure by ships via sea ports, the taxpayer shall submit the following documents to the tax authorities as confirmation that the goods have been shipped out of the territory of the Russian Federation and other territories under its jurisdiction:

- a copy of the instruction for the shipment of the export freight stating the port of discharge and with a "Shipment authorized" mark made by a border custom house of the Russian Federation;

- a copy of a bill of lading, sea waybill or any other document confirming the acceptance of exported goods for carriage in which a place situated outside the territory of the Russian Federation and other territories under its jurisdiction is indicated in the "Port of discharge" section.

Where goods are shipped under the export customs procedure across the border of the Russian Federation with a member state of the Customs Union

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on which customs control has been abolished, copies of transport and shipping documents with marks of the customs authority of the Russian Federation which carried out the customs clearance of that shipment of goods shall be presented.

Where goods are exported under the export regime by air, a copy of the international air waybill indicating an airport of discharge which is situated outside the customs territory of the Russian Federation and other territories under its jurisdiction shall be submitted by the taxpayer to the tax authorities as confirmation that the goods have been removed from the territory of the Russian Federation.

Copies of transport, shipping and (or) other documents confirming the shipment of goods out of the territory of the Russian Federation and other territories under its jurisdiction need not be presented where goods are exported under the export customs procedure by pipeline transport or through power supply lines.

Where stores are exported from the territory of the Russian Federation, copies of transport, shipping or other documents confirming the exportation of stores from the customs territory of the Customs Union and (or) out of the territory of the Russian Federation by aircraft, sea-going vessels or combined (river-sea) vessels shall be provided.

Where the loading of goods and the customs clearance of those goods when goods are exported under the export customs procedure are carried out outside the region of activity of a border customs authority, the following documents shall be presented to the tax authorities as confirmation that the goods were shipped out of the territory of the Russian Federation and other territories under its jurisdiction:

- a copy of the instruction for the shipment of the exported freight with a "Loading authorized" mark made by the Russian customs authority which carried out the customs clearance of that export shipment of goods and with a mark made by the Russian exit customs authority confirming that the goods were shipped out of the territory of the Russian Federation;

- a copy of a bill of lading, sea waybill or any other document confirming the acceptance of the exported goods for carriage in which a place situated outside the territory of the Russian Federation and other territories under its jurisdiction is indicated in the "Port of discharge" section.

5) where goods have been placed under the free customs zone customs procedure there shall be presented:

- the contract (a copy of the contract) concluded with a resident of a special economic zone;

- a copy of the certificate of registration of a person as a resident of a special economic zone issued by the federal executive body authorized to carry out



functions involving the administration of special economic zones or a territorial body thereof;

- a bank statement (a copy of a statement) confirming that receipts from the sale of goods from a resident of a special economic zone have actually been paid into the taxpayer's account with a Russian bank, or a bank statement (a copy of a statement) confirming that amounts received have been deposited by the taxpayer in its account with a Russian bank, and copies of cash credit vouchers confirming the actual depositing of receipts from a resident of a special economic zone (where settlements are made in cash), or, where goods are imported into a port special economic zone, other documents confirming the transfer of goods to a resident of a port special economic zone;

- a customs declaration (a copy thereof) bearing marks made by a customs authority concerning the clearance of the goods in accordance with the free customs zone customs procedure, or, in the case of the importation into a port special economic zone of Russian goods which, outside the port special economic zone, were placed under the export customs procedure, or in the case of the exportation of stores, a customs declaration (a copy thereof) bearing marks made by the customs authority which cleared the goods in accordance with the declared customs procedure and the customs authority which is authorized to perform customs procedures and customs operations associated with the customs clearance of goods in accordance with the free customs zone customs procedure and in whose region of activity the port special economic zone is situated;

- the documents envisaged by subsection 1 of this clause in the case of the importation into a port special economic zone of goods which, outside the port special economic zone, were placed under the export procedure, or in the case of the exportation of stores.

2. Where the goods envisaged by subsection 1 or 8 of clause 1 of Article 164 of this Code are sold through a commission agent, delegate or agent under a commission agreement, contract of delegation or agency agreement the following documents shall be submitted to the tax authorities as confirmation of the legitimacy of the application of a tax rate of 0 per cent (or special conditions of taxation) and tax deductions:

- 1) the commission agreement, contract of delegation or agency agreement (copies of agreements) between the taxpayer and a commission agent, delegate or agent;
- 2) the contract (a copy of the contract) between the person exporting goods or supplying stores on the instruction of the taxpayer (in accordance with a commission agency agreement, contract of delegation or agency agreement) and a foreign person for the shipment of goods out of the customs territory of the Customs Union and (or) the shipment of stores out of the Russian Federation;
- 3) a bank statement (a copy thereof) confirming that receipts from the sale of goods (stores) to a foreign person have actually been received in an account

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which is held by the taxpayer or the commission agent (delegate, agent) at a Russian bank.

In the event that the contract provides for settlement in cash, there shall be submitted to the tax authority a bank statement (a copy thereof) which confirms that the amounts received by the taxpayer or the commission agent (delegate, agent) have been deposited in an account which it holds at a Russian bank and copies of cash credit slips which confirm the actual receipt of receipts from the foreign person purchasing the goods (stores).

Where the non-depositing of currency receipts from the sale of goods (work and services) in the territory of the Russian Federation occurs in accordance with the procedure which is stipulated by the currency legislation of the Russian Federation, the taxpayer shall submit to the tax authorities documents (copies thereof) which confirm the right not to deposit currency receipts in the territory of the Russian Federation.

Where foreign trade goods exchange (barter) operations are carried out, the taxpayer shall present to the tax authorities documents (copies of documents) confirming the importation of goods into the territory of the Russian Federation or the performance of work (rendering of services) or the fact that the taxpayer received goods outside the territory of the Russian Federation (or in that territory), and confirming that the goods (work and services) in question have been recorded in accounts, taking into account the special considerations laid down in subsection 2 of clause 1 of this Article.

In the event that receipts from the sale of goods (stores) to a foreign person were received in the taxpayer's account from a third party, there shall be presented to the tax authorities, in addition to the bank statement (a copy thereof), the agency agreement relating to payment for the goods (stores) in question between the foreign person and the organization (person) which effected the payment;

- 4) the documents which are envisaged by subsections 3 to 5 of clause 1 of this Article.
3. Where the goods envisaged by subsection 1 of clause 1 of Article 164 of this Code are sold towards settlement of indebtedness of the Russian Federation and the former USSR or by way of the granting of State credits to foreign states, the following documents shall be submitted to the tax authorities as confirmation of the legitimacy of the application of a tax rate of 0 per cent (or special conditions of taxation) and tax deductions:
  - 1) a copy of the agreement between the Government of the Russian Federation and the government of the foreign state in question on the settlement of indebtedness of the former USSR (Russian Federation) or by way of the granting of State credits to foreign states;
  - 2) a copy of the agreement between the Ministry of Finance of the Russian Federation and the taxpayer on the financing of supplies of goods towards

settlement of State debt or by way of the granting of State credits to foreign states;

- 3) a bank statement confirming that receipts from the export sale of goods from the budget in Russian Federation currency have actually been received in an account which is held by the taxpayer with a Russian bank;
- 4) the documents which are envisaged by subsections 3 and 4 of clause 1 of this Article, or, if the goods have been placed under the free customs zone customs procedure, the documents envisaged by subsection 5 of clause 1 of this Article.

3.1 In the case of the sale of services such as are provided for in subsection 2.1 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the rendering of the services in question. Where goods are exported from the territory of the Russian Federation into the territory of a member state of the Customs Union or goods are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union and the taxpayer concludes a contract for the rendering of the services in question with a person who is not the person carrying out the foreign economic transaction involving the goods which are carried, a copy of that person's contract with the person carrying out the foreign economic transaction involving the goods which are carried shall be presented in addition to the above-mentioned contract (copy of contract);
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the services in question have actually entered the taxpayer's account with a Russian bank.

Where the non-crediting of currency receipts from the sale of work (services) in the territory of the Russian Federation occurs in accordance with the procedure laid down in the currency legislation of the Russian Federation, the taxpayer shall present to the tax authorities documents (copies thereof) confirming the right to refrain from crediting currency receipts in the territory of the Russian Federation;

- 3) copies of transport, shipping and (or) other documents confirming the exportation of goods beyond the boundaries of the Russian Federation (the importation of goods into the territory of the Russian Federation), including with account taken of the following special considerations.

Where goods are exported beyond the boundaries of the customs territory of the Customs Union, including via the territory of a member state of the Customs Union, by a sea-going, river-going or combined (river-sea) vessel, the following shall be presented to the tax authorities:

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- a copy of the shipping instruction for the goods indicating the port of discharge and bearing a “Loading authorized” mark made by the Russian exit customs authority;

- a copy of the bill of lading, sea waybill or any other document confirming acceptance of the goods for carriage in which a place situated outside the customs territory of the Customs Union is indicated in the “Port of discharge” field.

Where the loading and customs clearance of goods in relation to goods exported by a sea-going, river-going or combined (river-sea) vessel take place outside the region of activity of a Russian exit customs authority, the following shall be presented to the tax authorities:

- a copy of the shipping instruction for the goods bearing a “Loading authorized” mark made by the Russian customs authority which carried out the customs clearance of the exportation of the goods and bearing a mark made by an exit customs authority confirming the exportation of the goods beyond the boundaries of the territory of the Russian Federation;

- a copy of the bill of lading, sea waybill or any other document confirming acceptance of the goods for carriage in which a place situated outside the customs territory of the Customs Union is indicated in the “Port of discharge” field.

Where goods are exported by a sea-going, river-going or combined (river-sea) vessel from the territory of a foreign state which is not a member of the Customs Union, including via the territory of a member state of the Customs Union, there shall be presented to the tax authorities a copy of the bill of lading, sea waybill or any other document confirming acceptance of the goods for carriage in which a place situated outside the customs territory of the Customs Union is indicated in the “Port of discharge” field.

Where goods are exported out of the territory of the Customs Union, including via the territory of a member state of the Customs Union, by air, a copy of the air waybill indicating an airport of discharge (transshipment) which is situated outside the customs territory of the Customs Union shall be presented to the tax authorities.

Where goods are imported by air from the territory of a foreign state which is not a member state of the Customs Union, including via the territory of a member state of the Customs Union, a copy of a waybill indicating an airport of discharge (transshipment) which is situated outside the customs territory of the Customs Union shall be presented to the tax authorities.

Where goods are exported by road transport out of the customs territory of the Customs Union, including via the territory of a member state of the Customs Union, there shall be presented to the tax authorities a copy of a transport, shipping and (or) other document bearing a mark made by a Russian customs authority confirming that the goods have been removed from the territory of the Russian Federation.

Where goods are imported by road transport from the territory of a foreign state which is not a member of the Customs Union, including via the territory of a member state of the Customs Union, there shall be presented to the tax authorities a copy of a transport, shipping and (or) other document bearing a mark made by a Russian customs authority confirming that the goods have been imported into the territory of the Russian Federation.

Where goods are exported by rail out of the customs territory of the Customs Union, including via the territory of a member state of the Customs Union, there shall be presented to the tax authorities a copy of a transport, shipping and (or) other document bearing a mark made by a customs authority confirming that the goods have been removed from the territory of the Russian Federation or that the goods have been placed under a customs procedure which requires the goods to be removed from the customs territory of the Customs Union.

Where goods are imported by rail from the territory of a foreign state which is not a member of the Customs Union, including via the territory of a member state of the Customs Union, there shall be presented to the tax authorities a copy of a transport, shipping and (or) other document bearing a mark made by a customs authority confirming that the goods have been imported into the territory of the Russian Federation.

Where goods are exported from the Russian Federation into the territory of a member state of the Customs Union or goods are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union by sea-going, river-going or combined (river-sea) vessels, by aircraft, by rail or by motor vehicle, there shall be presented to the tax authorities copies of transport, shipping and (or) other documents indicating a place of discharge or place of loading (destination station or departure station) which is situated in the territory of another member state of the Customs Union.

3.2 In the case of the sale of work (services) such as is (are) provided for in subsection 2.2 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) for the performance of the work in question (rendering of the services in question) between the taxpayer and a person such as is referred to in paragraphs 6 to 8 of subsection 2.2 of clause 1 of Article 164 of this Code;
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the (work) services in question have actually entered the taxpayer's account with a Russian bank.

Where the non-crediting of currency receipts from the sale of work (services) in the territory of the Russian Federation occurs in accordance with the procedure laid down in the currency legislation of the Russian Federation, the taxpayer shall present to the tax authorities documents (copies thereof)

confirming the right to refrain from crediting currency receipts in the territory of the Russian Federation;

- 3) a full customs declaration (a copy thereof) with marks made by the customs authority which carried out the customs clearance of the exportation of the goods;
- 4) copies of transport, shipping and (or) other documents confirming the exportation of goods out of the Russian Federation. The provisions of this subsection shall apply with account taken of the special considerations laid down in subsection 4 of clause 1 of this Article.

3.3 In the case of the sale of services such as are provided for in subsection 2.3 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the rendering of the services in question;
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the services in question have actually entered the taxpayer's account with a Russian bank.

Where the non-crediting of currency receipts from the sale of services in the territory of the Russian Federation occurs in accordance with the procedure laid down in the currency legislation of the Russian Federation, the taxpayer shall present to the tax authorities documents (copies thereof) confirming the right to refrain from crediting currency receipts in the territory of the Russian Federation;

- 3) a full customs declaration (a copy thereof) bearing marks made by a Russian customs authority concerning customs operations performed (where declaration for customs purposes takes place) or documents (copies thereof) confirming the rendering of services involving the arrangement of transportation (transportation services in the case of importation into the territory of the Russian Federation) of natural gas by pipeline (where declaration for customs purposes does not take place).

3.4 In the case of the sale of services such as are provided for in subsection 2.4 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a Russian person for the rendering of the services in question;
- 2) copies of statements of provision of services involving the transmission of electric power and (or) other documents confirming the transmission of electric power which is supplied from the electric power system of the Russian Federation to electric power systems of foreign states;

- 3) a bank statement (a copy thereof) confirming that receipts from the Russian person purchasing the services in question have actually entered the taxpayer's account with a Russian bank.

Where the non-crediting of currency receipts from the sale of services in the territory of the Russian Federation occurs in accordance with the procedure laid down in the currency legislation of the Russian Federation, the taxpayer shall present to the tax authorities documents (copies thereof) confirming the right to refrain from crediting currency receipts in the territory of the Russian Federation.

- 3.5 In the case of the sale of work (services) such as is (are) provided for in subsection 2.5 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the performance of the work in question (rendering of the services in question);
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the work (services) in question have actually entered the taxpayer's account with a Russian bank;
- 3) copies of transport, shipping and (or) other documents confirming the exportation of goods out of the territory of the Russian Federation and other territories under its jurisdiction (importation of goods into the territory of the Russian Federation and other territories under its jurisdiction), with account taken of the following special considerations.

Where goods are exported by a sea-going, river-going or combined (river-sea) vessel, the following shall be presented to the tax authorities:

- a copy of the shipping instruction for the goods indicating the port of discharge and bearing a "Loading authorized" mark made by the Russian exit customs authority;

- a copy of the bill of lading, sea waybill or any other document confirming acceptance of the goods for carriage in which a place situated outside the customs territory of the Customs Union is indicated in the "Port of discharge" field.

Where goods are imported by a sea-going, river-going or combined (river-sea) vessel, the taxpayer shall present to the tax authorities a copy of the bill of lading, sea waybill or any other document confirming the carriage of goods in which a place situated outside the territory of the Russian Federation is indicated in the "Port of discharge" field, with a mark made by the customs authority operating at the checkpoint.

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3.6 In the case of the sale of work (services) such as is (are) provided for in subsection 2.6 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the performance of work (rendering of services);
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the (work) services have actually entered the taxpayer's account with a Russian bank;
- 3) copies of customs declarations in accordance with which the customs clearance of goods imported into the territory of the Russian Federation for processing and processed products exported from the territory of the Russian Federation was carried out;
- 4) copies of transport, shipping and (or) other documents confirming the importation of goods into the territory of the Russian Federation for processing and the exportation of processed products beyond the boundaries of the territory of the Russian Federation, with account taken of the special considerations laid down in subsection 3 of clause 3.1 of this Article.

3.7 In the case of the sale of services such as are provided for in subsection 2.7 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the rendering of services;
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the (work) services in question have actually entered the taxpayer's account with a Russian bank.

Where the non-crediting of currency receipts from the sale of services in the territory of the Russian Federation occurs in accordance with the procedure laid down in the currency legislation of the Russian Federation, the taxpayer shall present to the tax authorities documents (copies thereof) confirming the right to refrain from crediting currency receipts in the territory of the Russian Federation;

- 3) copies of transport, shipping and (or) other documents bearing marks made by Russian customs authorities certifying that goods were placed under the export customs procedure or certifying that processed products which are exported out of the territory of the Russian Federation were placed under the customs transit procedure.

The provisions of this subsection shall apply with account taken of the special considerations laid down in subsection 3 of clause 3.5 of this Article.



3.8 In the case of the sale of work (services) such as is (are) provided for in subsection 2.8 of clause 1 of Article 164 of this Code, taxpayers shall present the following documents to the tax authorities in order to confirm the applicability of the 0 per cent tax rate:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the performance of the work in question (the rendering of the services in question);
- 2) a bank statement (a copy thereof) confirming that receipts from the foreign or Russian person purchasing the (work) services in question have actually entered the taxpayer's account with a Russian bank.

Where the non-crediting of currency receipts from the sale of services in the territory of the Russian Federation occurs in accordance with the procedure laid down in the currency legislation of the Russian Federation, the taxpayer shall present to the tax authorities documents (copies thereof) confirming the right to refrain from crediting currency receipts in the territory of the Russian Federation;

- 3) copies of transport, shipping or other documents confirming the exportation of goods out of the territory of the Russian Federation, with account taken of the following considerations.

Where goods exported under the export customs procedure are carried (transported) by inland water transport organizations within the territory of the Russian Federation from a departure point to a point of unloading or reloading (transshipment) onto sea-going vessels, combined (river-sea) vessels or other modes of transport, the following shall be presented to the tax authorities:

- a copy of the shipping instruction for the goods bearing a "Loading authorized" mark made by a Russian customs authority for the river vessel (this document shall not be presented where the customs clearance of freight takes place at the point of unloading or transshipment);
- a copy of the bill of lading, sea waybill or any other document for the river vessel confirming acceptance of the goods for carriage, in which a place of transshipment (unloading) situated in the territory of the Russian Federation is indicated in the "Port of discharge" field;
- a copy of the shipping instruction for the goods for the sea-going vessel onto which the cargo was transhipped (loaded) bearing a "Loading authorized" mark made by the Russian customs authority which carried out the customs clearance of the exportation of the goods under the export customs procedure, accompanied by a list of means of transport (river vessels) which delivered the cargo;
- a copy of the bill of lading, sea waybill or any other document for the sea-going vessel confirming acceptance of the goods for carriage, in which a place situated outside the territory of the Russian Federation is indicated in the "Port of discharge" field.

4. Where the work (services) envisaged by subsection 3 of clause 1 of Article 164 of this Code are sold, the following documents shall be submitted to the tax authorities as confirmation of the legitimacy of the application of a tax rate of 0 per cent (or special conditions of taxation) and tax deductions, unless otherwise stipulated by clause 5 of this Article:

- 1) the contract (a copy of the contract) between the taxpayer and a foreign or Russian person for the performance of the work (rendering of the services) in question;
- 2) a bank statement confirming that receipts from the foreign or Russian person purchasing the work (services) in question have actually entered an account which is held by the taxpayer with a Russian bank.

In the event that the contract provides for settlement in cash, there shall be submitted to the tax authority a bank statement which confirms that the amounts received by the taxpayer have been deposited in an account which it holds with a Russian bank and copies of cash credit slips which confirm the actual receipt of receipts from the foreign or Russian person purchasing the work (services) in question.

Where the non-depositing of currency receipts from the sale of work (services) in the territory of the Russian Federation occurs in accordance with the procedure which is stipulated by the currency legislation of the Russian Federation, the taxpayer shall submit to the tax authorities documents (copies thereof) which confirm the right not to deposit currency receipts in the territory of the Russian Federation;

- 3) a customs declaration (a copy thereof) with marks made by the Russian customs authority which carried out the customs clearance of the exportation and (or) importation of the goods and by the Russian exit customs authority through which the goods were exported from the customs territory of the Russian Federation and (or) imported into the customs territory of the Russian Federation. The above-mentioned declaration (copy thereof) shall be submitted in the case of the rendering of services directly connected with the carriage (transportation) of goods placed under the customs transit customs procedure in the case of the carriage of foreign goods from the customs authority at a place of arrival in the territory of the Russian Federation to the customs authority at a place of exit from the territory of the Russian Federation, with account taken of the special considerations laid down in subsection 3 of clause 1 of this Article;
- 4) copies of transport, shipping and (or) other documents confirming that the goods have been shipped out of the customs territory of the Russian Federation (imported into the customs territory of the Russian Federation in accordance with subsections 2 and 3 of clause 1 of Article 164 of this Code). The provisions of this subsection shall apply with account taken of the special considerations which are laid down in subsection 4 of clause 1 of this Article.

5. Where Russian rail carriers sell the work (services) envisaged by subsections 3 and 9 of clause 1 of Article 164 of this Code, the following shall be presented to the tax authorities in order to confirm the legitimacy of the application of the 0 per cent tax rate (or special conditions of taxation) and tax deductions:

- a register of bank statements confirming that receipts for work performed (services rendered) have actually been received from a Russian or foreign person in an account held by the Russian taxpayer with a Russian bank.

Where settlements for the work (services) referred to in this clause are effected in accordance with agreements concluded by the carriers referred to in paragraph 1 of this clause with railways of foreign states or in accordance with international agreements of the Russian Federation, the documents envisaged by those agreements shall be presented to the tax authorities;

- a register of documents of carriage executed for shipments of goods in international traffic, with an indication of the names or codes of entry and exit border and (or) port railway stations, the cost of work (services) and the dates of marks made by customs authorities on documents of carriage certifying that goods were placed in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation under the export customs procedure or the customs transit customs procedure in the case of the carriage of foreign goods from the customs authority at a place of arrival to the customs authority at a place of exit, or certifying that processed products which are exported from the territory of the Russian Federation were placed under the customs transit customs procedure.

In the event that a tax authority selectively requests individual documents of carriage which have been included in registers, copies of those documents shall be presented by the carriers referred to in paragraph 1 of this clause within 30 calendar days from the date of receipt of the relevant request from the tax authority. Documents of carriage which have been included in a register must bear a mark made by customs authorities certifying the carriage of goods placed in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation under the export customs procedure or the customs transit customs procedure in the case of the carriage of foreign goods from the customs authority at a place of arrival to the customs authority at a place of exit, or certifying that processed products which are exported from the territory of the Russian Federation were placed under the customs transit customs procedure.

Where the carriers referred to in paragraph 1 of this clause sell the services envisaged by subsection 4 of clause 1 of Article 164 of this Code, for the purpose of confirming the legitimacy of the application of the 0 per cent tax rate (or special conditions of taxation) and tax deductions there shall be presented to the tax authorities registers of standard documents of carriage which are executed for the carriage of passengers and baggage in direct international traffic, specifying the itinerary and indicating the point of departure and the destination point, or other documents envisaged by agreements concluded by the carriers referred to in paragraph 1 of this clause

with railways of foreign states or by international agreements of the Russian Federation.

6. Where the services envisaged by subsection 4 of clause 1 of Article 164 of this Code are rendered, the following documents shall be submitted to the tax authorities as confirmation of the legitimacy of the application of a tax rate of 0 per cent (or special conditions of taxation) and tax deductions, unless otherwise provided by clause 5 of this Article:
  - 1) a bank statement (a copy thereof) confirming that receipts from a Russian or foreign person in respect of services rendered have actually been received in an account which is held by the Russian taxpayer with a Russian bank, with account taken of the special considerations which are set forth in subsection 2 of clause 1 and subsection 3 of clause 2 of this Article;
  - 2) a register of standard international documents of carriage relating to the carriage of passengers and baggage specifying the carriage itinerary with an indication of the point of departure and the destination.
7. In the case of the sale of the goods (work and services) which are envisaged by subsection 5 of clause 1 of Article 164 of this Code, the following documents shall be submitted to the tax authorities to confirm the legitimacy of the application of the 0 per cent tax rate and tax deductions:
  - 1) the agreement or contract (a copy of the agreement or contract) between the taxpayer and foreign or Russian persons on the sale (supply) of goods, the performance of work and the rendering of services;
  - 2) a bank statement (a copy thereof) confirming that receipts from a foreign or Russian person in respect of goods sold, work performed or services rendered have actually been received in an account held by the taxpayer with a Russian bank, with account taken of the special considerations set forth in subsection 2 of clause 1 and subsection 3 of clause 2 of this Article;
  - 3) a certificate or other documents (copies thereof) confirming the sale (supply) of goods, the performance of work and the rendering of services;
  - 4) a certificate (copy thereof) issued in accordance with the legislation of the Russian Federation for space equipment which is sold, including space facilities and space infrastructure facilities (goods), or, in the case of the sale of military and dual-use space equipment, including space facilities and space infrastructure facilities (goods), a certificate (copy thereof) issued by a military representation of the Ministry of Defence of the Russian Federation.
8. Where the goods which are envisaged by subsection 6 of clause 1 of Article 164 of this Code are sold, the following documents shall be submitted to the tax authorities as confirmation of the legitimacy of the application of a tax rate of 0 per cent (or special conditions of taxation) and tax deductions:
  - 1) the contract (a copy of the contract) on the sale of precious metals or precious stones;

2) documents (copies thereof) confirming the transfer of precious metals or precious stones to the State Fund of Precious Metals and Precious Stones of the Russian Federation, the Central Bank of the Russian Federation and banks.

9. The documents (copies thereof) which are referred to in clauses 1 to 3 of this Article shall be submitted by taxpayers as confirmation of the legitimacy of the application of a tax rate of 0 per cent for the sale of the goods (work and services) referred to in subsections 1 and 8 of clause 1 of Article 164 of this Code no later than 180 calendar days from the date on which the goods are placed under the export, free customs zone or carriage of stores customs procedures. This procedure shall not apply to taxpayers which, in accordance with clause 4 of this Article, do not present customs declarations to the tax authorities.

If, after 180 calendar days from the date on which goods were released by customs authorities under the export, free customs zone, international customs transit or carriage of stores customs procedures, the taxpayer has failed to submit the above-mentioned documents (copies thereof), those operations involving the sale of goods (performance of work, rendering of services) shall be taxable at the rates prescribed by clauses 2 and 3 of Article 164 of this Code. If the taxpayer subsequently presents to the tax authorities documents (copies thereof) which justify the application of a tax rate of 0 per cent, the amounts of tax paid shall be refundable to the taxpayer according to the procedure and subject to the conditions which are laid down by Articles 176 and 176.1 of this Code.

The documents referred to in clause 5 of this Article shall be presented by taxpayers for the purpose of confirming the legitimacy of the application of the 0 per cent tax rate in connection with the performance of the work (rendering of the services) envisaged by subsections 3 and 9 of clause 1 of Article 164 of this Code not later than 180 calendar days from the date on which a customs authorities' mark certifying that the goods were placed under the export customs procedure or the international customs transit customs procedure or certifying that processed products which are exported from the territory of the Russian Federation and other territories under its jurisdiction were placed under the internal customs transit procedure is placed on the documents of carriage. If, after 180 calendar days have elapsed, a taxpayer has not presented the documents referred to in clause 5 of this Article, the operations involving the sale of work (services) shall be taxable at the tax rate of 18 per cent. If the taxpayer subsequently presents documents justifying the application of the 0 per cent tax rate to the tax authorities, the amounts of tax paid shall be refundable to the taxpayer according to the procedure and subject to the conditions which are laid down in Articles 176 and 176.1 of this Code.

The provisions of this clause shall not apply to taxpayers which have been exempted from the fulfilment of taxpayer obligations in accordance with Article 145 of this Code.

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The documents referred to in clauses 3.1 to 3.7 and 4 of this Article shall be presented by taxpayers for the purpose of confirming the applicability of the 0 per cent tax rate according to the following procedure:

- the documents referred to in clause 3.1 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark made by customs authorities on the documents provided for in subsection 3 of clause 3.1 of this Article, or, where goods are exported from the territory of the Russian Federation to the territory of a member state of the Customs Union or goods are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union, from the date of preparation of transport, shipping and (or) other documents indicating a place of unloading or a place of loading (destination station or departure station) situated in the territory of another member state of the Customs Union;
- the documents referred to in clause 3.2 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark made by customs authorities on the customs declaration referred to in subsection 3 of clause 3.2 of this Article;
- the documents referred to in clause 3.3 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark made by customs authorities on the full customs declaration (where declaration for customs purposes takes place) or from the date of preparation of documents confirming the rendering of services involving the arrangement of the transportation (transportation services in the case of importation into the territory of the Russian Federation) of natural gas by pipeline (where declaration for customs purposes does not take place);
- the documents referred to in clause 3.4 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of preparation of the statements referred to in subsection 2 of clause 3.4 of this Article;
- the documents referred to in clause 3.5 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark made by customs authorities on the documents provided for in subsection 3 of clause 3.5 of this Article;
- the documents referred to in clause 3.6 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark confirming the exportation of processed products out of the territory of the Russian Federation which is made by customs authorities on the customs declarations provided for in subsection 3 of clause 3.6 of this Article;
- the documents referred to in clause 3.7 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark referred to in subsection 3 of clause 3.7 of this Article which is made by Russian customs authorities and certifies that goods were placed under the export customs procedure or certifies that processed products which are exported out of the territory of the Russian Federation were placed under the customs transit procedure;

- the documents referred to in clause 4 of this Article shall be presented to the tax authority not later than 180 calendar days from the date of the mark made by customs authorities on the customs declaration provided for in subsection 3 of clause 4 of this Article confirming the exportation of goods out of the territory of the Russian Federation.

Where, after the lapse of the 180 calendar days referred to in paragraphs 5 to 13 of this clause, a taxpayer has not presented the specified documents, operations involving the sale of the work (services) provided for in subsections 2.1 to 2.7 and 3 of clause 1 of Article 164 of this Code shall be taxable at the rate specified in clause 3 of Article 164 of this Code.

If the taxpayer subsequently presents documents confirming the applicability of the 0 per cent tax rate to the tax authorities, amounts of tax paid shall be refundable to the taxpayer according to the procedure and subject to the conditions laid down in Articles 176 and 176.1 of this Code.

- 9.1 Where an organization is re-organized, the legal successor (legal successors) shall submit to the tax authority where it is (they are) registered the documents which are envisaged by this Article, including those containing the particulars of the organization that has been (is in the process of being) re-organized, in relation to operations involving the sale of goods (work and services) referred to in clause 1 of Article 164 of this Code which were carried out by the organization that has been (is in the process of being) re-organized if, at the time of the completion of the re-organization, the right to apply the 0 per cent tax rate in relation to such operations has not been confirmed.
10. Taxpayers shall submit the documents which are referred to in this Article in justification of the application of a tax rate of 0 per cent rate at the same time as they submit a tax declaration. The procedure for determining the amount of tax attributable to goods (work and services) and property rights which were acquired for the production and (or) sale of goods (work and services) operations involving the sale of which are assessable at the tax rate of 0 per cent shall be established by the accounting policies for taxation purposes which have been adopted by the taxpayer.
12. The procedure for the application of the 0 per cent tax rate which is established by international agreements of the Russian Federation with respect to the sale of goods (work and services) for official use by international organizations and representations thereof which carry out activities in the territory of the Russian Federation shall be determined by the Government of the Russian Federation.
13. In the case of the sale of the goods envisaged by subsection 10 of clause 1 of Article 164 of this Code, the following documents shall be submitted to the tax authorities for the purpose of confirming the applicability of the 0 per cent tax rate and tax deductions:
- 1) the contract (a copy of the contract) for the sale of the vessel which was concluded by the taxpayer with the client and contains a condition concerning

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the compulsory registration of the constructed vessel in the Russian International Register of Vessels within 45 calendar days of ownership of the vessel passing from the taxpayer to the client;

- 2) an extract from the register of vessels under construction in which it is stated that, upon completion of construction, the vessel must be registered in the Russian International Register of Vessels;
- 3) documents confirming the transfer of ownership of the vessel from the taxpayer to the client;
- 4) documents confirming the power of the main engines and the tonnage of the vessel.

### **Article 166 The Procedure for the Calculation of Tax**

1. When determining the tax base in accordance with Articles 154 to 159 and 162 of this Code the amount of tax shall be calculated as a proportion of the tax base corresponding to the tax rate or, where separate records are maintained, as the amount of tax obtained by adding together amounts of taxes calculated separately as proportions of the appropriate tax bases corresponding to the tax rates.
2. The total amount of tax payable in connection with the sale of goods (work and services) shall be the amount obtained by adding together the amounts of tax calculated in accordance with the procedure which is established by clause 1 of this Article.
3. The total amount of tax shall not be calculated by taxpayers which are foreign organizations which are not registered with the tax authorities as taxpayers. The amount of tax shall, in this respect, be calculated by tax agents separately for each operation involving the sale of goods (work and services) in the territory of the Russian Federation in accordance with the procedure which is established by clause 1 of this Article.
4. The total amount of tax payable shall be calculated on the basis of the results for each tax period in relation to all operations which are deemed taxable in accordance with subsections 1 to 3 of clause 1 of Article 146 of this Code and for which the moment of the determination of the tax base as established by Article 167 of this Code falls within the tax period in question with account taken of all adjustments which increase or decrease the tax base in the tax period in question.
5. The total amount of tax payable in connection with the import of goods into the territory of the Russian Federation and other territories under its jurisdiction shall be calculated as a proportion corresponding to the tax rate of the tax base calculated in accordance with Article 160 of this Code.

Where, in accordance with the requirements established by clause 3 of Article 160 of this Code, the tax base is determined separately for each group of



imported goods, the amount of tax shall be calculated separately for each of those tax bases in conformity with the procedure which is established by paragraph 1 of this clause. In this respect, the total amount of tax shall be calculated as the amount obtained by adding together the amounts of taxes calculated separately for each such tax base.

6. The amount of tax payable in respect of operations involving the sale of goods (work and services) which are taxable at the rate of 0 per cent in accordance with clause 1 of Article 164 of this Code shall be calculated separately for each such operation in accordance with the procedure which is established by clause 1 of this Article.
7. Where a taxpayer does not have accounting records or records of taxable items, the tax authorities shall have the right to calculate amounts of tax payable by means of calculation on the basis of data relating to other similar taxpayers.

**Article 167 Moment of the Determination of the Tax Base**

1. For the purposes of this Chapter, the moment of the determination of the tax base, unless otherwise provided by clauses 3, 7 to 11 and 13 to 15 of this Article, shall be the earliest of the following dates:
  - 1) the day on which goods (work and services) or property rights are despatched (transferred);
  - 2) the day on which payment or partial payment is made in respect of future supplies of goods (performance of work, rendering of services) or transfer of property rights.
3. Where goods are not despatched or transported, but ownership of the goods is transferred, such transfer of ownership shall be equated with despatch for the purposes of this Chapter.
7. Where a taxpayer sells goods which it transferred for storage under a warehouse storage agreement in respect of which a warehouse certificate was issued, the moment of the determination of the tax base in relation to those goods shall be defined as the day on which the warehouse certificate is sold.
8. Where property rights are transferred in the instance envisaged by clause 2 of Article 155 of this Code, the moment of the determination of the tax base shall be defined as the day on which a monetary obligation is assigned or the day on which the corresponding obligation is terminated; in the instances envisaged by clauses 3 and 4 of Article 155 of this Code it shall be defined as the day on which a claim is assigned (further assigned) or the day on which the obligation is fulfilled by the debtor; and in the instance envisaged by clause 5 of Article 155 of this Code it shall be defined as the day on which property rights are transferred.

9. In the case of the sale of the goods (work and services) which are envisaged by subsections 1, 2.1 to 2.7, 3, 8 and 9 of clause 1 of Article 164 of this Code, the moment of the determination of the tax base in respect of those goods (work and services) shall be the last day of the quarter in which the complete package of documents envisaged by Article 165 of this Code has been assembled.

In the event that the full set of documents provided for in Article 165 of this Code is not assembled within the time limits specified in clause 9 of Article 165 of this Code, the moment of the determination of the tax base in relation to the goods (work and services) in question shall be determined in accordance with subsection 1 of clause 1 of this Article, unless otherwise provided by this clause. Where the full set of documents envisaged by clause 5 of Article 165 of this Code has not been assembled as at the 181<sup>st</sup> day from the date on which the customs authorities made on the documents of carriage a mark certifying that the goods were placed under the export customs procedure or the customs transit customs procedure in the case of the carriage of foreign goods from the customs authority at a place of arrival in the territory of the Russian Federation to the customs authority at a place of exit from the territory of the Russian Federation or certifying that processed products which are exported from the territory of the Russian Federation and other territories under its jurisdiction were placed under the internal customs transit procedure, the moment of the determination of the tax base for the above-mentioned work and services shall be determined in accordance with subsection 1 of clause 1 of this Article. Where an organization is re-organized, if the 181<sup>st</sup> day coincides with the date of completion of the re-organization or falls after that date, the moment of the determination of the tax base shall be determined by the legal successor (legal successors) as the date of completion of the re-organization (the date of State registration of each newly formed organization, or, in the case of a re-organization in the form of an acquisition, the date of the inclusion in the unified State register of legal entities of an entry concerning the cessation of activities of each acquired organization).

In the case of the importation into a port special economic zone of Russian goods which were placed under the export customs procedure outside the port special economic zone, or in the case of the exportation of stores, the time limit for the presentation of documents which is established by clause 9 of Article 165 of this Code shall be determined from the date on which the goods concerned were placed under the export customs procedure or from the date on which the stores were declared.

- 9.1 Where a vessel is excluded from the Russian International Register of Vessels, the moment of the determination of the tax base by the tax agent shall be the day on which a relevant entry is made in that register.

Where a vessel is not registered in the Russian International Register of Vessels within 45 calendar days of ownership of the vessel passing from the taxpayer to a client, the moment of the determination of the tax base by the tax

agent shall be determined in accordance with subsection 1 of clause 1 of this Article.

10. For the purposes of this Chapter the moment of the determination of the tax base where construction and installation work is performed for own consumption shall be the last day of each tax period.
11. For the purposes of this Chapter, the moment of the determination of the tax base with respect to the transfer of goods (performance of work, rendering of services) for own requirements where such transfer is deemed to be an object of taxation in accordance with this Chapter shall be defined as the day on which that transfer of goods (performance of work, rendering of services) is completed.
12. The accounting policies adopted by an organization for taxation purposes shall be approved by appropriate orders and instructions of the director of the organization.

Accounting policies for taxation purposes shall be applied from January 1 of the year following the year in which they were approved by an appropriate order or instruction of the director of the organization.

The accounting policies adopted by an organization for taxation purposes shall be binding for all economically autonomous subdivisions of the organization.

Accounting policies for taxation purposes which are adopted by a newly established organization shall be approved no later than the end of the first tax period. The accounting policies for taxation purposes which are adopted by the newly established organization shall be deemed to be applicable from the day on which the organization is established.

13. Where a taxpayer which is a manufacturer of goods (work and services) receives payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) for which the length of the production cycle for the manufacture thereof is greater than six months (according to a list to be determined by the Government of the Russian Federation), the taxpayer which is the manufacturer of those goods (work and services) shall have the right to define the moment of the determination of the tax base as the day on which those goods are despatched (transferred) (work is performed, services are rendered), provided that separate records are maintained of operations carried out and amounts of tax on acquired goods (work and services), including fixed assets and intangible assets, and property rights which are used to carry out operations involving the production of goods (work and services) with a long production cycle and other operations.

Where payment or partial payment is received by a taxpayer which is a manufacturer of goods (work and services), there shall be presented to the tax authorities, together with the tax declaration, the contract with the purchaser (a copy of that contract, certified by the signature of the director and the chief accountant) and a document confirming the length of the production cycle for the goods (work and services), stating the name of the latter, the period of

manufacture and the name of the manufacturing organization, which was issued to that taxpayer – manufacturer by the federal executive body which carries out functions involving the formulation of State policy and normative-legal regulation in the sphere of the industrial, defence industry and fuel and energy complexes, signed by an authorized official and certified by the seal of that body.

14. Where the moment of the determination of the tax base is the day on which payment or partial payment is made for future supplies of goods (performance of work, rendering of services) or the day on which property rights are transferred, the moment of the determination of the tax base shall also arise on the day on which goods are despatched (work is performed, services are rendered) or on the day on which property rights are transferred against previously received payment or partial payment.
15. For the tax agents referred to in clauses 4 and 5 of Article 161 of this Code, the moment of the determination of the tax base shall be determined in accordance with the procedure established by clause 1 of this Article.

**Article 168 Amount of Tax Charged by a Seller to a Purchaser**

1. Upon selling goods (work and services) or transferring property rights a taxpayer (tax agent referred to in clauses 4 and 5 of Article 161 of this Code) must, in addition to the price (tariff) of the goods (work and services) sold or the property rights transferred, charge to the purchaser of those goods (work and services) or property rights the appropriate amount of tax.

Where a taxpayer receives amounts of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights which are sold in the territory of the Russian Federation, the taxpayer shall be obliged to charge the purchaser of those goods (work and services) or property rights an amount of tax calculated in accordance with the procedure established by clause 4 of Article 164 of this Code.

2. The amount of tax charged by the taxpayer to the purchaser of goods (work and services) or property rights shall be calculated for each type of those goods (work and services) or property rights as a proportion corresponding to the tax rate of the prices or tariffs which are referred to in clause 1 of this Article.
3. When goods (work and services) are sold or property rights are transferred and when amounts of payment or partial payment are received in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights, appropriate VAT invoices shall be presented no later than five calendar days from the day on which the goods are despatched (work is performed, services are rendered), from the day on which the property rights are transferred or from the day on which amounts of payment or partial payment are received in respect of future supplies of goods

(performance of work, rendering of services) or the future transfer of property rights.

For the purpose of calculating the amount of tax in accordance with clauses 1 to 3 of Article 161 of this Code, tax agents such as are referred to in clauses 2 and 3 of Article 161 of this Code shall prepare VAT invoices in accordance with the procedure established by clauses 5 and 6 of Article 169 of this Code.

4. In settlement documents, including cheque registers and registers of the receipt of resources on letters of credit, in primary accounting documents and in VAT invoices the appropriate amount of tax shall be indicated in a separate line.
5. In the case of the sale of goods (work and services) with respect to which operations involving the sale thereof are not taxable (are exempt from taxation) and where a taxpayer is exempt from the fulfilment of taxpayer obligations in accordance with Article 145 of this Code, settlement documents and primary accounting documents shall be drawn up and VAT invoices shall be issued without appropriate amounts of tax being specified. In this respect the documents shall be inscribed or stamped with the words “Without tax (VAT)”.
6. Where goods (work and services) are sold to the public at retail prices (tariffs) the appropriate amount of tax shall be included in those prices (tariffs). In this respect, the amount of tax shall not be indicated separately on goods labels and price-lists displayed by sellers or on receipts and other documents issued to the purchaser.
7. Where goods are sold for cash payment by retail trade and public catering organizations (enterprises) and private entrepreneurs and by other organizations and private entrepreneurs which perform work and render paid services directly to the public, the requirements which are established by clauses 3 and 4 of this Article with respect to the drawing-up of settlement documents and the issue of VAT invoices shall be deemed to have been met if the seller has issued a till receipt or other standard document to the purchaser.

**Article 169 VAT Invoices**

1. A VAT invoice shall be a document which serves as a basis for amounts of tax charged by a seller of goods (work and services) or property rights (including commission agents and other agents which carry out the sale of goods (work and services) or property rights in their own name) to be claimed by the purchaser as deductible in accordance with the procedure which is laid down by this Chapter.

A VAT invoice may be prepared and issued in paper form and (or) in electronic form. VAT invoices shall be prepared in electronic form by mutual agreement of the parties to a transaction and provided that those parties have compatible technical equipment and resources for the acceptance and

processing of those VAT invoices in accordance with the established formats and procedure.

2. VAT invoices shall be a basis for amounts of tax charged by a seller to a purchaser to be allowed as deductions provided that the requirements established by clauses 5, 5.1 and 6 of this Article are met.

Errors in VAT invoices which do not prevent the tax authorities, when conducting a tax audit, from identifying the seller and purchaser of goods (work and services) or property rights, the name and value of the goods (work and services) or property rights, the tax rate and the amount of tax which the purchaser was charged shall not be a basis for disallowing the deduction of amounts of tax.

A failure to comply with VAT invoice requirements which are not specified in clauses 5 and 6 of this Article cannot serve as a basis for disallowing the deduction of amounts of tax charged by the seller.

3. A taxpayer must prepare a VAT invoice and maintain record journals of VAT invoices received and issued, purchase ledgers and sales ledgers, unless otherwise stipulated by clause 4 of this Article:

- 1) when they carry out operations which are deemed to be an object of taxation in accordance with this Chapter, including those which are not taxable (are exempt from taxation) in accordance with Article 149 of this Code;
- 2) in other instances defined in accordance with the established procedure.

4. VAT invoices shall not be prepared by taxpayers in respect of operations involving the sale of securities (with the exception of broker and intermediary services), by banks, insurance organizations and non-State pension funds in respect of operations which are not taxable (are exempt from taxation) in accordance with Article 149 of this Code.

5. The following must be indicated in a VAT invoice which is issued upon the sale of goods (work and services) or the transfer of property rights:

- 1) the sequential number and date of preparation of the VAT invoice;
- 2) the name, address and identification numbers of the taxpayer and the purchaser;
- 3) the name and address of the consignor and of the consignee;
- 4) the number of the payment and settlement document where advance or other payments are received in respect of future supplies of goods (performance of work, rendering of services);
- 5) a description of the goods supplied (despatched) (a description of the work performed or services rendered) and the unit of measurement (if this can be indicated);

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- 6) the quantity (volume) of goods (work and services) supplied (despatched) in accordance with the VAT invoice on the basis of the accepted units of measurement (if these can be indicated);
  - 6.1) the name of the currency;
- 7) the price (tariff) per unit of measurement (if this can be indicated) under the agreement (contract) excluding tax or, where State regulated prices (tariffs) which include tax are used, including the amount of tax;
- 8) the value of goods (work and services) or property rights for the entire quantity of goods supplied (despatched) in accordance with the VAT invoice (work performed, services rendered) or property rights transferred, excluding tax;
- 9) the amount of excise duty in the case of excisable goods;
- 10) the tax rate;
- 11) the amount of tax charged to the purchaser of the goods (work and services) or property rights, as determined on the basis of the tax rates applied;
- 12) the value of the entire quantity of goods supplied (despatched) in accordance with the VAT invoice (work performed, services rendered) or property rights transferred, including the amount of tax;
- 13) the country of origin of the goods;
- 14) the number of the customs declaration.

The particulars which are envisaged by subsections 13 and 14 of this clause shall be indicated in relation to goods whose country of origin is not the Russian Federation. The taxpayer selling those goods shall bear liability only for the conformity of the particulars shown in the VAT invoices which it presents to the particulars which are contained in the VAT invoices and shipping documents which it received.

- 5.1 The following must be indicated in a VAT invoice which is issued upon the receipt of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights:
  - 1) the sequential number and date of preparation of the VAT invoice;
  - 2) the name, address and identification numbers of the taxpayer and the purchaser;
  - 3) the number of the payment and settlement document;

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- 4) the name of the goods (description of work or services) or property rights to be supplied;
- 4.1) the name of the currency;
- 5) the amount of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights;
- 6) the tax rate;
- 7) the amount of tax charged to the purchaser of the goods (work and services) or property rights, determined on the basis of the applicable tax rates.

6. The VAT invoice shall be signed by the director and the chief accountant of the organization or by other persons so authorized by an internal order (other administrative document) of the organization or by a power of attorney issued in the name of the organization. Where a VAT invoice is issued by a private entrepreneur, the VAT invoice shall be signed by the private entrepreneur indicating the particulars of the certificate of State registration of that private entrepreneur.

A VAT invoice prepared in electronic form shall be signed using the electronic digital signature of the director of an organization or of other persons so authorized by an internal order (other administrative document) of an organization or by a power of attorney issued in the name of an organization or a private entrepreneur in accordance with the legislation of the Russian Federation.

7. Where, under the conditions of a transaction, an obligation is expressed in foreign currency, the amounts indicated in the VAT invoice may be expressed in foreign currency.
8. The standard form of a VAT invoice and the procedure for completing it and the standard forms of and procedure for maintaining a journal of VAT invoices received and issued, purchase ledgers and sales ledgers shall be established by the Government of the Russian Federation.
9. The procedure for the issuance and receipt of VAT invoices in electronic form via telecommunications channels with the use of an electronic digital signature shall be established by the Ministry of Finance of the Russian Federation.

The formats of a VAT invoice, a journal of VAT invoices received and issued, purchase ledgers and sales ledgers in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.



**Article 170 The Procedure for Including Amounts of Tax in Expenditures on the Production and Sale of Goods (Work and Services)**

1. Amounts of tax which a taxpayer is charged upon acquiring goods (work and services) or property rights or which it actually pays upon importing goods into the territory of the Russian Federation and other territories under its jurisdiction shall not, unless otherwise established by the provisions of this Chapter, be included in expenses which are allowed as deductible for the purpose of calculating tax on the profit of organizations (tax on income of physical persons), except in the instances which are envisaged by clause 2 of this Article.
2. Amounts of tax which a purchaser is charged upon acquiring goods (work and services), including fixed assets and intangible assets, or which it actually pays upon importing goods, including fixed assets and intangible assets, into the territory of the Russian Federation shall be included in the value of such goods (work and services), including fixed assets and intangible assets, in the case of:
  - 1) the acquisition (importation) of goods (work and services), including fixed assets and intangible assets, which are used for operations involving the production and (or) sale (and the transfer, performance and rendering for own requirements) of goods (work and services) which are not taxable (are exempt from taxation);
  - 2) the acquisition (importation) of goods (work and services), including fixed assets and intangible assets, which are used for operations involving the production and (or) sale of goods (work and services) for which the place of sale is not the territory of the Russian Federation;
  - 3) the acquisition (importation) of goods (work and services), including fixed assets and intangible assets, by persons who are not taxpayers of value added tax or are exempt from the fulfilment of taxpayer obligations associated with the calculation and payment of tax;
  - 4) the acquisition (importation) of goods (work and services), including fixed assets and intangible assets, and property rights for the production and (or) sale (transfer) of goods (work and services) operations involving the sale (transfer) of which are not deemed to constitute sales of goods (work and services) in accordance with clause 2 of Article 146 of this Code, unless otherwise established by this Chapter.
3. Amounts of tax which have been claimed as deductions by a taxpayer in respect of goods (work and services), including fixed assets and intangible assets, and property rights in accordance with the procedure prescribed by this Chapter must be restored by the taxpayer in the event that:
  - 1) assets, intangible assets and property rights are transferred as a contribution to the charter (pooled) capital of companies and partnerships or as share contributions to share funds of co-operatives.

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Amounts of tax must be restored to the extent previously claimed as deductions or, with respect to fixed assets and intangible assets, to the extent of an amount proportional to the net book (balance sheet) value without taking account of revaluation.

Amounts of tax which must be restored in accordance with this subsection shall not be included in the value of the assets, intangible assets and property rights and shall be tax-deductible for the receiving organization in accordance with the procedure established by this Chapter. In this respect, the amount of restored tax shall be indicated in documents used to formalize the transfer of the assets, intangible assets and property rights in question;

- 2) such goods (work and services), including fixed assets and intangible assets, and property rights are subsequently used in carrying out operations such as are referred to in clause 2 of this Article, with the exception of the operation contemplated by subsection 1 of this clause, the performance of work (rendering of services) outside the territory of the Russian Federation by Russian aviation enterprises in the context of peace-keeping activities and international co-operation in resolving international problems of a humanitarian nature within the framework of the United Nations Organization (with respect to aircraft and aircraft engines and parts), the transfer of fixed assets, intangible assets and (or) other assets and property rights to a legal successor (legal successors) upon the re-organization of legal entities and the transfer of assets to a party to a simple partnership agreement (joint activity agreement) or its legal successor in the event of the apportionment of its share from assets which are jointly owned by the parties to the agreement or in the event of the division of those assets.

Amounts of tax must be restored to the extent previously claimed as deductions or, with respect to fixed assets and intangible assets, to the extent of an amount proportional to the net book (balance sheet) value without taking account of revaluation.

Amounts of tax which must be restored in accordance with this subsection shall not be included in the value of the above-mentioned goods (work and services), including fixed assets and intangible assets, and property rights but shall be included in the composition of miscellaneous expenses in accordance with Article 264 of this Code.

The restoration of amounts of tax shall take place in the tax period in which the goods (work and services), including fixed assets and intangible assets, and property rights were transferred or begin to be used by the taxpayer in carrying out the operations referred to in clause 2 of this Article.

Where a taxpayer transfers to special tax regimes in accordance with Chapters 26.2 and 26.3 of this Code, amounts of tax which the taxpayer claimed as deductions in respect of goods (work and services), including fixed assets and intangible assets, and property rights in accordance with the procedure prescribed by this Chapter must be restored in the tax period preceding the transition to those regimes.

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The provisions of this clause shall not apply to taxpayers which transfer to the special tax regime in accordance with Chapter 26.1 of this Code;

- 3) where a purchaser has transferred amounts of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights.

The purchaser shall restore the amounts of tax in the tax period in which the amounts of tax on the acquired goods (work and services) or property rights are deductible in accordance with the procedure established by this Code or in the tax period in which changes to the conditions of or the termination of the relevant agreement occurred and amounts of payment or partial payment received by the taxpayer in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights were refunded.

Amounts of tax shall be restored to the extent of the amount previously claimed as a deduction with respect to payment or partial payment made in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights.

4. Amounts of tax which are charged by sellers of goods (work and services) or property rights to taxpayers which carry out both taxable and tax-exempt operations:

- shall be included in the value of such goods (work and services) or property rights in accordance with clause 2 of this Article - in the case of goods (work and services), including fixed assets and intangible assets, and property rights which are used in carrying out operations which are not assessable to value added tax;

- shall be deductible in accordance with Article 172 of this Code - in the case of goods (work and services), including fixed assets and intangible assets, and property rights which are used in carrying out operations which are assessable to value added tax;

- shall be deductible or included in the value thereof in the proportion in which they are used for the production and (or) sale of goods (work and services) or property rights with respect to which operations involving the sale thereof are taxable (are exempt from taxation) - in the case of goods (work and services), including fixed assets and intangible assets, and property rights which are used in carrying out both taxable and non-taxable (tax-exempt) operations in accordance with the procedure established by the accounting policies for taxation purposes which have been adopted by the taxpayer.

The above-mentioned proportion shall be determined on the basis of the value of goods (work and services) or property rights despatched with respect to which operations involving the sale thereof are taxable (are exempt from taxation) relative to the total value of goods (work and services) or property rights despatched in the tax period.

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Separate records of amounts of tax shall be maintained in similar fashion by taxpayers which have transferred to the payment of the unified tax on imputed income for certain types of activity.

In this respect, the taxpayer shall be obliged to maintain separate records of amounts of tax for acquired goods (work and services), including fixed assets and intangible assets, and property rights which are used in carrying out both taxable and non-taxable (tax-exempt) operations.

In the event that a taxpayer does not maintain separate records, the amount of tax on acquired goods (work and services), including fixed assets and intangible assets, and property rights shall not be deductible and shall not be included in expenses which are deductible for the purpose of calculating tax on the profit of organizations (tax on income of physical persons).

A taxpayer shall have the right not to apply the provisions of this clause to those tax periods in which the proportion of aggregate expenses associated with the production of goods (work and services) or property rights with respect to which operations involving the sale thereof are not taxable does not exceed 5 per cent of the total amount of aggregate production expenses. In this respect, all amounts of tax which are charged to such taxpayers by the sellers of goods (work and services) or property rights which are used in production in that tax period shall be deductible in accordance with the procedure which is envisaged by Article 172 of this Code.

The proportion referred to in paragraph 5 of this clause shall be calculated in relation to term transaction financial instruments on the basis of the value of term transaction financial instruments which call for the delivery of an underlying asset as determined according to the rules established by Article 154 of this Code, provided that the underlying asset of the relevant term transaction financial instruments is shipped (transferred) in the tax period, and the amount of net income received by the taxpayer in the current tax period from term transaction financial instruments as a result of the fulfilment (termination) of obligations not connected with the sale of the underlying asset (including amounts received of variation margin and contract premiums), including amounts of monetary resources which are receivable in respect of such obligations in future tax periods where the determination (commencement) date of the right of claim in respect of the term transaction financial instruments fell in the current tax period.

In computing the proportion referred to in paragraph 5 of this clause, organizations which carry out clearing activities on the securities market (activities involving the determination (reconciliation) of obligations under civil-law agreements which are concluded in exchange trading and (or) trading through organizers of trade on the securities market and the subject of which is a commodity or foreign currency in term transaction financial instruments, and involving provision for and (or) monitoring of the fulfilment of those obligations (hereafter in this Code referred to as “clearing organizations”)) shall not take into account transactions involving securities and term transaction financial instruments and other transactions to which such a clearing organization is a party for clearing purposes and transactions which

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are concluded by a clearing organization for the purpose of providing for the fulfilment of the obligations of clearing participants.

5. Banks, insurance organizations and non-State pension funds shall have the right to include in expenditures which are allowed as deductible for the purpose of calculating tax on the profit of organizations amounts of tax paid to suppliers on acquired goods (work and services). In this respect, the entire amount of tax received by them in respect of operations which are taxable shall be payable to the budget.
7. Organizations which are not taxpayers or are exempt from the performance of taxpayer obligations and private entrepreneurs shall have the right to include in expenses which are deductible in accordance with Chapters 25, 26.1 and 26.2 of this Code amounts of tax which they calculated and paid to the budget in performing the duties of a tax agent in accordance with clause 2 of Article 161 of this Code in the event that goods are returned to the seller (including where this occurs during a warranty period), they are rejected or the conditions of the relevant agreements are amended or the agreements are cancelled and amounts of advance payments are refunded.

### **Article 171 Tax Deductions**

1. A taxpayer shall have the right to reduce the total amount of tax calculated in accordance with Article 166 of this Code by the tax deductions which are established by this Article.
2. Deductions shall be made for amounts of tax which a taxpayer was charged upon acquiring goods (work and services) or property rights in the territory of the Russian Federation or which a taxpayer paid upon importing goods into the territory of the Russian Federation and other territories under its jurisdiction under the release for domestic consumption, temporary importation and processing outside the customs territory customs procedures or upon importing goods which are moved across the customs border of the Russian Federation without customs clearance, in relation to:
  - 1) goods (work and services) and property rights which are acquired for the purpose of carrying out operations which are deemed to be objects of taxation in accordance with this Chapter, with the exception of the goods envisaged by clause 2 of Article 170 of this Code;
  - 2) goods (work and services) which are acquired for resale.
3. Deductions shall be made for amounts of tax which were paid in accordance with Article 173 of this Code by the purchasers - tax agents.

The right to the above-mentioned tax deductions shall be enjoyed by purchasers - tax agents which are registered with the tax authorities and fulfil taxpayer obligations in accordance with this Chapter. Tax agents which carry out the operations referred to in clauses 4 and 5 of Article 161 of this Code

shall not have the right to include amounts of tax paid in respect of those operations in tax deductions.

The provisions of this clause shall apply on condition that the goods (work and services) or property rights were acquired by the taxpayer which is the tax agent for the purposes referred to in clause 2 of this Article and, upon acquiring them, it paid tax in accordance with this Chapter.

4. A deduction shall be made for amounts of tax which were charged by sellers to a taxpayer – foreign person not registered with the tax authorities of the Russian Federation upon the acquisition of goods (work and services) or property rights or which that taxpayer – foreign person paid upon importing goods into the territory of the Russian Federation and other territories under its jurisdiction for its own production purposes or for purposes of carrying out other activities.

The above-mentioned amounts shall be deductible or refundable to such taxpayer - foreign person after the tax agent has paid the tax which was withheld from the income of that taxpayer and only to the extent to which the acquired or imported goods (work and services) or property rights were used in the production of the goods (performance of work, rendering of services) which were sold to the tax agent withholding the tax. The above-mentioned amounts of tax shall be deductible or reimbursable provided that the foreign taxpayer registers with the tax authorities of the Russian Federation.

5. Deductions shall be made for amounts of tax which were charged by a seller to a purchaser and paid to the budget by the seller upon the sale of goods in the event that the goods are returned (including during the warranty period) to the seller or rejected. Deductions shall also be made for amounts of tax paid upon the performance of work (rendering of services) in the event that the work (services) is (are) rejected.

Deductions shall be made for amounts of tax which were calculated by sellers and paid by them to the budget on amounts of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) sold in the territory of the Russian Federation in the event that the conditions of the relevant agreement are amended or the agreement is cancelled and the amounts of advance payments in question are paid back.

The provisions of this clause shall apply to purchaser – taxpayers which perform the duties of a tax agent in accordance with clause 2 of Article 161 of this Code.

6. Deductions shall be made for amounts of tax charged to a taxpayer by contractors (client – developers) when they carry out capital construction or assemble (install) fixed assets, amounts of tax charged to a taxpayer in respect of goods (work and services) acquired by it for the performance of construction and installation work and amounts of tax charged to a taxpayer upon the acquisition by it of incomplete capital construction projects.

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In the event of a re-organization, deductions shall be made by the legal successor (legal successors) for amounts of tax which were charged to the organization that has been (is in the process of being) re-organized in respect of goods (work and services) acquired by the organization that has been (is in the process of being) re-organized for the performance of construction and installation work for own consumption and which are deductible but had not been claimed as deductions by the organization that has been (is in the process of being) re-organized at the time of the completion of the re-organization.

Deductions shall be made for amounts of tax calculated by taxpayers in accordance with clause 1 of Article 166 of this Code upon the performance of construction and installation work for own consumption which is connected with assets which are intended for use in carrying out operations that are taxable in accordance with this Chapter and the value of which is included in expenses (including through amortization deductions) for the purpose of calculating tax on the profit of organizations.

Amounts of tax charged to a taxpayer upon the performance by contractors of the capital construction of immovable facilities (fixed assets) and upon the acquisition of immovable property (other than aircraft, sea-going vessels, inland vessels and spacecraft) and calculated by a taxpayer upon the performance of construction and installation work for own consumption which have been claimed as deductions in accordance with the procedure prescribed by this Chapter must be restored in the event that those immovable facilities (fixed assets) are subsequently used to carry out the operations referred to in clause 2 of Article 170 of this Code, with the exception of fixed assets which have been fully amortized or in relation to which no less than 15 years have passed since they were commissioned by the taxpayer in question.

In the instance specified in paragraph 4 of this clause, the taxpayer must, after the end of each calendar year for ten years beginning in the year in which the moment specified in clause 4 of Article 259 of this Code occurred, reflect the restored amount of tax in the tax declaration which is submitted to the tax authorities where the taxpayer is registered for the last tax period of each of the ten calendar years. The amount of tax which must be restored and paid to the budget shall be computed on the basis of one tenth of the amount of tax which was claimed as a deduction, in the appropriate proportion. That proportion shall be determined on the basis of the value of goods despatched (work performed, services rendered) and property rights transferred which are not taxable and are referred to in clause 2 of Article 170 of this Code relative to the total value of goods (work and services) and property rights despatched (transferred) in the calendar year. The amount of tax to be restored shall not be included in the value of the assets in question, but shall be included in the composition of miscellaneous expenses in accordance with Article 264 of this Code.

7. Deductions shall be made for amounts of tax paid on business trip expenses (expenses for travel to and from a business trip location, including expenses for the use of bedding on trains and expenses for the rent of accommodation) and representational expenses which are deductible for the purpose of calculating tax on the profit of organizations.

Where, in accordance with Chapter 25 of this Code, expenses are taken into account for taxation purposes in accordance with norms, amounts of tax on such expenses shall be deductible to an extent corresponding to those norms.

8. Deductions shall be made for amounts of tax calculated by a taxpayer on amounts of payment or partial payment received in respect of future supplies of goods (work and services).
10. Deductions shall be made for amounts of tax calculated by a taxpayer where the documents envisaged by Article 165 of this Code are not available for operations involving the sale of the goods (work and services) referred to in clause 1 of Article 164 of this Code.
11. For a taxpayer which has received assets, intangible assets and property rights as an investment in (contribution to) the charter (pooled) capital (fund), deductions shall be made for amounts of tax which were restored by the shareholder (participant, stockholder) in accordance with the procedure established by clause 3 of Article 170 of this Code in the event that they are used in carrying out operations which are deemed to be objects of taxation in accordance with this Chapter.
12. For a taxpayer who has transferred amounts of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights, deductions shall be made for amounts of tax charged by the seller of those goods (work and services) and property rights.

**Article 172 The Procedure for the Application of Tax Deductions**

1. The tax deductions which are envisaged by Article 171 of this Code shall be made on the basis of VAT invoices issued by sellers upon the acquisition of goods (work and services) or property rights by a taxpayer, or documents which confirm the actual payment of amounts of tax upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction or documents which confirm the payment of amounts of tax withheld by tax agents, or on the basis of other documents in the instances envisaged by clauses 3 and 6 to 8 of Article 171 of this Code.

Unless otherwise established by this Article, deductions shall be made only for amounts of tax which a taxpayer is charged upon the acquisition of goods (work and services) or property rights in the territory of the Russian Federation, or which are actually paid by them upon importing goods into the territory of the Russian Federation and other territories under its jurisdiction after the goods (work and services) or property rights in question have been entered in accounting records with account taken of the special considerations which are set forth in this Article and subject to the availability of relevant primary documents.



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Deductions of amounts of tax which are charged by sellers to a taxpayer upon the acquisition of or which are paid upon the import into the territory of the Russian Federation and other territories under its jurisdiction of the fixed assets, equipment to be installed and (or) intangible assets which are referred to in clauses 2 to 4 of Article 171 of this Code shall be made in full after those fixed assets and (or) intangible assets have been entered in accounting records.

Where goods (work and services) and property rights are acquired for foreign currency, the foreign currency shall be translated into roubles on the basis of the exchange rate of the Central Bank of the Russian Federation prevailing as at the date on which the goods (work and services) and property rights are entered in accounting records.

3. Deductions of the amounts of tax envisaged by clauses 1 to 8 of Article 171 of this Code in relation to operations involving the sale of the goods (work and services) which are referred to in clause 1 of Article 164 of this Code shall be made in accordance with the procedure which is established by this Article as at the moment of the determination of the tax base which is established by Article 167 of this Code.

Deductions of the amounts of tax referred to in clause 10 of Article 171 of this Code shall be made as at the date corresponding to the moment of the subsequent calculation of tax at the 0 per cent tax rate in relation to operations involving the sale of the goods (work and services) envisaged by clause 1 of Article 164 of this Code provided that the documents envisaged by Article 165 of this Code are available at that moment.

4. Deductions of the amounts of tax which are referred to in clause 5 of Article 171 of this Code shall be made in full after appropriate adjustment operations have been made in accounting records in connection with the return of goods or the rejection of goods (work and services), but no later than one year after such return or rejection.
5. Deductions of the amounts of tax referred to in paragraphs 1 and 2 of clause 6 of Article 171 of this Code shall be made in accordance with the procedure established by paragraphs 1 and 2 of clause 1 of this Article.

Deductions of amounts of tax such as are referred to in paragraph 3 of clause 6 of Article 171 of this Code shall be made as at the moment of the determination of the tax base which is established by clause 10 of Article 167 of this Code.

Where an organization is re-organized, amounts of tax referred to in clause 6 of Article 171 of this Code which were not claimed as deductions by the organization that has been (is in the process of being) re-organized before the completion of the re-organization shall be deducted by the legal successor (legal successors) as and when tax calculated by the organization that has been (is in the process of being) re-organized upon the performance of construction and installation work for own consumption in accordance with Article 173 of this Code is paid to the budget.

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6. Deductions of the amounts of tax which are referred to in clause 8 of Article 171 of this Code shall be made from the date of despatch of the relevant goods (performance of work, rendering of services).
7. Where the moment of the determination of the tax base is defined according to the procedure prescribed by clause 13 of Article 167 of this Code, deductions of amounts of tax shall be made at the moment of the determination of the tax base.
8. Deductions of the amounts of tax referred to in clause 11 of Article 171 of this Code shall be made after assets, including fixed assets and intangible assets, and property rights which are received by way of payment of an investment in (contribution to) the charter (pooled) capital (fund) have been entered in accounting records.
9. Deductions of amounts of tax such as are referred to in clause 12 of Article 171 of this Code shall be made on the basis of VAT invoices issued by sellers upon receipt of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights and documents confirming the actual transfer of amounts of payment or partial payment in respect of future supplies of goods (performance of work, rendering of services) or the future transfer of property rights, subject to the existence of an agreement requiring the transfer of the amounts in question.

### **Article 173 Amount of Tax Payable to the Budget**

1. The amount of tax payable to the budget shall be calculated on the basis of the results for each tax period as the total amount of tax calculated in accordance with Article 166 of this Code reduced by the amount of the tax deductions which are envisaged by Article 171 of this Code (including the tax deductions which are envisaged by clause 3 of Article 172 of this Code) and increased by amounts of tax which has been restored in accordance with this Chapter.
2. Should the amount of tax deductions in any tax period exceed the total amount of tax calculated in accordance with Article 166 of this Code and increased by amounts of tax which has been restored in accordance with clause 3 of Article 170 of this Code, the positive difference between the amount of tax deductions and the amount of tax calculated in respect of operations which are deemed to be an object of taxation in accordance with subsections 1 and 2 of clause 1 of Article 146 of this Code shall be reimbursable to the taxpayer according to the procedure and subject to the conditions which are envisaged by Articles 176 and 176.1 of this Code, except where the tax declaration is submitted by the taxpayer more than three years after the end of the tax period in question.
3. The amount of tax which is payable upon the import of goods into the territory of the Russian Federation and other territories under its jurisdiction shall be calculated in accordance with clause 5 of Article 166 of this Code.

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4. In the case of the sale of the goods (work and services) which are referred to in Article 161 of this Code, the amount of tax payable to the budget shall be calculated and paid in full by the tax agents referred to in Article 161 of this Code.
5. The amount of tax payable to the budget shall be calculated by the following persons if they present a VAT invoice to the customer specifying the amount of tax:
  - 1) persons who are not taxpayers or taxpayers which are exempt from fulfilling taxpayer obligations associated with the calculation and payment of tax;
  - 2) taxpayers in the event of the sale of goods (work and services) with respect to which operations involving the sale thereof are not taxable.

In this respect, the amount of tax payable to the budget shall be determined as the amount of tax shown in the relevant VAT invoice transferred to the purchaser of goods (work and services).

### **Article 174 The Procedure and Time Limits for the Payment of Tax to the Budget**

1. The payment of tax in respect of operations which are deemed taxable in accordance with subsections 1 to 3 of clause 1 of Article 146 of this Code in the territory of the Russian Federation shall take place on the basis of the results for each tax period based on the actual sale (transfer) of goods (performance, including for own requirements, of work and rendering, including for own requirements, of services) for the tax period which has ended, in equal instalments not later than the 20<sup>th</sup> of each of the three months following the tax period which has ended, unless otherwise stipulated by this Chapter.

Where goods are imported into the territory of the Russian Federation and other territories under its jurisdiction the amount of tax payable to the budget shall be paid in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.
2. The amount of tax payable to the budget in respect of operations involving the sale (transfer, performance, rendering for own requirements) of goods (work and services) in the territory of the Russian Federation shall be paid in the locality where the taxpayer is registered with the tax authorities.
3. Tax agents (organizations and private entrepreneurs) shall pay the amount of tax in their own locality.
4. The persons which are referred to in clause 5 of Article 173 of this Code shall pay tax on the basis of the results for each tax period based on relevant sales of goods (work and services) for the tax period which has ended and no later than the 20<sup>th</sup> of the month following the tax period which has ended.

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In the case of the sale by taxpayers which are foreign persons and are not registered with the tax authorities as taxpayers of work (services) the place of sale of which is the territory of the Russian Federation, tax shall be paid by tax agents at the same time as monetary resources are paid (transferred) to those taxpayers.

A tax agent's bank shall not have the right to accept an order from that tax agent for the payment of monetary resources in favour of such taxpayers unless the tax agent has also presented to the bank an order for the payment of tax from an account held with that bank where there are sufficient monetary resources to pay the full amount of tax.

5. Taxpayers (tax agents), including those referred to in clause 5 of Article 173 of this Code, must submit an appropriate tax declaration to the tax authorities where they are registered no later than the 20th of the month following the tax period which has ended, unless otherwise stipulated by this Chapter.
7. Foreign organizations which have a number of economically autonomous subdivisions in the territory of the Russian Federation shall select a subdivision through whose place of registration with a tax authority they will submit tax declarations and pay tax in respect of the operations of all the foreign organization's economically autonomous subdivisions in the territory of the Russian Federation taken as a whole. Foreign organizations shall give written notice of their choice to the tax authorities for the locations of their economically autonomous subdivisions in the territory of the Russian Federation.

### **Article 174.1 Special Considerations Relating to the Calculation and Payment to the Budget of Tax Where Operations Are Carried Out in Accordance With a Simple Partnership Agreement (Joint Activity Agreement), an Agreement on the Fiduciary Management of Assets or a Concession Agreement in the Territory of the Russian Federation**

1. For the purposes of this Chapter, responsibility for maintaining common records of operations which are taxable in accordance with Article 146 of this Code shall rest with a participant in a partnership which is a Russian organization or a private entrepreneur (hereafter in this Article referred to as "partnership participant").

Where operations are carried out in accordance with a simple partnership agreement (joint activity agreement), a concession agreement or an agreement on the fiduciary management of assets, the duties of a taxpayer which are established by this Chapter shall be assigned to the partnership participant, the concessionaire or the fiduciary.

2. Where goods (work and services) are sold or property rights are transferred in accordance with a simple partnership agreement (joint activity agreement), a concession agreement or an agreement on the fiduciary management of assets, the partnership participant, the concessionaire or the fiduciary shall be obliged

to present appropriate VAT invoices in accordance with the procedure established by this Code.

3. A tax deduction in respect of goods (work and services), including fixed assets and intangible assets, and in respect of property rights which are acquired for the production and (or) sale of goods (work and services) which are deemed to be an object of taxation in accordance with this Chapter in accordance with a simple partnership agreement (a joint activity agreement), a concession agreement or an agreement on the fiduciary management of assets shall be granted only to the partnership participant, to the concessionaire or to the fiduciary, subject to the availability of VAT invoices issued by sellers to those persons, in accordance with the procedure established by this Chapter.

Where a partnership participant which maintains common records of operations for taxation purposes, a concessionaire or a fiduciary carries out other activities, the right to deduct amounts of tax shall arise provided that separate records are maintained of goods (work and services), including fixed assets and intangible assets, and property rights which are used in carrying out operations in accordance with the simple partnership agreement (joint activity agreement), concession agreement or agreement on the fiduciary management of assets and those which are used by it in carrying out other activities.

#### **Article 176 Procedure for the Reimbursement of Tax**

1. Where, on the basis of the results for a tax period, the amount of tax deductions exceeds the total amount of tax calculated in respect of operations which are deemed to be an object of taxation in accordance with subsections 1 to 3 of clause 1 of Article 146 of this Code, the resulting difference must be reimbursed (offset, refunded) to the taxpayer in accordance with the provisions of this Article.

After a taxpayer has submitted a tax declaration, the tax authority shall check the validity of the amount claimed as reimbursable in the course of performing an in-house tax audit in accordance with the procedure established by Article 88 of this Code.

2. Upon completion of the audit, the tax authority must, within seven days, adopt a decision on the reimbursement of the amounts in question unless violations of tax and levy legislation were found when performing the in-house tax audit.
3. In the event that violations of tax and levy legislation are found in the course of an in-house tax audit, authorized officials of the tax authority must draw up a tax audit report in accordance with Article 100 of this Code.

The report and other materials relating to an in-house tax audit in the course of which violations of tax and levy legislation were found and objections presented by the taxpayer (its representative) must be examined by the director (deputy director) of the tax authority which performed the tax audit and a decision thereon must be adopted in accordance with Article 101 of this Code.

After examining the materials relating to the in-house tax audit the director (deputy director) of the tax authority shall issue a decision on the imposition on the taxpayer of sanctions for the commission of a tax offence or on the non-imposition on the taxpayer of sanctions for the commission of a tax offence.

At the same time as that decision is adopted, there shall be adopted:

- a decision to grant a reimbursement in full of the amount of tax claimed as reimbursable;
- a decision to disallow in full the reimbursement of the amount of tax claimed as reimbursable;
- a decision to grant a reimbursement in part of the amount of tax claimed as reimbursable and a decision to disallow in part the reimbursement of the amount of tax claimed as reimbursable.

4. Where a taxpayer has arrears in respect of tax or other federal taxes and indebtedness in respect of applicable penalties and (or) fines which are payable or recoverable in the cases envisaged by this Code, the tax authority shall independently credit the amount of tax which is reimbursable towards the settlement of those arrears and indebtedness in respect of penalties and (or) fines.
5. Where a tax authority has adopted a decision to grant a reimbursement of an amount of tax (in whole or in part) and tax arrears exist which arose in the period between the date of submission of the declaration and the date of reimbursement of the amounts in question and do not exceed the amount which is reimbursable in accordance with the tax authority's decision, penalties shall not be charged on the amount of arrears.
6. In the event that a taxpayer does not have arrears in respect of tax or other federal taxes or indebtedness in respect of penalties and (or) fines which are payable or recoverable in the cases envisaged by this Code, the amount of tax which is reimbursable in accordance with the tax authority's decision shall be refunded on the taxpayer's application to a bank account designated by the taxpayer. On the basis of a written application from the taxpayer, refundable amounts may be credited towards the payment of future tax payments in respect of tax or other federal taxes.
7. A decision to grant an offset (refund) of an amount of tax shall be adopted by a tax authority at the same time as a decision is issued to grant a reimbursement of an amount of tax (in whole or in part).
8. An instruction to refund an amount of tax which has been drawn up on the basis of a refund decision must be sent by a tax authority to a territorial body of the Federal Treasury on the day following the day of the adoption of that decision by the tax authority.

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The territorial body of the Federal Treasury shall effect the refund of the amount of tax to the taxpayer in accordance with the budget legislation of the Russian Federation within five days of receiving the above-mentioned instruction and, within the same time period, shall notify the tax authority of the date of the refund and the amount of monetary resources refunded to the taxpayer.

9. A tax authority shall be obliged to give a taxpayer written notice of a decision taken to grant a reimbursement (in whole or in part), of a decision taken to grant an offset (refund) of an amount of tax which is reimbursable or of a refusal to grant a reimbursement within five days from the day of the adoption of the decision in question.

That notice may be transmitted to the director of an organization, to a private entrepreneur or to their representatives in person against receipt or in another manner which provides evidence of the fact and date of the receipt of the notice.

10. In the event that the time limit for the refund of an amount of tax is exceeded, interest shall be assessed on the basis of the refinancing rate of the Central Bank of the Russian Federation commencing from the 12<sup>th</sup> day after the completion of the in-house tax audit on the basis of which the decision to grant a reimbursement of the amount of tax (in whole or in part) was issued.

The interest rate shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation which was effective on the days on which the refund time limit was exceeded.

11. In the event that the interest envisaged by clause 10 of this Article has not been paid to a taxpayer in full, the tax authority shall adopt a decision concerning the refund of the remaining amount of interest, calculated on the basis of the date of the actual refund to the taxpayer of the reimbursable amount of tax, within three days after receiving the notification from the territorial body of the Federal Treasury concerning the date of the refund and the amount of monetary resources refunded to the taxpayer.

An instruction for the refund of the remaining amount of interest, drawn up on the basis of the tax authority's decision on the refund of that amount, shall be sent by the tax authority to a territorial body of the Federal Treasury within the time limit established by clause 8 of this Article in order for the refund to be effected.

12. In the cases and according to the procedure provided for in Article 176.1 of this Code, taxpayers shall have the right to use the claim-based procedure for tax reimbursement.

### **Article 176.1 Claim-Based Procedure for Tax Reimbursement**

1. The claim-based procedure for tax reimbursement shall be a procedure whereby the amount of tax claimed as reimbursable in a tax declaration is

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credited (refunded) in the manner provided for in this Article before the completion of an in-house tax audit which is carried out in accordance with Article 88 of this Code on the basis of that tax declaration.

2. The following shall have the right to use the claim-based procedure for tax reimbursement:
  - 1) taxpayer organizations for which the aggregate amount of value added tax, excise duties, tax on the profit of organizations and tax on the extraction of commercial minerals paid over the three calendar years preceding the year in which the application to use the claim-based procedure for tax reimbursement is submitted, excluding amounts of taxes paid in connection with the conveyance of goods across the border of the Russian Federation and in the capacity of a tax agent, is not less than 10 billion roubles. Such taxpayers shall have the right to use the claim-based procedure for tax reimbursement if at least three years have elapsed from the day on which the organization in question was established up to the day on which a tax declaration is submitted;
  - 2) taxpayers which have presented, together with a tax declaration in which the right to tax reimbursement is claimed, a valid bank guarantee under which the bank is obliged, on the basis of a demand presented by a tax authority, to pay to the budget on the taxpayer's behalf any excess amounts of tax which the taxpayer received (or for which it received a credit) as a result of claim-based tax reimbursement in the event that the decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure is rescinded in whole or in part in cases provided for in this Article.
3. Not later than the day following the day on which a bank guarantee is issued, the bank shall notify the tax authority where the taxpayer is registered of the issue of a bank guarantee in accordance with a procedure to be determined by the federal executive body in charge of control and supervision in the area of taxes and levies.
4. A bank guarantee must be provided by a bank which has been included in the list of banks which meet the established requirements for the acceptance of bank guarantees for taxation purposes (hereafter in this Article referred to as "the list"). The list shall be maintained by the Ministry of Finance of the Russian Federation on the basis of information received from the Central Bank of the Russian Federation, and must be posted on the official Internet site of the Ministry of Finance of the Russian Federation. In order to be included in the list a bank must satisfy the following requirements:
  - 1) it possesses a licence to carry out banking operations issued by the Central Bank of the Russian Federation, and has carried out banking activities for not less than five years;
  - 2) the registered charter capital of the bank amounts to not less than 500 million roubles;
  - 3) the internal resources (capital) of the bank amount to not less than 1 billion roubles;



- 4) it has complied with the mandatory norms envisaged by Federal Law No. 86-FZ of July 10, 2002 “Concerning the Central Bank of the Russian Federation (Bank of Russia)” (hereinafter referred to as “the Federal Law “Concerning the Central Bank of the Russian Federation (Bank of Russia)”” on all accounting dates during the last six months;
- 5) no order has been issued by the Central Bank of the Russian Federation for measures to be taken for the financial rehabilitation of the bank on the basis of Federal Law No. 40-FZ of February 25, 1999 “Concerning the Insolvency (Bankruptcy) of Credit Organizations”.
5. Where evidence is discovered that a bank not included in the list meets the established requirements or that a bank included in the list does not meet the established requirements, the relevant information shall be sent by the Central Bank of the Russian Federation to the Ministry of Finance of the Russian Federation within five days from the day on which that evidence is discovered so that the list may be amended accordingly.
6. A bank guarantee must meet the following requirements:
  - 1) the bank guarantee must be irrevocable and non-transferable;
  - 2) the bank guarantee may not contain an instruction for the tax authority to present documents to the bank other than those which are envisaged by this Article;
  - 3) the expiry date of the bank guarantee must be no earlier than eight months from the date of submission of a tax declaration in which an amount of tax is claimed as reimbursable;
  - 4) the amount for which the bank guarantee is issued must provide for the fulfilment of obligations to repay to the budget the full amount of tax claimed as reimbursable;
  - 5) the bank guarantee must allow for monetary resources to be debited from the guarantor’s account on an uncontested basis in the event that it fails to meet within the established time limit a demand for the payment of a sum of money on the basis of the bank guarantee which was sent before the expiry of the bank guarantee.
7. Taxpayers which have the right to use the claim-based procedure for tax reimbursement shall exercise that right by means of submitting to the tax authority, no later than five days from the date of submission of a tax declaration, an application to use the claim-based procedure for tax reimbursement, in which the taxpayer shall enter the bank account details required for the remittance of monetary resources.

In the above-mentioned application the taxpayer shall undertake to repay to the budget any excess amounts which it receives (or for which it receives a credit) under the claim-based procedure (including interest such as is provided

for in clause 10 of this Article (if any was paid)), and to pay interest charged on those amounts in accordance with the procedure established by clause 17 of this Article, in the event that the decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure is rescinded in whole or in part in cases provided for in this Article.

8. Within five days from the day on which an application to use the claim-based procedure for tax reimbursement is submitted, the tax authority shall check whether the taxpayer is in compliance with the requirements laid down in clauses 2, 4, 6 and 7 of this Article and whether the taxpayer has arrears in respect of tax or other taxes or indebtedness in respect of corresponding penalties and (or) fines which are payable or recoverable in cases provided for in this Code, and shall adopt a decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure or a decision to disallow the reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure.

At the same time as a decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure, depending on whether or not the taxpayer has indebtedness in respect of the above-mentioned payments the tax authority shall adopt a decision to grant a credit for the amount of tax claimed as reimbursable under the claim-based procedure and (or) a decision to grant a refund (in whole or in part) of the amount of tax claimed as reimbursable under the claim-based procedure.

The tax authority shall be obliged to give the taxpayer written notice of decisions made within five days from the day on which a particular decision is made. In this respect, a notice of a decision to disallow the reimbursement of tax claimed as reimbursable under the claim-based procedure must indicate the provisions of this Article which were violated by the taxpayer. That notice may be transmitted to the director of an organization, to a private entrepreneur or to representative thereof in person against receipt or by another means which provides evidence of the fact and date of its receipt.

The adoption of a decision to disallow the reimbursement of an amount of tax claimed as reimbursable under the claim-based procedure shall not alter the procedure and time period for the conduct of an in-house tax audit of a submitted tax declaration. Where a decision is issued to disallow the reimbursement of an amount of tax claimed as reimbursable under the claim-based procedure, tax reimbursement shall be effected according to the procedure and within the time periods which are laid down in Article 176 of this Code.

9. Where a taxpayer has arrears in respect of tax or other taxes or indebtedness in respect of corresponding penalties and (or) fines which are payable or recoverable in cases provided for in this Code, on the basis of the decision to grant a credit for the amount of tax claimed as reimbursable under the claim-based procedure the tax authority shall independently credit the amount of tax claimed as reimbursable under the claim-based procedure towards the settlement of the above-mentioned arrears and indebtedness in respect of penalties and (or) fines. In this respect, penalties shall be charged on the

arrears in question until the day on which the tax authority adopts the decision to grant a credit for the amount of tax claimed as reimbursable under the claim-based procedure.

Where a taxpayer does not have arrears in respect of tax or other taxes or indebtedness in respect of corresponding penalties and (or) fines which are payable or recoverable in cases provided for in this Code, or in the event that the amount of tax claimed as reimbursable under the claim-based procedure exceeds the amounts of such arrears in respect of tax or other taxes and indebtedness in respect of corresponding penalties and (or) fines, the amount of tax which is reimbursable shall be refunded to the taxpayer on the basis of a decision of the tax authority to grant a refund (in whole or in part) of the amount of tax claimed as reimbursable under the claim-based procedure.

10. An order for the refund of an amount of tax shall be drawn up by a tax authority on the basis of a decision to grant a refund (in whole or in part) of an amount of tax claimed as reimbursable under the claim-based procedure and must be sent to a territorial body of the Federal Treasury on the next working day after the day on which the tax authority adopted that decision.

Within five days from the day on which it receives the order referred to in paragraph 1 of this clause, the territorial body of the Federal Treasury shall refund the amount of tax to the taxpayer in accordance with the budget legislation of the Russian Federation and, not later than the day following the day on which the refund is effected, notify the tax authority of the date of the refund and the amount of monetary resources refunded to the taxpayer.

In the event that the time limits for the refund of the amount of tax are exceeded, interest shall accrue on that amount for each day of the delay commencing from the 12<sup>th</sup> day after the day on which the taxpayer submitted the application specified in clause 7 of this Article. The interest rate shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation which is prevailing in the period in which the refund time limit is exceeded.

In the event that interest provided for in this clause has been paid to a taxpayer in less than the full amount, within three days after receiving the notification from the territorial body of the Federal Treasury concerning the date of the refund and the amount of monetary resources refunded the tax authority shall adopt a decision requiring payment of the remaining amount of interest and, not later than the day following the day on which that decision is adopted, shall send to the territorial body of the Federal Treasury an order, drawn up on the basis of that decision, for the payment of the remaining amount of interest.

11. The validity of the amount of tax claimed as reimbursable shall be checked by the tax authority in the process of conducting an in-house tax audit according to the procedure and within the time periods which are established by Article 88 of this Code on the basis of a tax declaration submitted by the taxpayer in which the amount of tax is claimed as reimbursable.

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12. In the event that no violations of tax and levy legislation are discovered in the process of conducting the in-house tax audit, the tax authority must, within seven days after completing the in-house tax audit, give the taxpayer written notice of the fact that the tax audit has been completed and no violations of tax and levy legislation were found.
  
13. In the event that violations of tax and levy legislation are discovered in the course of conducting the in-house tax audit, authorized officials of the tax authorities must draw up a tax audit report in accordance with Article 100 of this Code.  
  
The report and other materials relating to the in-house tax audit in the course of which violations of tax and levy legislation were discovered and objections presented by the taxpayer (its representative) must be examined by the director (deputy director) of the tax authority which carried out the tax audit, and a decision must be adopted on them in accordance with Article 101 of this Code.
  
14. After examining the materials relating to the in-house tax audit, the director (deputy director) of the tax authority shall issue a decision to impose sanctions on the taxpayer for the commission of a tax offence or a decision not to impose sanctions on the taxpayer for the commission of a tax offence.
  
15. Should the amount of tax reimbursed to a taxpayer in the manner provided for in this Article exceed the amount of tax which is reimbursable according to the results of the in-house tax audit, at the same as the tax authority adopts the decision envisaged in clause 14 of this Article the tax authority shall adopt a decision rescinding the decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure and rescinding the decision to grant a refund (in whole or in part) of the amount of tax claimed as reimbursable under the claim-based procedure and (or) the decision to grant a credit for the amount of tax claimed as reimbursable under the claim-based procedure with respect to the amount of tax which is not reimbursable according to the results of the in-house tax audit.
  
16. The tax authority shall be obliged to give the taxpayer written notice of decisions made such as are envisaged in clauses 14 and 15 of this Article within five days from the day on which such a decision is adopted. That notice may be transmitted to the director of an organization, to a private entrepreneur or to their representatives in person against receipt or by another means which provides evidence of the fact and date of its receipt.
  
17. Together with the notice of the adoption of the decision referred to in clause 15 of this Article, the taxpayer shall be sent a demand to repay to the budget any excess amounts which it received (for which it received a credit) under the claim-based procedure (including interest such as is provided for in clause 10 of this Article (if any was paid) in an amount corresponding to the proportion of the amount of tax reimbursed in excess to the total amount of tax reimbursed under the claim-based procedure) (hereinafter referred to as “demand for repayment”). Interest shall be charged on amounts repayable by the taxpayer on the basis of an interest rate equal to double the refinancing rate

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of the Central Bank of the Russian Federation which was in effect in the period in which budgetary resources were used. That interest shall be charged commencing from the day:

- 1) on which the taxpayer actually received the resources – in the event that the amount of tax was refunded under the claim-based procedure;
  - 2) on which a decision was adopted to grant a credit for the amount of tax claimed as reimbursable under the claim-based procedure – if the amount of tax was credited under the claim-based procedure.
18. The form of a demand for repayment shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies. The demand must contain information:
- 1) on the amount of tax which is reimbursable according to the results of the in-house tax audit;
  - 2) on excess amounts of tax received by the taxpayer (credited for the taxpayer) under the claim-based procedure which are repayable to the budget;
  - 3) on the amount of interest provided for in clause 10 of this Article which is repayable to the budget;
  - 4) on the amount of interest charged in accordance with clause 17 of this Article as at the date of sending the demand for repayment;
  - 5) on the time limit for complying with the demand for repayment, as established by clause 20 of this Article;
  - 6) on measures for the recovery of amounts payable which will be taken in the event that the taxpayer fails to comply with the demand for repayment.
19. The demand for repayment may be transmitted to the director of an organization, to a private entrepreneur or to their representatives in person against receipt or by another means which provides evidence of the fact and date of its receipt. If the demand for repayment cannot be served by such means, it shall be sent by registered mail and shall be considered to have been received upon the lapse of six days from the date on which the registered letter was sent.
20. The taxpayer shall be obliged to pay the amount specified in the demand for repayment independently within five days from the date of receipt of that demand.
21. In the event that the amount referred to in subsection 2 of clause 18 of this Article is not paid or is not paid in full within the established time limit by a taxpayer which has presented a bank guarantee, not later than the day following the date of expiry of the time limit established by clause 20 of this Article the tax authority shall send to the bank a demand for the payment of a sum of money on the basis of the bank guarantee, indicating the amounts

payable by the guarantor within five days of the receipt of that demand by the bank.

The bank shall not have the right to reject the tax authority's demand for the payment of a sum of money on the basis of the bank guarantee (unless the demand was presented to the bank after the expiry of the period for which the bank guarantee was issued).

In the event that the bank does not comply with the demand for the payment of a sum of money on the basis of the bank guarantee within the established time limit, the tax authority shall have the right to collect the amounts specified in that demand on an uncontested basis.

22. Within ten days after the bank's obligation to pay a sum of money on the basis of the bank guarantee is fulfilled, the tax authority shall send the taxpayer a revised demand for repayment, indicating the amounts payable to the budget.

In this respect, in the event that the tax authority fails to meet the time limit for sending a demand for repayment, the charging of interest on the amounts payable by the taxpayer on the basis of the demand for repayment shall be suspended until the date on which that demand is actually received by the taxpayer.

23. In the event that the amounts specified in a demand for repayment are not paid or are not paid in full within the established time limit by a taxpayer which has used the claim-based procedure for tax reimbursement without the provision of a bank guarantee or by a taxpayer which has received a revised demand for repayment, or where a demand for the payment of a sum of money on the basis of a bank guarantee cannot be sent to the bank owing to the expiry of that guarantee, the payment of the amount concerned shall be enforced by means of levying execution on monetary resources held in accounts or on other assets of the taxpayer according to the procedure and within the time periods established by Articles 46 and 47 of this Code on the basis of a decision on the recovery of those amounts adopted by the tax authority after the failure by the taxpayer to comply with the demand for repayment within the established time limit.

24. After a taxpayer has submitted an application such as is envisaged by clause 7 of this Article, until the in-house tax audit has been completed a revised tax declaration shall be submitted in the manner provided for in Article 81 of this Code with account taken of the special considerations established by this clause.

If a revised tax declaration is submitted by the taxpayer before the adoption of a decision such as is provided for in paragraph 1 of clause 8 of this Article, such a decision shall not be adopted on the basis of the previously submitted tax declaration.

If a revised tax declaration is submitted by the taxpayer after the tax authority has adopted a decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure but before the completion of

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the in-house tax audit, the above-mentioned decision made on the previously submitted tax declaration shall be rescinded not later than the day following the day on which the revised tax declaration is submitted. Not later than the day following the date of adoption of the decision rescinding the decision to grant a reimbursement of the amount of tax claimed as reimbursable under the claim-based procedure, the tax authority shall notify the taxpayer of the adoption of that decision. Amounts which the taxpayer received (or for which the taxpayer received a credit) must be repaid by the taxpayer together with interest envisaged in clause 17 of this Article in accordance with the procedure laid down in clauses 17 to 23 of this Article.

### **Article 177 Time Limits and Procedure for the Payment of Tax Upon the Importation of Goods into the Territory of the Russian Federation and Other Territories Under its Jurisdiction**

The time limits and procedure for the payment of tax upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction shall be established by this Chapter with account taken of the provisions of the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

**CHAPTER 22. EXCISE DUTIES**

**Article 179 Taxpayers**

1. The following shall be deemed to be payers of excise duty (hereafter in this Chapter referred to as “taxpayers”):
  - 1) organizations;
  - 2) private entrepreneurs;
  - 3) persons who are deemed to be taxpayers in connection with the conveyance of goods across the customs border of the Russian Federation, as defined in accordance with the Customs Code of the Russian Federation.
2. The organizations and other persons referred to in this Article shall be deemed to be taxpayers if they carry out operations which are taxable in accordance with this Chapter.

**Article 179.2 Certificates of Registration of an Organization Which Carries Out Operations Involving Denatured Ethyl Alcohol**

1. Certificates of registration of an organization which carries out operations involving denatured ethyl alcohol (hereafter in this Article referred to as a “certificate”) shall be issued to organizations which carry out the following types of activity:
  - 1) the production of denatured ethyl alcohol – a certificate for the production of denatured ethyl alcohol;
  - 2) the production of non-alcohol-containing products in which denatured ethyl alcohol is used as a raw material for the production thereof – a certificate for the production of non-alcohol-containing products;
  - 3) the production of alcohol-containing products in metal aerosol packaging in which denatured ethyl alcohol is used as a raw material for the production thereof – a certificate for the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging;
  - 4) the production of alcohol-containing products in metal aerosol packaging in which denatured ethyl alcohol is used as a raw material for the production thereof – a certificate for the production of alcohol-containing household chemical products in metal aerosol packaging.
2. The following shall be indicated in the certificate:
  - 1) the name of the tax authority which issued the certificate;



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- 2) the full and abbreviated names of the organization, the location of the organization and the address (place of actual activity) at which the organization carries out the type of activity which is referred to in clause 1 of this Article;
  - 3) the taxpayer identification number (TIN);
  - 4) the type of activity;
  - 5) particulars of documents which confirm the right of ownership (right of economic jurisdiction and (or) operational management) in production facilities, and the location of those facilities;
  - 6) particulars of documents which confirm the right of ownership (right of economic jurisdiction and (or) operational management) in facilities for the storage of denatured ethyl alcohol, and the location of those facilities;
  - 7) the period of validity of the certificate (up to one year);
  - 8) the conditions of carrying out the specified types of activity;
  - 9) the registration number and date of issue of the certificate.
3. The procedure for the issue of a certificate shall be determined by the Ministry of Finance of the Russian Federation.
  4. Certificates shall be issued to organizations provided that they meet the following requirements:
    - 1) a certificate for the production of denatured ethyl alcohol – provided that the organization (an organization in which the applicant organization possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company) owns (possesses on the basis of economic jurisdiction and (or) operational management) facilities for the production, storage and supply of denatured ethyl alcohol;
    - 2) a certificate for the production of non-alcohol-containing products – provided that the organization (an organization in which the applicant organization possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company) owns (possesses on the basis of economic jurisdiction and (or) operational management) facilities for the production, storage and supply of non-alcohol-based products in which non-denatured ethyl alcohol is used as a raw material for the production thereof.

The tax authority shall be obliged to issue a certificate (notify the applicant of a refusal to issue a certificate) not later than 30 calendar days from the moment when the taxpayer submitted the application for the issue of a certificate and presented copies of the documents envisaged by this Article. A notification shall be sent to the taxpayer in writing with an indication of the

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reasons for the refusal. In order to receive a certificate the organization shall present to the tax authority an application for the issue of a certificate, details of the possession by it of the facilities which are required to carry out the stated type of activity and copies of documents which confirm the taxpayer's ownership of those facilities (copies of documents which confirm the right of economic jurisdiction and (or) operational management in relation to assets assigned to it);

- 3) a certificate for the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging – provided that the organization (an organization in which the applicant organization possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company) owns (possesses on the basis of economic jurisdiction and (or) operational management) facilities for the production, storage and supply of the above-mentioned products in which non-denatured ethyl alcohol is used as a raw material for the production thereof;
- 4) a certificate for the production of alcohol-containing household chemical products in metal aerosol packaging – provided that the organization (an organization in which the applicant organization possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company) owns (possesses on the basis of economic jurisdiction and (or) operational management) facilities for the production, storage and supply of the above-mentioned products in which non-denatured ethyl alcohol is used as a raw material for the production thereof.
5. The tax authorities shall suspend the validity of a certificate in the following instances:
  - in the event that the organization fails to comply with current tax and levy legislation insofar as the calculation and payment of excise duties is concerned;
  - in the event that an organization fails to submit VAT invoices which are submitted to the tax authorities in accordance with Article 201 of this Code. In this case the validity of the certificate of the organization which is the purchaser (recipient) of denatured ethyl alcohol shall be suspended;
  - in the event of the use of technological equipment for the production, storage and sale of denatured ethyl alcohol which is not fitted with control instruments or is fitted with malfunctioning control and measuring equipment, and in the event of the disruption of the operation or violation of the conditions of use of control and measuring equipment installed on such technological equipment.

In the event that the validity of a certificate is suspended the tax authority shall be obliged to establish a time limit for rectifying the violations which resulted in the suspension of the validity of the certificate. That time limit may not exceed six months. In the event that the violations are not rectified within the established time limit, the certificate shall be annulled.

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An organization which possesses a certificate shall be obliged to notify in writing the tax authority which issued the certificate of the rectification by it of the violations which resulted in the suspension of the validity of the certificate. The tax authority which issued the certificate shall adopt a decision concerning the reinstatement or non-reinstatement of its validity and shall give written notice of this to the organization which possesses the certificate within three days from the date of receipt of a notification of the rectification of the violations which resulted in the suspension of the validity of the certificate.

The period of validity of the certificate shall not be extended by the period of time for which it is suspended.

The tax authorities shall annul a certificate in the following instances:

- in the event that an organization which has a certificate for the production of non-alcohol-containing products produces alcohol-containing products;
- in the event that an organization which has a certificate for the production of non-alcohol-containing products transfers denatured ethyl alcohol to another person;
- in the event that an organization presents an appropriate application;
- in the event that an organization transfers a certificate which has been issued according to the procedure established in accordance with clause 3 of this Article to another person;
- in the event of the completion of the re-organization of an organization where, as a result of the re-organization, the organization in question loses ownership of facilities which were declared upon receiving the certificate;
- in the event that an organization changes its name;
- in the event that the location of an organization changes;
- in the event of the termination of ownership rights in the entire volume of facilities specified in the certificate;
- in the event that an organization which possesses a certificate for the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) a certificate for the production of alcohol-containing household chemical products in metal aerosol packaging produces other alcohol-containing products (other than denatured alcohol-containing products);
- in the event that an organization which possesses a certificate for the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) a certificate for the production of alcohol-containing household chemical products in metal aerosol packaging transfers denatured ethyl alcohol to another person.

6. In the instances of the annulment of a certificate which are envisaged by clause 5 of this Article, and in the event that an organization loses a certificate, the organization shall have the right to submit an application for a new certificate.
7. The tax authority which issued a certificate shall be obliged to notify the organization of the suspension of the validity or annulment of the certificate in question within three days from the day on which the relevant decision is adopted.
8. An organization which possesses a certificate shall be obliged to report to the tax authority which issued the certificate on the use of denatured ethyl alcohol in accordance with the procedure established by the Ministry of Finance of the Russian Federation.

**Article 179.3 Certificates of Registration of a Person Which Carries Out Operations Involving Straight-Run Petrol**

1. Certificates of registration of a person which carries out operations involving straight-run petrol (hereafter in this Chapter referred to as “certificate”) shall be issued to organizations and private entrepreneurs which carry out the following types of activity:

- the production of straight-run petrol, including production from customer supplied raw materials (other materials) – a certificate for the production of straight-run petrol;

- the production of petrochemical products where straight-run petrol is used as a raw material, including production from customer supplied raw materials (other materials) – a certificate for the processing of straight-run petrol.

For the purposes of this Chapter petrochemical products shall be understood to mean products obtained as a result of the processing (chemical conversions) of components of oil (including straight-run petrol) and natural gas into organic substances and fractions which are end products and (or) are subsequently used as a basis for the manufacture of other products, and waste which is obtained from the processing of straight-run petrol in the process of the production of the above-mentioned products.

2. The following shall be indicated in the certificate:
  - 1) the name of the tax authority which issued the certificate;
  - 2) the full and abbreviated names of the organization (surname, first name and patronymic of the private entrepreneur), the location of the organization (place of residence of the private entrepreneur) and the address (place of actual activity) at which the organization (private entrepreneur) carries out the types of activity which are referred to in clause 1 of this Article;

- 3) the taxpayer identification number (TIN);
  - 4) the type of activity;
  - 5) particulars of documents which confirm the right of ownership (right of possession or use on other legal grounds, provided that the charter (pooled) capital (fund) of the applicant organization consists 100 per cent of a contribution (share interest) of the organization which owns the production facilities) in production facilities, and the location of those facilities;
  - 6) particulars of the agreement on the rendering by the taxpayer of services involving the processing of oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other raw materials and products of the processing thereof for the purpose of obtaining straight-run petrol (if such an agreement exists);
  - 7) particulars of the agreement on the rendering of services involving the processing of straight-run petrol with an organization which carries out the production of petrochemical products (if such an agreement exists);
  - 8) the registration number and date of issue of the certificate.
3. The procedure for the issuance of a certificate shall be determined by the Ministry of Finance of the Russian Federation.
  4. A certificate shall be issued to organizations and private entrepreneurs provided that they meet the following requirements:
    - a certificate for the production of straight-run petrol – provided that the organization or private entrepreneur (an organization in which the applicant organization possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company) has ownership (possession or use on other legal grounds, provided that the charter (pooled) capital (fund) of the applicant organization consists 100 per cent of a contribution (share interest) of the organization which owns the production facilities) of facilities for the production of straight-run petrol and (or) subject to the existence of an agreement on the rendering of services involving the processing by the taxpayer of crude oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other materials and products of the processing thereof as a result of which straight-run petrol is produced;
    - a certificate for the processing of straight-run petrol – provided that the organization or private entrepreneur (an organization in which the applicant organization possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company) has ownership (possession or use on other legal grounds, provided that the charter (pooled) capital (fund) of the applicant organization consists 100 per cent of a contribution (share interest) of the organization which owns the production facilities) of facilities for the production of petrochemical products and (or) subject to the existence of an agreement on the rendering of

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services involving the processing of straight-run petrol belonging to the taxpayer with an organization which carries out the production of petrochemical products.

The tax authority shall be obliged to issue a certificate (notify the applicant of a refusal to issue a certificate) not later than 30 calendar days from the moment when the taxpayer submitted the application for the issue of a certificate and presented copies of the documents envisaged by this Article. A notification shall be sent to the taxpayer in writing stating the reasons for the refusal. In order to receive a certificate the taxpayer (unless otherwise established by this Article) shall present to the tax authority an application for the issue of a certificate, information to the effect that it possesses the production facilities which are required to carry out the stated type of activity and copies of documents which confirm the taxpayer's right of ownership in those facilities (copies of documents which confirm the right of economic jurisdiction and (or) operational management of assets assigned to it).

In order to receive a certificate for the production of straight-run petrol an organization or private entrepreneur which processes crude oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other raw materials and products of the processing thereof may present to the tax authority, in place of documents which confirm the right of ownership (right of economic jurisdiction and (or) operational management) in facilities for the production of straight-run petrol, a certified copy of the agreement on the rendering of services involving the processing of oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other raw materials and products of the processing thereof bearing a mark made by the tax authority at the location of the organization which carries out the processing of oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other raw materials and products of the processing thereof. That mark shall be made subject to the presentation to the tax authority at the location of that organization or the place of residence of the private entrepreneur of a copy of the agreement on the rendering of services involving the processing of oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other raw materials and products of the processing thereof.

In order to receive a certificate for the processing of straight-run petrol, an organization or private entrepreneur which is the owner of raw materials may present to the tax authorities, in place of documents confirming the right of ownership (right of possession or use on other legal grounds, provided that the charter (pooled) capital (fund) of the applicant organization consists 100 per cent of a contribution (share interest) of the organization which owns the production facilities) in facilities for the production, storage and supply of petrochemical products, a certified copy of an agreement on the rendering of services involving the processing of straight-run petrol with an organization which carries out the production of petrochemical products, bearing a mark made by the tax authority at the location of the organization which carries out the production of petrochemical products. That mark shall be made subject to the presentation to the tax authority at the location of the organization or the place of residence of the private entrepreneur which carries out the production

of petrochemical products of a copy of the agreement on the rendering of services involving the processing of straight-run petrol.

The certificates envisaged by this Article shall also be issued to an organization or private entrepreneur which has filed an application for the issue of a particular certificate where the facilities required for the receipt of certificates are owned by an organization in which the organization or private entrepreneur which filed the application for the issue of a certificate possesses more than 50 per cent of the charter (pooled) capital (fund) of a limited liability company or of the voting shares in a joint stock company. In such case the organization or private entrepreneur which filed the application for the issue of a certificate shall present to the tax authority documents confirming the organization's rights to the possession, use and disposal of those assets and documents confirming the possession of the above-mentioned share (the appropriate quantity of voting shares) in the organization's charter (pooled) capital (fund).

5. Tax authorities shall suspend the validity of a certificate in the following instances:

- in the event that the organization or private entrepreneur fails to abide by provisions of tax and levy legislation relating to the calculation and payment of excise duties;

- in the event that the organization or private entrepreneur as a purchaser (recipient) of straight-run petrol fails for three consecutive tax periods to present the VAT invoice registers which must be presented to the tax authorities in accordance with Article 201 of this Code. In such case the validity of the certificate of the organization or private entrepreneur which is the purchaser (recipient) of the straight-run petrol shall be suspended;

- in the event of the use of technological equipment for the production, storage and sale of straight-run petrol which is not fitted with control instruments to record the volumes thereof or is fitted with malfunctioning control and measuring equipment, and in the event of the disruption of the operation or violation of the conditions of use of control and measuring equipment installed on such technological equipment.

In the event that the validity of a certificate is suspended, the tax authority shall be obliged to establish a time limit for rectifying the violations which resulted in the suspension of the validity of the certificate. That time limit may not exceed six months. In the event that the violations are not rectified within the established time limit, the certificate shall be annulled.

An organization or private entrepreneur which possesses a certificate shall be obliged to notify the tax authority which issued the certificate in writing of the rectification by them of the violations which resulted in the suspension of the validity of the certificate. The tax authority which issued the certificate shall adopt a decision concerning the reinstatement or non-reinstatement of its validity and shall give written notice of this to the organization or private entrepreneur which possesses the certificate within three working days from

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the date of receipt of the notification of the rectification of the violations which resulted in the suspension of the validity of the certificate.

The period of validity of the certificate shall not be extended by the period of time for which it is suspended.

The tax authorities shall annul a certificate in the following instances:

- in the event that the organization or private entrepreneur submits an appropriate application;
- in the event that the organization or private entrepreneur transfers a certificate which has been issued according to the procedure established in accordance with clause 3 of this Article to another person;
- in the event of the completion of the re-organization of an organization if, as a result of the re-organization, the organization in question loses its right of ownership in facilities which were declared upon receiving the certificate, or in the event of the termination of the agreements envisaged by paragraphs 2 and 3 of clause 4 of this Article;
- in the event of a change of name of an organization (a change of surname, first name and patronymic of a private entrepreneur);
- in the event of a change of location of an organization (place of residence of a private entrepreneur);
- in the event of the termination of the right of ownership or possession (use) on other legal grounds (provided that the charter (pooled) capital (fund) of the applicant organization consists 100 per cent of a contribution (share interest) of the organization which owns the production facilities) in all the facilities specified in the certificate, or in the event of the termination of the agreements envisaged by paragraphs 2 and 3 of clause 4 of this Article.

6. In the instances of the annulment of a certificate which are envisaged by clause 5 of this Article, and in the event that an organization or private entrepreneur loses a certificate, the organization or private entrepreneur shall have the right to submit an application for a new certificate.
7. The tax authority which issued a certificate shall be obliged to notify the organization or private entrepreneur of the suspension of the validity or annulment of the certificate within three days from the day on which the relevant decision is adopted.

### **Article 180 Special Considerations Relating to the Fulfilment of the Obligations of a Taxpayer in the Context of a Simple Partnership Agreement (Joint Activity Agreement)**

1. Organizations or private entrepreneurs which are parties to a simple partnership (joint activity agreement) shall bear joint and several liability for



the fulfilment of the obligation to pay tax as calculated in accordance with this Chapter.

2. For the purposes of this Chapter it shall be established that the person responsible for executing obligations associated with the calculation and payment of the entire amount of excise duty calculated in respect of operations which are deemed to be taxable in accordance with this Chapter and are carried out in the context of a simple partnership agreement (joint activity agreement) shall be the person who manages the affairs of the simple partnership (joint activity agreement). Where the affairs of a simple partnership (joint activity agreement) are managed jointly by all the participants in the simple partnership (joint activity agreement), the parties to the simple partnership agreement (joint activity agreement) shall independently decide which participant shall execute obligations associated with the calculation and payment of the entire amount of excise duty in respect of operations which are deemed to be taxable in accordance with this Chapter and are carried out in the context of the simple partnership agreement (joint activity agreement).

The above-mentioned person shall have all the rights and discharge the obligations of a taxpayer which are envisaged by this Code in relation to the amount of excise duty in question.

The above-mentioned person must, no later than the day on which the first operation which is deemed to be taxable in accordance with this Chapter is carried out, notify the tax authority that it is discharging taxpayer obligations under a simple partnership agreement (joint activity agreement).

3. Provided that excise duty payment obligations are discharged in full and in a timely manner by the taxpayer which carries out excise duty payment obligations in the context of the simple partnership (joint activity agreement) in accordance with clause 2 of this Article, excise duty payment obligations shall be deemed to have been fulfilled by the remaining parties to the simple partnership agreement (joint activity agreement).

## **Article 181 Excisable Goods**

1. The following shall be deemed to be excisable:
  - 1) ethyl alcohol obtained from all types of raw materials;
    - 1.1) cognac spirit;
  - 2) alcohol-containing products (solutions, emulsions, suspensions and other types of products in liquid form with an ethyl alcohol content by volume of more than 9 per cent), with the exception of alcoholic products such as are referred to in subsection 3 of this clause.

The following goods shall not be regarded as excisable goods for the purposes of this Chapter:

- pharmaceutical drugs which have undergone State registration with the authorized federal executive body and have been entered in the State Register of Pharmaceutical Drugs, and pharmaceutical drugs (including homeopathic medicinal products) which are prepared by pharmacies according to prescriptions and requirements of medical organizations when put up in containers in accordance with the requirements of normative documentation approved by the authorized federal executive body;

- veterinary preparations which have undergone State registration with a competent federal executive authority and have been entered in the State register of registered veterinary preparations developed for use in animal husbandry in the territory of the Russian Federation, when put in containers of a capacity not exceeding 100 ml;

- perfumes and cosmetics when put in containers of a capacity not exceeding 100 ml with an ethyl content by volume of up to 80 per cent inclusively, and (or) perfumes and cosmetics with an ethyl alcohol content by volume of up to 90 per cent inclusively where the bottle has a spray pump, put up in containers of a capacity not exceeding 100 ml, and perfumes and cosmetics with an ethyl content by volume of up to 90 per cent inclusively when put up in containers of a capacity up to and including 3 ml;

- waste products which are formed in the process of the manufacture of ethyl alcohol from consumable raw materials, vodkas and liqueurs and spirits and are suitable for further processing and (or) use, and which conform to normative documentation approved (agreed) by a federal executive body;

- wine-making materials;

- 3) alcoholic products (potable alcohol, vodka, liqueurs and spirits, cognacs, wine, beer, beverages made on the basis of beer and other beverages with an ethyl alcohol content by volume exceeding 1.5 per cent;
- 5) tobacco products;
- 6) motor cars;
- 6.1) motorcycles with an engine capacity exceeding 112.5 kW (150 h.p.);
- 7) petrol;
- 8) diesel fuel;
- 9) motor oils for diesel and (or) carburettor (injection) engines;
- 10) straight-run petrol. For the purposes of this Chapter, straight-run petrol shall be understood to mean petrol fractions which are obtained as a result of the processing of oil, gas condensate, associated petroleum gas, natural gas, oil shales, coal and other raw materials and processed products thereof with the exception of automobile petrol and petrochemical products.

For the purposes of this Article a petrol fraction shall be understood to mean a blend of hydrocarbons boiling in a temperature range of 30 to 215 degrees Celsius given an atmospheric pressure of 760 millimetres of mercury.

**Article 182 Object of Taxation**

1. The following operations shall be deemed to be an object of taxation:
  - 1) the sale by persons in the territory of the Russian Federation of excisable goods produced by them, including the sale of pledged articles and the transfer of excisable goods under an indemnity or novation agreement.

For the purposes of this Chapter, the transfer of ownership rights in excisable goods by one person to another person at a charge and (or) without charge and the use thereof as payment in kind shall be regarded as the sale of excisable goods;

- 6) the sale by persons of confiscated and (or) ownerless excisable goods and excisable goods which were abandoned to the State and which are liable to be placed under State and (or) municipal ownership where such goods were transferred to them on the basis of verdicts or decisions of courts, arbitration courts or other authorized State bodies;
- 7) the transfer by persons in the territory of the Russian Federation of excisable goods produced by them from customer-supplied raw materials (other materials), to the owner of those raw materials (other materials) or to other persons, including the receipt of ownership of those excisable goods as payment for services involving the production of excisable goods from customer-supplied raw materials (other materials);
- 8) the transfer of produced excisable goods within the structure of an organization for the subsequent production of non-excisable goods, with the exception of the transfer of produced straight-run petrol for the subsequent production of petrochemical products within the structure of an organization which possesses a certificate of a person which carries out operations involving straight-run petrol and (or) the transfer of produced denatured ethyl alcohol for the production of non-alcohol-containing products within the structure of an organization which possesses a certificate of registration of an organization which carries out operations involving denatured ethyl alcohol;
- 9) the transfer by persons in the territory of the Russian Federation of excisable goods produced by those persons for their own requirements;
- 10) the transfer by persons in the territory of the Russian Federation of excisable goods produced by those persons to the charter (pooled) capital of organizations, to the share funds of co-operatives and as a contribution under a simple partnership agreement (joint activity agreement);

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- 11) the transfer by an organization (company or partnership) in the territory of the Russian Federation of excisable goods which it has produced to one of its participants (or to a legal successor or heir of such participant) when that participant withdraws (departs) from the organization (company or partnership), and the transfer of excisable goods produced within the framework of a simple partnership agreement (joint activity agreement) to one of the parties (or to a legal successor or heir of such party) to that agreement upon the apportionment of its share from assets which are jointly owned by the parties to the agreement or upon the division of those assets;
- 12) the transfer of produced excisable goods for processing as customer-supplied materials;
- 13) the importation of excisable goods into the territory of the Russian Federation and other territories under its jurisdiction;
- 20) the receipt (recording in accounts) of denatured ethyl alcohol by an organization which has a certificate for the production of non-alcohol-containing products.

For the purposes of this Chapter the receipt of denatured ethyl alcohol shall be understood to mean the acquisition of ownership of denatured ethyl alcohol;

- 21) the receipt of straight-run petrol by an organization which possesses a certificate for the processing of straight-run petrol.

For the purposes of this Chapter the receipt of straight-run petrol shall be understood to mean the acquisition of ownership of straight-run petrol.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a subsection 22 is appended to clause 1 of Article 182 with effect from August 1, 2011 as follows:*

- “22) *the transfer by one structural subdivision of an organization which is not an independent taxpayer to another such structural subdivision of that organization of manufactured ethyl alcohol and (or) cognac spirit for subsequent use in the production of alcoholic and (or) excisable alcohol-containing products, including the transfer of manufactured crude ethyl spirit for use in the production of rectified ethyl alcohol which is subsequently to be used by the same organization for the production of alcoholic and (or) excisable alcohol-containing products (with the exception of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging).*”

3. For the purposes of this Chapter, the transfer into containers of alcoholic products and beer when carried out as part of the overall process of the production of those goods in accordance with the requirements of State standards and (or) other normative and technical documentation which regulate the process of the production of the aforementioned goods and are approved by authorized federal executive bodies, and any forms of blending of goods in places where they are stored and sold (with the exception of public

catering organizations) as a result of which excisable goods are obtained for which Article 193 of this Code establishes an excise duty rate exceeding the rate of excise duty on goods used as raw material (other material), shall be equated with production.

4. Upon the re-organization of an organization, rights and obligations associated with the payment of excise duty shall pass to its legal successor.

**Article 183 Non-Taxable (Tax-Exempt) Operations**

1. The following operations shall not be taxable (shall be exempt from taxation):
  - 1) the transfer of excisable goods by one structural subdivision of an organization which is not an independent taxpayer for the production of other excisable goods to another such structural subdivision of that organization;

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 the words “, with the exception of operations which are deemed assessable to excise duties in accordance with subsection 22 of clause 1 of Article 182 of this Code, unless otherwise established by this clause” are appended to subsection 1 of clause 1 of Article 183 with effect from August 1, 2011.*

- 4) the sale of excisable goods which have been placed under the export customs procedure beyond the boundaries of the territory of the Russian Federation with account taken of losses within the limits of the norms of natural loss, or the importation of excisable goods into a port special economic zone from the remaining part of the territory of the Russian Federation.

The exemption of the above-mentioned operations from taxation shall be granted in accordance with Article 184 of this Code;

- 6) the initial sale (transfer) of confiscated and (or) ownerless excisable goods and excisable goods which were abandoned to the State and are placed under State and (or) municipal ownership for industrial processing under the supervision of customs and (or) tax authorities or for destruction.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a subsection 16 is appended to clause 1 of Article 183 with effect from August 1, 2011 as follows:*

- “16) operations involving the transfer within the structure of one organization:*
- of ethyl alcohol manufactured by the taxpayer for subsequent use in the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging;*
  - of rectified ethyl alcohol manufactured by the taxpayer to a subdivision which manufactures alcoholic products.”*

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2. The operations which are listed in clause 1 of this Article shall be non-taxable (shall be exempt from taxation) only where separate records are maintained and are available of operations involving the production and sale (transfer) of such excisable goods.
3. The import into the territory of the Russian Federation and other territories under its jurisdiction of excisable goods which have been abandoned to the State and are placed under State and (or) municipal ownership or which are held in a port special economic zone shall not be taxable (shall be exempt from taxation).

### **Article 184 Special Considerations Relating to Exemption from Taxation in the Case of the Sale of Excisable Goods Beyond the Boundaries of the Territory of the Russian Federation**

1. The exemption from taxation of the operations which are envisaged by subsection 4 of clause 1 of Article 183 of this Code shall be granted only when excisable goods are shipped out of the territory of the Russian Federation under the export customs procedure or when excisable goods are imported into a port special economic zone.
2. A taxpayer shall be exempt from the payment of excise duty when selling excisable goods produced by it and (or) transferring excisable goods produced from customer-supplied raw materials and placed under the export customs procedure beyond the boundaries of the territory of the Russian Federation or when importing excisable goods into a port special economic zone subject to the presentation to the tax authority of a bank surety bond in accordance with Article 74 of this Code or a bank guarantee. The bank surety bond or bank guarantee in question must require the bank to pay the amount of excise duty and applicable penalties in the event that the taxpayer fails to present, according to the procedure and within the time limits which are established by clauses 7 and 7.1 of Article 198 of this Code, documents confirming the exportation of excisable goods or the importation into a port special economic zone of excisable goods placed under the free customs zone customs procedure, and fails to pay excise duty and (or) penalties.

In the event that it does not have a bank warranty (bank guarantee), the taxpayer shall be obliged to pay excise duty in accordance with the procedure which is envisaged for operations involving the sale of excisable goods in the territory of the Russian Federation.

3. Where excise duty has been paid as a result of the non-possession by the taxpayer of a bank warranty (bank guarantee), the amounts of excise duty paid shall be reimbursable after the taxpayer has presented to the tax authorities documents which confirm that the excisable goods have been exported.

Amounts of excise duty shall be reimbursed in accordance with the procedure envisaged by Article 203 of this Code.

**Article 185 Special Considerations Relating to the Levying of Tax Where Goods Are Conveyed Across the Customs Border of the Customs Union**

1. Where excisable goods are imported into the territory of the Russian Federation and other territories under its jurisdiction, depending on the selected customs procedure tax shall be levied as follows:
  - 1) where excisable goods are placed under the release for domestic consumption, processing for domestic consumption and free customs zone customs procedures, with the exception of excisable goods imported into a port special economic zone, excise duty shall be payable in full;
  - 2) where excisable goods are conveyed under the re-importation customs procedure, the taxpayer shall pay the amounts of excise duty which it was exempted from paying or which were refunded to it in connection with the export of goods in accordance with this Code according to the procedure which is stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
  - 3) where excisable goods are placed under the transit, customs warehouse, re-exportation, duty-free trade, free warehouse, destruction and abandonment to the State customs procedures, or under the free customs zone customs procedure in a port special economic zone, excise duty shall not be payable;
  - 4) where excisable goods are placed under the processing in the customs territory customs procedure, excise duty shall not be payable on condition that the processed products are exported within the specified time limit. If the processed products are released for free circulation, excise duty shall be payable in full, with account taken of the provisions established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
  - 5) where excisable goods are placed under the temporary importation customs procedure, a full or partial exemption from the payment of excise duty shall apply in accordance with the procedure which is envisaged by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.
2. Where excisable goods are exported from the territory of the Russian Federation, tax shall be levied as follows:
  - 1) where goods are exported under the export customs procedure beyond the boundaries of the territory of the Russian Federation, excise duty shall not be payable with account taken of Article 184 of this Code or amounts of excise duty paid shall be refunded (offset) by the tax authorities of the Russian Federation in accordance with the procedure which is stipulated by this Code.

The taxation procedure which is laid down in this subsection shall also apply where goods are placed under the customs warehouse customs procedure with a view to the subsequent exportation of those goods in accordance with the

export customs procedure, and where goods are placed under the free customs zone customs procedure;

- 2) where goods are exported under the re-exportation customs procedure beyond the boundaries of the territory of the Russian Federation, amounts of excise duty which were paid upon importing them into the territory of the Russian Federation shall be refunded to the taxpayer according to the procedure provided for by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
  - 3) where excisable goods are exported from the territory of the Russian Federation in accordance with customs procedures other than those referred to in subsections 1 and 2 of this clause, there shall be no exemption from the payment of excise duty and (or) refund of amounts of excise duty paid unless otherwise stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.
3. Where excisable goods intended for personal, family and domestic needs and other needs not connected with entrepreneurial activities are carried by physical persons, the procedure for the payment of excise duty which is payable in connection with the movement of goods across the customs border of the Customs Union shall be determined in accordance with the customs legislation of the Customs Union.

**Article 186 Special Considerations Relating to the Levying of Excise Duty Upon the Importation and Exportation of Excisable Customs Union Goods**

1. The levying of excise duty on excisable Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union, with the exception of excisable Customs Union goods which are subject to marking with excise duty stamps in accordance with the legislation of the Russian Federation, shall be carried out by tax authorities.

The levying of excise duty on excisable Customs Union goods which are subject to marking with excise duty stamps in accordance with the legislation of the Russian Federation shall be carried out by customs authorities according to the procedure established by Article 186.1 of this Code.

2. Where excisable goods are exported from the territory of the Russian Federation into the territory of member states of the Customs Union such as are referred to in clause 1 of this Article, the procedure for confirming the right to an exemption from the payment of excise duty shall be established by the Government of the Russian Federation, including on the basis of international agreements of the member states of the Customs Union with the governments of those member states of the Customs Union.



**Article 186.1 Procedure for the Levying of Excise Duties on Customs Union Goods Subject to Marking with Excise Stamps Which Are Imported into the Russian Federation from the Territory of a Member State of the Customs Union**

1. The obligation to pay excise duties on marked Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union shall arise from the day on which the marked goods are imported into the territory of the Russian Federation.
2. The tax base for excise duties shall be the volume, quantity or other physical parameters of imported marked goods for which fixed (specific) rates of excise duties have been established, or the value of imported excisable goods for which ad valorem rates of excise duties have been established, or the volume of imported marked goods in physical terms for the purpose of calculating excise duties when applying a fixed (specific) tax rate and the assessable value of imported excisable goods calculated on the basis of maximum retail prices for the purpose of calculating excise duties when applying an ad valorem (percentage) tax rate in the case of goods for which combined rates of excise duty have been established consisting of fixed (specific) and ad valorem (percentage) rates.

For the purposes of calculating excise duties on marked goods the value shall be understood to be the transaction price which is payable to the supplier for the goods under the conditions of the agreement (contract). The value of marked goods received under a goods exchange (barter) agreement (contract) or under a commodity credit agreement (contract) shall be the value of the marked goods which is specified in the agreement (contract), or, if no value is stated in the agreement (contract), the value indicated in the shipping documents, or, if no value is stated in the agreement (contract) or in the shipping documents, the value of the marked goods which is indicated in accounting records.

The assessable value of marked goods for which combined rates of excise duties have been established shall be determined in accordance with Article 187.1 of this Code.

The tax base for the calculation of excise duties on marked Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union shall be determined as at the date on which the taxpayer enters the imported excisable goods in accounting records, but not later than the date of submission of a statistical declaration for the marked goods if the submission of a statistical declaration for the goods in question is required by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

3. The amount of excise duty payable on marked Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union shall be calculated by the taxpayer independently on the basis of the tax rates established by Article 193 of this Code which are in effect as at the date of payment of tax.

4. Excise duty on marked Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union shall be remitted by the taxpayer to a Federal Treasury account not later than five days from the day on which the imported marked goods are entered in accounting records.
5. For the purpose of paying excise duty on marked Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union, the taxpayer shall be obliged to present the following documents to the customs authority:
  - 1) an application in paper and electronic form prepared using a standard form to be approved by the federal executive body in charge of the customs sphere in a number of copies to be determined by the federal executive body in charge of the customs sphere;
  - 2) transport (shipping) documents confirming the movement of the marked goods from the territory of a member state of the Customs Union to the territory of the Russian Federation;
  - 3) documents needed to confirm that the marked goods have the status of Customs Union goods;
  - 4) VAT invoices drawn up in accordance with the legislation of a member state of the Customs Union upon the despatch of the marked goods if the raising (issuance) of such invoices is required by the legislation of the member state of the Customs Union;
  - 5) the agreements (contracts) on the basis of which marked goods imported into the territory of the Russian Federation from the territory of another member state of the Customs Union were acquired;
  - 6) an information notice presented to a taxpayer of one member state of the Customs Union by a taxpayer of another member state of the Customs Union or by a taxpayer of a state which is not a member of the Customs Union which is the seller of the goods imported from the territory of the other member state of the Customs Union, signed by the director (private entrepreneur) and certified by the seal of the organization, containing the following details:
    - the number which identifies the person as a taxpayer of a member state of the Customs Union;
    - the full name of the taxpayer of a member state of the Customs Union;
    - the location (place of residence) of the taxpayer of a member state of the Customs Union;
    - the number and date of the agreement (contract) on the acquisition of the marked goods which are imported;

- the number and date of the specification sheet.

Where a taxpayer of a member state of the Customs Union from whom goods are acquired is not the owner of the goods which are sold (is a commission agent, delegate or agent), information shall also be presented regarding the owner of the marked goods which are sold.

Where an information notice is presented in a foreign language it must be accompanied by a translation into Russian.

An information notice shall not be presented in the event that the details specified in this subsection are contained in the agreement (contract) specified in subsection 5 of this clause;

- 7) commission agency, delegation or agent service agreements (contracts) where these have been concluded;
  - 8) the agreements (contracts) on the basis of which goods imported into the territory of the Russian Federation from the territory of another member state of the Customs Union were acquired.
6. The documents referred to in subsections 2 to 8 of clause 5 of this Article may be presented in the form of duly certified copies.
7. In the event that excise duties are not paid or are not paid in full on marked Customs Union goods which are imported into the territory of the Russian Federation from the territory of a member state of the Customs Union or are paid at a later date than the date established by clause 4 of this Article, or in the event that data declared to customs authorities do not correspond to data received in the context of information exchange between tax and customs authorities of the member states of the Customs Union, the customs authority shall recover excise duties and penalties according to the procedure and at the rates which are established by the legislation of the Russian Federation and shall apply the methods of securing the payment of customs payments and penalties which are established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

**Article 187    Determination of the Tax Base Arising from the Sale (Transfer) or Receipt of Excisable Goods**

1. The tax base shall be determined separately for each type of excisable good.
2. The tax base arising from the sale (or transfer if such transfer is deemed to be taxable in accordance with this Chapter) of excisable goods produced by the taxpayer shall be determined according to the tax rates which are established for those goods:
  - 1) as the volume of excisable goods sold (transferred) in physical terms - in the case of excisable goods for which fixed (specific) tax rates are established (as an absolute amount per unit of measurement);

- 2) as the value of excisable goods sold (transferred) as calculated on the basis of prices determined with account taken of the provisions of Article 40 of this Code, excluding excise duty and value added tax - in the case of excisable goods for which ad valorem rates of tax are established (as a percentage);
- 3) as the value of excisable goods transferred as calculated on the basis of average selling prices in force in the preceding tax period or, where these do not exist, on the basis of market prices excluding excise duty, value added tax - in the case of excisable goods for which ad valorem (percentage) tax rates are established. The tax base shall be determined similarly in the case of excisable goods for which ad valorem (percentage) tax rates are established when they are sold without consideration, where goods exchange (barter) operations are carried out, where excisable goods are transferred under an indemnity or novation agreement and where excisable goods are transferred as payment for labour in kind;
- 4) as the volume of excisable goods sold (transferred) expressed in physical terms for the purpose of calculating excise duty using a fixed (specific) tax rate, and as the assessable value of excisable goods sold (transferred), which is calculated on the basis of maximum retail prices, for the purpose of calculating excise duty using an ad valorem (percentage) tax rate – in the case of excisable goods for which combined tax rates have been established consisting of a fixed (specific) tax rate and an ad valorem (percentage) tax rate. The assessable value of tobacco products for which combined tax rates have been established shall be determined in accordance with Article 187.1 of this Code.
4. The tax base arising from the sale of confiscated and (or) ownerless excisable goods, excisable goods which have been abandoned to the State and are placed under State and (or) municipal ownership shall be determined in accordance with subsections 1 and 2 of clause 2 of this Article.
5. For the purpose of determining the tax base, a taxpayer's receipts which have been received in foreign currency shall be translated into roubles on the basis of the exchange rate of the Central Bank of the Russian Federation which is prevailing on the date of sale of the excisable goods.
6. Resources received by a taxpayer which are not connected with the sale of excisable goods shall not be included in the tax base.
7. The tax base for the object of taxation which is referred to in subsection 20 of clause 1 of Article 182 of this Code shall be determined as the volume of denatured ethyl alcohol received, expressed in physical terms.
8. The tax base for the object of taxation which is referred to in subsection 21 of clause 1 of Article 182 of this Code shall be determined as the volume of straight-run petrol received expressed in physical terms.

**Article 187.1 Procedure for Determining the Assessable Value of Tobacco Products for Which Combined Tax Rates Have Been Established**

1. Assessable value shall be understood to mean the product of the maximum retail price stated on a unit of consumer packaging (a pack) of tobacco products and the number of units of consumer packaging (packs) of tobacco products which were sold (transferred) in the course of an accounting tax period or are imported into the territory of the Russian Federation and other territories under its jurisdiction.
2. The maximum retail price shall be the price above which a unit of consumer packaging (pack) of tobacco products cannot be sold to consumers by retail trade, public catering and service sector enterprises or by private entrepreneurs. The maximum retail price shall be established by a taxpayer independently per unit of consumer packaging (pack) of tobacco products separately for each brand (each item type) of tobacco products.

For the purposes of this Chapter, a brand (item type) shall be understood to mean a variety of tobacco products which is distinguished from other brands (item types) by one or more of the following attributes – an identifying mark (name) assigned by the manufacturer or licensor, formulation, size, the presence or absence of a filter, and packaging.

3. A taxpayer shall be obliged to submit to the tax authority where it is registered (the customs authority at which excisable goods are cleared) a notification of the maximum retail prices (hereinafter referred to as “notification”) for each brand (each item type) of tobacco products not later than 10 calendar days before the beginning of the calendar month as from which the maximum retail prices specified in the notification will be marked. The form of the notification shall be established by the Ministry of Finance of the Russian Federation.
4. The maximum retail prices specified in the notification which is referred to in clause 3 of this Article and information on the month and year of manufacture of tobacco products must be marked on each unit of consumer packaging (pack) of tobacco products produced during the period of validity of the notification (with the exception of tobacco products which are non-taxable or are exempt from taxation in accordance with Article 185 of this Code). The production during the period of validity of a notification of one brand (one item type) of tobacco products marked with a maximum retail price which is different from the maximum retail price specified in the notification shall not be permitted.
5. The maximum retail prices specified in the notification which is referred to in clause 3 of this Article and information on the month and year of manufacture of tobacco products must be marked on each unit of consumer packaging (pack) of tobacco products commencing from the 1<sup>st</sup> of the month following the date of submission of the notification, and shall be effective for not less than one calendar month. A taxpayer shall have the right to alter the maximum retail price for all brands (item types) or some brands (item types) of tobacco products by means of submitting a new notification in accordance

with clause 3 of this Article. The maximum retail prices shown in the new notification must be marked on each item of consumer packaging (pack) of tobacco products commencing from the 1<sup>st</sup> of the month following the date of submission of the notification, but not before the expiration of the minimum period of validity of the preceding notification.

6. Where, in the course of one tax period, a taxpayer sells (transfers) tobacco products of one brand (one item type) with different maximum retail prices shown on a unit of consumer packaging (pack), the assessable value shall be determined as the product of each maximum retail price shown on a unit of consumer packaging (pack) of tobacco products and the number of units of consumer packaging (packs) sold on which that maximum retail price is shown.
7. Where a taxpayer declares tobacco products of one brand (one item type) which are imported into the territory of the Russian Federation and other territories under its jurisdiction with different maximum retail prices shown on a unit of consumer packaging (pack) of tobacco products, the assessable value shall be determined as the product of each maximum retail price shown on a unit of retail packaging (pack) of tobacco products and the quantity of imported units of consumer packaging (packs) on which the respective maximum retail prices are shown.

**Article 189    Increases in the Tax Base Upon the Sale of Excisable Goods**

1. The tax base as determined in accordance with Articles 187 to 188 of this Code shall be increased by amounts which are received in respect of goods sold in the form of financial assistance, in the form of advance payments or other payments received against future supplies of excisable goods the date of sale of which is determined in accordance with clause 2 of Article 195 of this Code, for the replenishment of special-purpose funds or as an increase in income or in the form of interest (discount) on bills of exchange and interest on commercial credit or which are otherwise connected with payment for sold excisable goods.
2. The provisions of clause 1 of this Article shall apply to operations involving the sale of excisable goods for which ad valorem (percentage) rates of excise duties are established.
3. The amounts referred to in this Article when received in foreign currency shall be translated into the currency of the Russian Federation on the basis of the exchange rate of the Central Bank of the Russian Federation prevailing as at the date on which they are actually received.

**Article 190 Special Considerations Relating to the Determination of the Tax Base When Operations Are Carried Out Involving Excisable Goods With the Use of Different Tax Rates**

1. For excisable goods for which different tax rates have been established, the tax base shall be determined in relation to each tax rate.
2. Where a taxpayer does not maintain separate records of the tax base in relation to the goods provided for in clause 1 of this Article, a unified tax base shall be determined for all operations involving those goods which are deemed assessable to excise duties in accordance with Article 182 of this Code.

The amounts referred to in clause 1 of Article 189 of this Code shall be included in the unified tax base which is determined for operations deemed assessable to excise duties which are conducted with excisable goods such as are referred to in clause 2 of Article 189 of this Code.

**Article 191 Determination of the Tax Base When Excisable Goods Are Imported into the Territory of the Russian Federation and Other Territories Under its Jurisdiction**

1. Where excisable goods (with account taken of the provisions of Article 185 of this Code) are imported into the territory of the Russian Federation and other territories under its jurisdiction, the tax base shall be determined:
  - 1) in the case of excisable goods for which fixed (specific) tax rates are established (as an absolute amount per unit of measurement) - as the volume of imported excisable goods in physical terms;
  - 2) in the case of excisable goods for which ad valorem (percentage) tax rates are established - as the sum of:
    - their customs value;
    - payable customs duty;
  - 3) in the case of excisable goods for which combined tax rates have been established consisting of a fixed (specific) tax rate and an ad valorem (percentage) tax rate – as the volume of imported excisable goods expressed in physical terms for the purpose of calculating excise duty using the fixed (specific) tax rate, and as the assessable value of imported excisable goods, which is calculated on the basis of maximum retail prices, for the purpose of calculating excise duty using the ad valorem (percentage) tax rate. The assessable value of tobacco products for which combined tax rates have been established shall be determined in accordance with Article 187.1 of this Code.
2. The customs value of excisable goods and payable customs duty shall be determined in accordance with this Code.

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3. The tax base shall be determined separately for each consignment of excisable goods imported into the territory of the Russian Federation and other territories under its jurisdiction.

Where one consignment of excisable goods imported into the territory of the Russian Federation and other territories under its jurisdiction includes excisable goods the import of which is taxable at different rates, the tax base shall be determined separately for each group of those goods. The tax base shall be determined in similar fashion where a consignment of excisable goods imported into the customs territory of the Russian Federation includes excisable goods which were previously exported from the territory of the Russian Federation in accordance with the processing outside the customs territory customs procedure.

4. Where excisable goods are imported into the territory of the Russian Federation and other territories under its jurisdiction as products of processing outside the customs territory, the tax base shall be determined in accordance with the provisions of this Article.
5. The tax base arising when Russian goods which have been placed under the free customs zone customs procedure are imported into the remaining part of the territory of the Russian Federation and other territories under its jurisdiction or when they are transferred in the territory of a special economic zone to persons who are not residents of such zone shall be determined in accordance with Article 187 of this Code.

### **Article 192 Tax Period**

The tax period shall be deemed to be a calendar month.

### **Article 193 Tax Rates**

1. Excisable goods (with the exception of cognac spirit and ethyl alcohol produced from all types of raw material, including crude ethyl alcohol produced from all types of raw material) shall be taxed at the following tax rates:

Types of excisable goods	Tax rate (as a percentage and (or) in roubles per unit of measure)		
	From January 1 to December 31, 2011 inclusively	From January 1 to December 31, 2012 inclusively	From January 1 to December 31, 2013 inclusively
1	2	3	4
Alcohol-containing perfumes and cosmetics in metal aerosol packaging	0 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	0 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	0 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good
Alcohol-containing household	0 roubles per 1 litre	0 roubles per 1 litre	0 roubles per 1 litre



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chemical products in metal aerosol packaging	of anhydrous ethyl alcohol contained in the excisable good	of anhydrous ethyl alcohol contained in the excisable good	of anhydrous ethyl alcohol contained in the excisable good
Alcohol-containing products (excluding alcohol-containing perfumes and cosmetics in metal aerosol packaging and alcohol-containing household chemical products in metal aerosol packaging)	190 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	230 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	245 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good
Alcoholic products with an ethyl alcohol content by volume exceeding 9 per cent, including beverages made on the basis of beer with added ethyl alcohol (excluding beer, natural wines, including champagne-type, sparkling, aerated and effervescent wines and natural beverages with an ethyl alcohol content by volume not exceeding 6 per cent of the volume of the finished product made from wine-making materials produced without the addition of ethyl alcohol)	231 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	254 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	280 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good
Alcoholic products with an ethyl alcohol content by volume of up to 9 per cent inclusively, including beverages made on the basis of beer with added ethyl alcohol (excluding beer, natural wines, including champagne-type, sparkling, aerated and effervescent wines and natural beverages with an ethyl alcohol content by volume not exceeding 6 per cent of the volume of the finished product made from wine-making materials produced without the addition of ethyl alcohol)	190 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	230 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good	245 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good
Natural wines (excluding champagne-type, sparkling, aerated and effervescent wines) and natural beverages with an ethyl alcohol content by volume not exceeding 6 per cent of the volume of the finished product made from wine-making materials produced without the addition of ethyl alcohol	5 roubles per 1 litre	6 roubles per 1 litre	7 roubles per 1 litre
Champagne-type, sparkling,	18 roubles per 1 litre	22 roubles per 1 litre	24 roubles per 1 litre

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aerated and effervescent wines			
Beer with a normative (standardized) ethyl alcohol content by volume of up to 0.5 per cent inclusively	0 roubles per 1 litre	0 roubles per 1 litre	0 roubles per 1 litre
Beer with a normative (standardized) ethyl alcohol content by volume exceeding 0.5 per cent and up to 8.6 per cent inclusively and beverages made on the basis of beer without the addition of ethyl alcohol	10 roubles per 1 litre	12 roubles per 1 litre	13 roubles per 1 litre
Beer with a normative (standardized) ethyl alcohol content by volume exceeding 8.6 per cent	17 roubles per 1 litre	21 roubles per 1 litre	23 roubles per 1 litre
Pipe tobacco, smoking tobacco, chewing tobacco, sucking tobacco, snuff tobacco, hookah tobacco (excluding tobacco which is used as raw material for the production of tobacco products)	510 roubles per 1 kg	610 roubles per 1 kg	650 roubles per 1 kg
Cigars	30 roubles per 1 piece	36 roubles per 1 piece	39 roubles per 1 piece
Cigarillos, bidis, kreteks	435 roubles per 1,000 pieces	530 roubles per 1,000 pieces	565 roubles per 1,000 pieces
Filter cigarettes	280 roubles per 1,000 pieces + 7 per cent of the assessable value calculated on the basis of the maximum retail price, but not less than 360 roubles per 1,000 pieces	360 roubles per 1,000 pieces + 7.5 per cent of the assessable value calculated on the basis of the maximum retail price, but not less than 460 roubles per 1,000 pieces	460 roubles per 1,000 pieces + 8 per cent of the assessable value calculated on the basis of the maximum retail price, but not less than 590 roubles per 1,000 pieces
Non-filter cigarettes, papirosy	250 roubles per 1,000 pieces + 7 per cent of the assessable value calculated on the basis of the maximum retail price, but not less than 310 roubles per 1,000 pieces	360 roubles per 1,000 pieces + 7.5 per cent of the assessable value calculated on the basis of the maximum retail price, but not less than 460 roubles per 1,000 pieces	460 roubles per 1,000 pieces + 8 per cent of the assessable value calculated on the basis of the maximum retail price, but not less than 590 roubles per 1,000 pieces
Motor cars with an engine capacity of up to 67.5 kW (90 h.p.) inclusively	0 roubles per 0.75 kW (1 h.p.)	0 roubles per 0.75 kW (1 h.p.)	0 roubles per 0.75 kW (1 h.p.)
Motor cars with an engine capacity exceeding 67.5 kW (90 h.p.) and up to 112.5 kW (150	27 roubles per 0.75 kW (1 h.p.)	29 roubles per 0.75 kW (1 h.p.)	31 roubles per 0.75 kW (1 h.p.)

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h.p.) inclusively			
Motor cars with an engine capacity exceeding 112.5 kW (150 h.p.), motorcycles with an engine capacity exceeding 112.5 kW (150 h.p.)	260 roubles per 0.75 kW (1 h.p.)	285 roubles per 0.75 kW (1 h.p.)	302 roubles per 0.75 kW (1 h.p.)
Petrol:			
not conforming to class 3, or class 4, or class 5	5,995 roubles per 1 tonne	7,725 roubles per 1 tonne	9,511 roubles per 1 tonne
class 3	5,672 roubles per 1 tonne	7,382 roubles per 1 tonne	9,151 roubles per 1 tonne
class 4 and class 5	5,143 roubles per 1 tonne	6,822 roubles per 1 tonne	8,560 roubles per 1 tonne
Diesel fuel:			
not conforming to class 3, or class 4, or class 5	2,753 roubles per 1 tonne	4,098 roubles per 1 tonne	5,500 roubles per 1 tonne
class 3	2,485 roubles per 1 tonne	3,814 roubles per 1 tonne	5,199 roubles per 1 tonne
class 4 and class 5	2,247 roubles per 1 tonne	3,562 roubles per 1 tonne	4,934 roubles per 1 tonne
Motor oils for diesel and (or) carburettor (injection) engines	4,681 roubles per 1 tonne	6,072 roubles per 1 tonne	7,509 roubles per 1 tonne
Straight-run petrol	6,089 roubles per 1 tonne	7,824 roubles per 1 tonne	9,617 roubles 90 kop. per 1 tonne

From January 1 to July 31, 2011 inclusively ethyl alcohol produced from all types of raw material (including crude ethyl alcohol produced from all types of raw material) and cognac spirit shall be taxed at the tax rate of 34 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good.

Ethyl alcohol produced from all types of raw material (including crude ethyl alcohol produced from all types of raw material) and cognac spirit shall be taxed at the following tax rates in the periods from August 1 to December 31, 2011 inclusively, from January 1 to December 31, 2012 inclusively and from January 1 to December 31, 2013 inclusively:

Types of excisable goods	Tax rate (as a percentage and (or) in roubles per unit of measure)		
	from August 1 to December 31, 2011 inclusively	from January 1 to December 31, 2012 inclusively	from January 1 to December 31, 2013 inclusively
1	2	3	4
Ethyl alcohol produced from all types of raw material (including crude ethyl alcohol produced from all types of raw material) and cognac spirit:			
sold to organizations which manufacture alcohol-containing	0 roubles per 1 litre of anhydrous ethyl	0 roubles per 1 litre of anhydrous ethyl	0 roubles per 1 litre of anhydrous ethyl

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perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging and organizations which pay an advance excise duty payment (excluding ethyl alcohol and cognac spirit imported into the territory of the Russian Federation), and (or) transferred through operations which are deemed assessable to excise duties in accordance with subsection 22 of clause 1 of Article 182 of this Code, and (or) sold (or transferred by manufacturers within the structure of one organization) for use in manufacturing goods which are not deemed excisable in accordance with subsection 2 of clause 1 of Article 181 of this Code	alcohol contained in the raw material	alcohol contained in the raw material	alcohol contained in the raw material
sold to organizations which do not pay an advance excise duty payment (including when imported into the territory of the Russian Federation), and (or) transferred within the structure of one organization through operations conducted by the taxpayer which are deemed assessable to excise duties, excluding the operations provided for in subsection 22 of clause 1 of Article 182 of this Code and excluding ethyl alcohol and (or) cognac spirit sold (or transferred by manufacturers within the structure of one organization) for use in manufacturing goods which are not deemed excisable in accordance with subsection 2 of clause 1 of Article 181 of this Code and ethyl alcohol sold to organizations which manufacture alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging	34 roubles per 1 litre of anhydrous ethyl alcohol contained in the raw material	37 roubles per 1 litre of anhydrous ethyl alcohol contained in the raw material	40 roubles per 1 litre of anhydrous ethyl alcohol contained in the raw material

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a clause 4 is appended to Article 193 with effect from July 1, 2011 as follows:*

“4. *The excise duty rate of 0 roubles per 1 litre of anhydrous ethyl alcohol contained in the excisable good for ethyl alcohol and (or) cognac spirit shall apply when a taxpayer sells the specified excisable goods to persons who have presented notices of the payment by a purchaser – manufacturer of alcoholic and (or) excisable alcohol-containing products (excluding alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging) of the advance excise duty payment which is provided for in clause 8 of Article 194 of this Code (hereinafter referred to as “notice of payment of an advance excise duty payment”) bearing a mark made by the tax authority where the purchaser is registered confirming the payment of an advance excise duty payment or notices of exemption from the payment of an advance excise duty payment subject to the presentation by the purchaser of ethyl alcohol and (or) cognac spirit of a bank guarantee such as is provided for in clause 11 of Article 204 of this Code (hereinafter referred to as “notice of exemption from the payment of an advance excise duty payment”) bearing a mark made by the tax authority where the purchaser is registered confirming exemption from the payment of an advance excise duty payment.*

*The excise duty rate of 0 per cent per 1 litre of anhydrous ethyl alcohol contained in the excisable good for ethyl alcohol and cognac spirit shall apply where manufactured ethyl alcohol, including crude ethyl alcohol, is transferred for use in manufacturing rectified ethyl alcohol and (or) where cognac spirit is transferred within the structure of one organization for subsequent use in manufacturing alcoholic and (or) excisable alcohol-containing products subject to the presentation by the taxpayer to the tax authority where it is registered of a notice of payment of an advance excise duty payment and other documents in accordance with clause 7 of Article 204 of this Code or of a bank guarantee and a notice of exemption from the payment of an advance excise duty payment in accordance with clause 11 of Article 204 of this Code.”*

#### **Article 194 The Procedure for the Calculation of Excise Duty**

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 the words “and an Advance Excise Duty Payment” are appended to Article 194 with effect from July 1, 2011.*

1. The amount of excise duty on excisable goods (including when they are imported into the territory of the Russian Federation) for which fixed (specific) tax rates have been established shall be calculated as the product of the applicable rate of tax and the tax base as calculated in accordance with Articles 187 to 191 of this Code.
2. The amount of excise duty on excisable goods (including those which are imported into the territory of the Russian Federation) for which ad valorem (percentage) tax rates have been established shall be calculated as a proportion

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corresponding to the tax rate of the tax base as determined in accordance with Articles 187 to 191 of this Code.

3. The amount of excise duty on excisable goods (including those which are imported into the territory of the Russian Federation) for which combined tax rates have been established (consisting of a fixed (specific) tax rate and an ad valorem (percentage) tax rate) shall be calculated as the amount obtained as a result of adding together the amounts of excise duty calculated as the product of the fixed (specific) tax rate and the volume of excisable goods sold (transferred, imported) expressed in physical terms and as a percentage corresponding to the ad valorem (percentage) tax rate of the maximum retail price of those goods.
4. The total amount of excise duty due upon carrying out operations involving excisable goods which are deemed to be an object of taxation in accordance with this Chapter shall be the amount obtained as a result of adding together the amounts of excise duty calculated in accordance with clauses 1 and 2 of this Article for each type of excisable goods assessable to excise duty at different tax rates. The total amount of excise duty due upon carrying out operations involving excisable oil products which are deemed to be an object of taxation in accordance with this Chapter shall be determined separately from the amount of excise duty on other excisable goods.
5. The amount of excise duty payable in respect of excisable goods shall be calculated on the basis of the results for each tax period with respect to all operations involving the sale of excisable goods for which the date of sale (transfer) falls within the tax period in question, taking into account all adjustments which increase or decrease the tax base in the tax period in question.
6. The amount of excise duty payable where two or more types of excisable goods are imported into the territory of the Russian Federation which are subject to excise duty at different tax rates shall be the amount obtained as a result of adding together the amounts of excise duty calculated for each type of those goods in accordance with clauses 1 to 3 of this Article.
7. Where a taxpayer does not maintain the separate records of the tax base in relation to excisable goods such as are referred to in clause 1 of Article 190 of this Code, the amount of excise duty on excisable goods shall be determined using the highest tax rate applied by the taxpayer on the basis of the tax base determined for all operations which are subject to excise duty.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a clause 8 is appended to Article 194 with effect from July 1, 2011 as follows:*

- “8. *Organizations which manufacture alcoholic products (with the exception of natural wines, including champagne-type, sparkling, aerated and effervescent wines and natural beverages with an ethyl alcohol content by volume not exceeding 6 per cent of the volume of the finished product made from wine-making materials produced without the addition of ethyl alcohol) and (or) excisable alcohol-containing products shall be obliged to pay to the budget an*

*advance payment of excise duty on alcoholic and (or) excisable alcohol-containing products (hereinafter referred to as “advance excise duty payment”), unless otherwise provided by this clause.*

*Organizations which manufacture alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging shall be exempt from the obligation to pay an advance excise duty payment.*

*Where manufacturers of alcoholic and (or) alcohol-containing products use crude ethyl alcohol manufactured in the territory of the Russian Federation for the subsequent manufacture within the structure of one organization of ethyl alcohol which is subsequently used by the same organization for the manufacture of alcoholic and (or) alcohol-containing products, an advance excise duty payment shall be paid before the crude ethyl alcohol is purchased and (or) before the operation provided for in subsection 22 of clause 1 of Article 182 of this Code is conducted with the crude ethyl alcohol.*

*For the purposes of this Chapter an advance excise duty payment shall be understood to mean the advance payment of excise duty on alcoholic and (or) alcohol-containing products prior to the acquisition (purchase) of ethyl alcohol (including crude ethyl alcohol) and (or) cognac spirit manufactured in the territory of the Russian Federation or prior to the conduct of the operation provided for in subsection 22 of clause 1 of Article 182 of this Code. In this respect, for the purposes of this Article the date of acquisition (purchase) of ethyl alcohol shall be defined as the date on which it is despatched by the seller.*

*The amount of an advance excise duty payment shall be determined on the basis of the total volume of ethyl alcohol, including crude ethyl alcohol and (or) cognac spirit (in litres of anhydrous alcohol), that is purchased (transferred within the structure of one organization for subsequent use in manufacturing alcoholic and (or) alcohol-containing products) and the relevant excise duty rate established by clause 1 of Article 193 of this Code for alcoholic and (or) alcohol-containing products. In this respect, the amount of the advance excise duty payment shall be determined for the tax period as a whole on the basis of the total volume of ethyl alcohol and (or) cognac spirit purchased from each seller and (or) through the conduct of operations provided for in subsection 22 of clause 1 of Article 182 of this Code.*

*The payment of an advance excise duty payment shall take place in accordance with the procedure and within the time limits which are established by Article 204 of this Code.”*

**Article 195 Definition of the Date of Sale (Transfer) or Receipt of Excisable Goods**

2. For the purposes of this Chapter, the date of sale (transfer) of excisable goods shall be defined as the day on which the excisable goods in question are despatched (transferred) , including despatch (transfer) to a structural

subdivision of an organization which carries out the retail sale of the goods in question.

In the case of the operations which are referred to in subsection 7 of clause 1 of Article 182 of this Code, the date of transfer shall be the date on which the acceptance and transfer certificate for the excisable goods is signed.

In the case of the operation which is referred to in subsection 21 of clause 1 of Article 182 of this Code, the date of receipt of straight-run petrol shall be the day on which it is received by an organization which possesses a certificate for the processing of straight-run petrol.

4. In the event that a shortage of excisable goods is discovered, the date of sale (transfer) of those goods shall be defined as the day on which the shortage is discovered (except in the case of shortages within the limits of natural loss norms which have been approved by an authorized federal executive body).
5. In the case of the operation which is referred to in subsection 20 of clause 1 of Article 182 of this Code, the date of receipt of denatured ethyl alcohol shall be deemed to be the day on which denatured ethyl alcohol is received (recorded in accounts) by an organization which possesses a certificate for the production of non-alcohol-containing products.

**Article 198    The Amount of Excise Duty to be Charged by the Seller to the Purchaser**

1. A taxpayer which carries out operations which are deemed in accordance with this Chapter to be an object of taxation, with the exception of the operations involving the sale (transfer) of straight-run petrol by a taxpayer which possesses a certificate for the production of straight-run petrol to a taxpayer which possesses a certificate for the processing of straight-run petrol (including on the basis of administrative documents of the owner of straight-run petrol produced from customer-supplied raw materials (other materials)) and operations involving the sale of denatured ethyl alcohol to a taxpayer which possesses a certificate for the production of non-alcohol-containing products, shall be obliged to charge the appropriate amount of excise duty to the purchaser of the excisable goods (the owner of the customer-supplied raw materials (other materials)).
2. In settlement documents, including cheque registers and registers of the receipt of resources on a letter of credit, in primary accounting documents and in VAT invoices the appropriate amount of excise duty shall be indicated in a separate line, except where excisable goods are sold beyond the boundaries of the territory of the Russian Federation and except in the case of operations involving the sale (transfer) of straight-run petrol on the basis of administrative documents of the owner of straight-run petrol produced from customer-supplied raw materials (other materials) by a taxpayer which possesses a certificate for the production of straight-run petrol to a taxpayer which possesses a certificate for the processing of straight-run petrol (including) and operations involving the sale of denatured ethyl alcohol by a taxpayer which possesses a certificate for the production of denatured ethyl



alcohol to a taxpayer which possesses a certificate for the production of non-alcohol-containing products.

3. In the case of the sale of excisable goods with respect to which operations involving the sale thereof are exempt from taxation in accordance with Article 183 of this Code, settlement documents, primary accounting documents and VAT invoices shall be prepared without appropriate amounts of excise duty being specified. In this respect, the documents shall be inscribed or stamped with the words “Without excise duty”.
4. Where excisable goods are sold (transferred) on a retail basis, the appropriate amount of excise duty shall be included in the price of those goods. In this respect, the amount of excise duty shall not be indicated separately on goods labels and price-lists displayed by the seller or on receipts and other documents issued to the purchaser.
6. Where excisable goods are imported into the territory of the Russian Federation and other territories under its jurisdiction, the appropriate completed customs forms and settlement documents certifying the payment of excise duty shall be used as control documents to establish the legitimacy of tax deductions.
7. Where excisable goods are shipped out of the territory of the Russian Federation under the export customs procedure, the following documents must be presented to the tax authority for the place of registration of the taxpayer within 180 calendar days from the day on which those goods are sold in order to confirm the legitimacy of the exemption from the payment of excise duty and of tax deductions:
  - 1) the contract (a copy of the contract) between the taxpayer and a contracting party for the supply of excisable goods. Where the export supply of excisable goods is carried out under a commission agreement, contract of delegation or agency agreement, the taxpayer shall present to the tax authorities the commission agreement, contract of delegation or agency agreement (copies of those agreements) and the contract (a copy of the contract) between the person who carries out the export supply of the excisable goods on the taxpayer’s behalf (in accordance with the commission agreement, contract of delegation or agency agreement) and the contracting party.

Where the export of excisable goods produced from customer-supplied raw materials is carried out by the owner of the customer-supplied raw materials and other materials, the taxpayer shall present to the tax authorities the agreement between the owner of the excisable goods produced from the customer-supplied raw materials and the taxpayer on the production of excisable goods and the contract (a copy of the contract) between the owner of the customer-supplied raw materials and the contracting party.

Where the export of excisable goods produced from customer-supplied raw materials is carried out by another person under a commission agreement or another agreement with the owner of the customer-supplied raw materials, the taxpayer which manufactures those goods from customer-supplied raw

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materials shall present to the tax authorities, in addition to the agreement between the owner of the excisable goods produced from customer-supplied raw materials and the taxpayer on the production of excisable goods, the commission agreement, contract of delegation or agency agreement (copies of these documents) between the owner of those excisable goods and the person who carries out the export supply of the goods and the contract (a copy of the contract) between the person who carries out the export supply of the excisable goods and the contracting party;

- 2) payment documents and a bank statement (copies thereof) which confirm that receipts from the sale of excisable goods to a foreign person have actually been received in an account held by the taxpayer with a Russian bank.

Where the export supply of excisable goods is carried out under a commission agreement, a contract of delegation or an agency agreement, the taxpayer shall present to the tax authorities payment documents and a bank statement (copies thereof) which confirm that receipts from the sale of excisable goods to a foreign person have actually been received in an account held by the commission agent (delegate, agent) with a Russian bank.

Where the export of excisable goods produced from customer-supplied raw materials and other materials is carried out by the owner of those goods, the taxpayer which manufactures those goods from customer-supplied raw materials and other materials shall present to the tax authorities payment documents and a bank statement (copies thereof) which confirm that all receipts from the sale of the excisable goods to a foreign person have actually been received in an account held by the owner of the excisable goods produced from customer-supplied raw materials and other materials with a Russian bank.

Where receipts from the sale of excisable goods to a foreign person are received in the account of the taxpayer or of the owner of those excisable goods from a third party, there shall be presented to the tax authorities, in addition to the payment documents and the bank statement (copies thereof), agency agreements on payment for the exported excisable goods between the foreign person and the organization (person) which effected the payment.

Where the non-transfer of currency receipts from the sale of excisable goods to the territory of the Russian Federation occurs in accordance with the procedure envisaged by the currency legislation of the Russian Federation, the taxpayer shall submit to the tax authorities documents (copies thereof) which confirm the right not to transfer currency receipts to the territory of the Russian Federation;

- 3) a customs freight declaration (a copy thereof) with marks made by the Russian customs authority which cleared the goods under the export customs procedure and by the Russian customs authority at the place of exit through which the goods were removed from the customs territory of the Customs Union (hereafter in this Article referred to as “Russian exit customs authority”) is situated.

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Where oil products are shipped out of the territory of the Russian Federation under the export customs procedure by pipeline transport, a full customs freight declaration shall be presented with marks made by the Russian customs authority which carried out the customs clearance of that shipment of oil products.

Where oil products are exported under the export customs procedure across the border of the Russian Federation with a member state of the Customs Union on which customs clearance has been abolished to third-party countries, a customs freight declaration shall be presented bearing marks made by the Russian customs authority which carried out the customs clearance of that exportation of oil products;

- 4) copies of transport or shipping documents or other documents bearing marks made by Russian exit customs authorities, with the exception of the shipment of oil products under the export customs procedure across the border of the Russian Federation.

Where oil products are shipped under the export customs regime through sea ports, in order to confirm that goods have been shipped out of the territory of the Russian Federation the taxpayer shall present to the tax authorities copies of the following documents:

- the order for the shipment of the exported oil products indicating the port of discharge and bearing an “Authorized for shipment” mark made by a Russian exit customs authority;
- the bill of lading for the transportation of the exported oil products in which a port situated outside the territory of the Russian Federation is indicated in the “Port of discharge” field.

Copies of transport, shipping and (or) other documents which confirm the shipment of oil products out of the territory of the Russian Federation need not be presented where oil products are shipped under the export customs procedure by pipeline transport.

Where oil products are shipped under the export customs procedure in railway tanks, in order to confirm that goods have been shipped out of the territory of the Russian Federation the taxpayer shall present to the tax authorities copies of transport, shipping and (or) other documents which confirm the shipment of the oil products out of the territory of the Russian Federation with marks made by the border customs authority.

Where goods are exported under the export customs procedure across the border of the Russian Federation with a member state of the Customs Union on which customs clearance has been abolished to third-party countries, copies of transport and shipping documents shall be presented bearing marks made by the Russian customs authority which carried out the customs clearance of that exportation of goods.

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If the taxpayer subsequently presents to the tax authorities documents (copies thereof) which justify exemption from taxation, the amounts of tax paid must be reimbursed to the taxpayer according to the procedure and subject to the conditions which are envisaged by Article 203 of this Code.

- 7.1 Where Russian goods which have been placed under the free customs zone customs procedure are imported into a port special economic zone, in order to confirm the legitimacy of exemption from the payment of excise duty and of tax deductions the following documents shall be presented to the tax authority where the taxpayer is registered within 180 days from the day on which those goods are imported into the port special economic zone:
- 1) the contract (a copy of the contract) concluded with a resident of the special economic zone;
  - 2) a copy of the certificate of registration of a person as a resident of a special economic zone, issued by the federal executive body authorized to carry out functions involving the administration of special economic zones or a territorial body thereof;
  - 3) a customs declaration (a copy thereof) bearing marks made by a customs authority concerning the clearance of the goods in accordance with the free customs zone customs procedure, or, in the case of the importation into a port special economic zone of Russian goods which, outside the port special economic zone, were placed under the export customs procedure, a customs declaration (a copy thereof) bearing marks made by the customs authority which cleared the goods in accordance with the export customs procedure and the customs authority which is authorized to perform customs procedures and customs operations associated with the customs clearance of goods in accordance with the free customs zone customs procedure and in whose region of activity the port special economic zone is situated;
  - 4) documents confirming the transfer of the goods to a resident of the port special economic zone;
  - 5) the documents specified by subsection 1 of clause 7 of this Article in the case of the importation into a port special economic zone of goods which, outside the port special economic zone, were placed under the export customs procedure.
8. In the event of the non-submission or incomplete submission of the documents enumerated in clause 7 of this Article confirming the shipment of excisable goods out of the territory of the Russian Federation which must be submitted to the tax authorities for the location of an organization (place of residence of a private entrepreneur), excise duty shall be paid on those excisable goods in accordance with the procedure which is established by this Chapter for operations involving excisable goods in the territory of the Russian Federation.
9. Where denatured ethyl alcohol is sold by a taxpayer which possesses a certificate for the production of denatured ethyl alcohol to an organization

which possesses a certificate for the production of non-alcohol-containing products, settlement documents, primary accounting documents and VAT invoices shall be prepared without the corresponding amounts of excise duty being separately indicated. Where straight-run petrol is transferred on the basis of administrative documents of the owner by a taxpayer which possesses a certificate for the production of straight-run petrol to a person which possesses a certificate for the processing of straight-run petrol, settlement documents, primary accounting documents and VAT invoices (which are issued by the producer of straight-run petrol to the owner of that petrol, and by the owner of the straight-run petrol to the purchaser) shall be prepared without the corresponding amounts of excise duty being separately indicated. In this respect, those documents shall be inscribed or stamped with the words “Without excise duty”.

Where straight-run petrol is sold by a taxpayer which possesses a certificate for the production of straight-run petrol to a person which possesses a certificate for the processing of straight-run petrol, settlement documents, primary accounting documents and VAT invoices shall be drawn up without the corresponding amounts of excise duty being separately indicated. In this respect, those documents shall be inscribed or stamped with the words “Without excise duty”.

**Article 199 The Procedure for the Allocation of Amounts of Excise Duty**

1. Amounts of excise duty which are calculated by a taxpayer upon selling excisable goods (with the exception of sale without consideration) and which are charged to the purchaser shall be included by the taxpayer in expenses which are deductible for the purpose of calculating tax on the profit of organizations.

Amounts of excise duty which are calculated by a taxpayer in respect of operations involving the transfer of excisable goods which are taxable in accordance with this Chapter and upon the sale thereof without consideration shall be charged by the taxpayer to the sources to which expenses associated with those excisable goods are charged.

2. Amounts of excise duty which are charged by a taxpayer to a purchaser upon selling excisable goods shall be included by the purchaser in the value of the acquired excisable goods unless otherwise stipulated by clause 3 of this Article.

Amounts of excise duty actually paid upon importing excisable goods into the territory of the Russian Federation and other territories under its jurisdiction shall be included in the value of those excisable goods unless otherwise stipulated by clause 3 of this Article.

Amounts of excise duty which are charged by a taxpayer to the owner of customer-supplied raw materials (other materials) shall be included by the owner of the customer-supplied raw materials (other materials) in the value of the excisable goods which are produced from those raw materials (other

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materials), except where excisable goods produced from customer-supplied raw materials are transferred for the subsequent production of excisable goods.

3. There shall not be included in the value of excisable goods which have been acquired, imported into the territory of the Russian Federation or transferred as customer-supplied raw materials and there shall be deductible or refundable in accordance with the procedure which is envisaged by this Chapter amounts of excise duty which are charged to the purchaser upon the acquisition of those goods and amounts of excise duty which are payable upon importation into the customs territory of the Russian Federation or which are charged to the owner of customer-supplied raw materials (other materials) upon the transfer of excisable goods which are used as raw materials for the production of other excisable goods. This provision shall apply in the event that the rates of excise duty for the excisable goods which are used as raw materials and the rates of excise duty for the excisable goods which are produced from those raw materials are based on the same unit of measurement of the tax base.
4. When the operations involving denatured ethyl alcohol which are referred to in subsection 20 of clause 1 of Article 182 of this Code are carried out and (or) when the operations involving straight-run petrol which are referred to in subsection 21 of clause 1 of Article 182 of this Code are carried out, the amount of excise duty shall be taken into account according to the following procedure:
  - 1) the amount of excise duty calculated by a taxpayer in respect of the operations referred to in subsection 20 of clause 1 of Article 182 of this Code shall not be included in the value of denatured alcohol which is transferred in the event that the taxpayer subsequently uses the denatured ethyl alcohol received by it as raw material for the production of non-alcohol-containing products. The amount of excise duty calculated in respect of the operations referred to in subsection 20 of clause 1 of Article 182 of this Code shall be included in the value of denatured alcohol which is transferred in the event that the taxpayer does not subsequently use the denatured ethyl alcohol received by it as raw material for the production of non-alcohol-containing products;
  - 2) the amount of excise duty calculated by a taxpayer in respect of the operations referred to in subsection 21 of clause 1 of Article 182 of this Code shall not be included in the value of straight-run petrol which is transferred in the event that the straight-run petrol received (including where it is transferred for processing as customer-supplied raw material) is subsequently used as raw material for the production of petrochemical products. The amount of excise duty calculated in respect of the operations referred to in subsection 21 of clause 1 of Article 182 of this Code shall be included in the value of straight-run petrol which is transferred in the event that the straight-run petrol received by the taxpayer is not subsequently used by the taxpayer as raw material for the production of petrochemical products.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a clause 5 is appended to Article 199 with effect from July 1, 2011 as follows:*

“5. *Amounts of advance payment which have been calculated in accordance with clause 8 of Article 194 of this Code shall not be included in the value of alcoholic and (or) excisable alcohol-containing products and shall be deductible in accordance with clause 16 of Article 200 of this Code.*”

**Article 200 Tax Deductions**

1. A taxpayer shall have the right to reduce the amount of excise duty on excisable goods as determined in accordance with Article 194 of this Chapter by the tax deductions which are established by this Article.
2. Deductions shall be made for amounts of excise duty which are charged by sellers and paid by the taxpayer upon the acquisition of goods or which are paid by the taxpayer upon the import into the customs territory of the Russian Federation of excisable goods which are released for free circulation and which are subsequently used as raw materials for the production of excisable goods. For the purpose of calculating the amount of excise duty on alcoholic products with an ethyl alcohol content by volume exceeding 9 per cent, the above-mentioned tax deductions shall be made within the limits of the amount of excise duty calculated on excisable goods used as raw materials on the basis of the rate of excise duty on ethyl alcohol established by clause 1 of Article 193 of this Code as at the date on which an excisable good used as raw material was acquired.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 paragraph 1 of clause 2 of Article 200 is reworded as follows with effect from July 1, 2011:*

“2. *Deductions shall be made for amounts of excise duty charged by sellers and paid by the taxpayer upon acquiring excisable goods or paid by the taxpayer upon importing excisable goods into the territory of the Russian Federation and other territories and facilities under its jurisdiction where those goods, having acquired the status of Customs Union goods, were subsequently used as raw materials for the manufacture of excisable goods, unless otherwise established by this clause. For the purpose of calculating the amount of excise duty on alcohol-containing products and (or) alcoholic products (excluding natural wines, including champagne-type, sparkling, aerated and effervescent wines and natural beverages with an ethyl alcohol content by volume not exceeding 6 per cent of the volume of the finished product made from wine-making materials produced without the addition of ethyl alcohol), the above-mentioned tax deductions shall be made within the limits of the amount of excise duty calculated in respect of excisable goods used as raw material which were manufactured in the territory of the Russian Federation on the basis of the volume of goods used (in litres of anhydrous ethyl alcohol) and the excise duty rate established by clause 1 of Article 193 of this Code for ethyl alcohol and (or) cognac spirit sold to organizations which pay an advance excise duty payment. Where excisable goods imported into the territory of the Russian Federation are used as raw material in the manufacture of alcoholic and (or) excisable alcohol-containing products, tax deductions shall be made within the limits of the amount of excise duty*

*calculated on the basis of the volume of goods used (in litres of anhydrous ethyl alcohol) and the excise duty rate established by clause 1 of Article 193 of this Code for ethyl alcohol and (or) cognac spirit sold to organizations which do not pay an advance excise duty payment.”*

In the event that the above-mentioned excisable goods (with the exception of oil products) are irrecoverably lost in the process of their production, storage, transportation or subsequent industrial treatment, amounts of excise duty shall likewise be deductible. In this respect, a deduction shall be made for the amount of excise duty which is attributable to the portion of goods which have been irrecoverably lost within the limits of the norms of process losses and (or) the norms of natural loss approved by the competent federal executive body for the group of goods in question.

3. In the case of the transfer of excisable goods produced from customer-supplied raw materials (other materials) where the customer-supplied raw materials (other materials) are excisable goods, deductions shall be made for amounts of excise duty which were paid by the owner of those customer-supplied raw materials (other materials) upon acquiring them or which it paid upon importing into the territory of the Russian Federation those raw materials (other materials) which acquired the status of Customs Union goods, and amounts of excise duty paid by the owner of the customer-supplied raw materials (other materials) in the process of the production thereof.
4. Deductions shall be made for amounts of excise duty which were paid in the territory of the Russian Federation in respect of ethyl alcohol produced from consumable raw materials which was used for the production of wine-making materials which are subsequently used for the production of alcoholic products.
5. Deductions shall be made for amounts of excise duty paid by the taxpayer in the event that excisable goods are returned by the purchaser (including when they are returned during the warranty period) or rejected.
7. A taxpayer shall have the right to reduce the total amount of excise duty on excisable goods as determined in accordance with Article 194 of this Code by the amount of excise duty calculated by the taxpayer on amounts of advance payments and (or) other payments which have been received against future supplies of excisable goods.
11. Deductions shall be made for amounts of excise duty which were charged upon the receipt (recording in accounts) of denatured ethyl alcohol by a taxpayer which possesses a certificate for the production of non-alcohol-containing products if the denatured ethyl alcohol is used for the production of non-alcohol-containing products (subject to the presentation of documents in accordance with clause 11 of Article 201 of this Code).
12. Deductions shall be made for amounts of excise duty charged by a taxpayer which possesses a certificate for the production of denatured ethyl alcohol upon selling denatured ethyl alcohol to a taxpayer which possesses a



certificate for the production of non-alcohol-containing products (subject to the presentation of documents in accordance with clause 12 of Article 201 of this Code).

13. Deductions shall be made for amounts of excise duty charged by a taxpayer which possesses a certificate for the production of straight-run petrol upon selling straight-run petrol to a taxpayer which possesses a certificate for the processing of straight-run petrol (subject to the presentation of documents in accordance with clause 13 of Article 201 of this Code).
14. Deductions shall be made for amounts of excise duty charged by a taxpayer which possesses a certificate for the production of straight-run petrol upon carrying out with straight-run petrol the operations which are referred to in subsections 7 and 12 of clause 1 of Article 182 of this Code (subject to the presentation in accordance with clause 14 of Article 201 of this Code of documents confirming that straight-run petrol was supplied for the purpose of the production of petrochemical products to persons possessing a certificate for the processing of straight-run petrol).
15. Deductions shall be made for amounts of excise duty charged upon the receipt of straight-run petrol by a taxpayer which possesses a certificate for the processing of straight-run petrol where the straight-run petrol received is used by the taxpayer itself for the production of petrochemical products and (or) the straight-run petrol is transferred as customer-supplied raw material for the production of petrochemical products (on the basis of an agreement on the rendering of services involving the processing of straight-run petrol belonging to the taxpayer in question), subject to the presentation of documents in accordance with clause 15 of Article 201 of this Code.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 clauses 16 to 18 are appended to Article 200 with effect from July 1, 2011 as follows:*

- “16. *When calculating excise duty on alcoholic and (or) excisable alcohol-containing products sold, the amount of an advance excise duty payment paid by the taxpayer shall be deductible within the limits of the amount of that payment which was paid in respect of ethyl alcohol and (or) cognac spirit acquired (transferred within the structure of one organization) which were actually used for the manufacture of the alcoholic and (or) excisable alcohol-containing products sold, including in respect of acquired crude ethyl alcohol and (or) crude ethyl alcohol transferred within the structure of one organization for the manufacture of rectified ethyl alcohol which is subsequently used for the manufacture of alcoholic and (or) excisable alcohol-containing products, subject to the presentation of documents in accordance with clauses 17 and (or) 18 of Article 201 of this Code.*

*The amount of an advance excise duty payment that is attributable to the volume of ethyl alcohol and (or) cognac spirit not used in the tax period which has ended for the manufacture of alcoholic and (or) excisable alcohol-containing products sold shall be deductible in the following or other ensuing tax periods in which the acquired ethyl alcohol is used for the manufacture of those alcoholic and (or) excisable alcohol-containing products.*

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| <p>17.</p> <p>18.</p> | <p><i>The deductible amount of an advance excise duty payment shall be reduced by the amount of excise duty attributable to the volume of ethyl alcohol and (or) cognac spirit which were irrecoverably lost in the process of transportation, storage and subsequent processing, excluding losses within the limits of natural wastage norms approved by the authorized federal executive body.</i></p> <p><i>Where an organization which has paid an advance excise duty payment is re-organized, the right to the tax deduction provided for in clause 16 of this Article shall pass to its legal successor subject to compliance with the provisions of clauses 17 and (or) 18 of Article 201 of this Code.”</i></p> |
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**Article 201 The Procedure for the Application of Tax Deductions**

1. The excise duty deductions which are envisaged by clauses 1 to 4 of Article 200 of this Code shall be made on the basis of settlement documents and VAT invoices issued by the sellers upon the acquisition of excisable goods by the taxpayer or presented by the taxpayer to the owner of customer-supplied raw materials (other materials) upon the production thereof, or on the basis of customs declarations or other documents which confirm the import of excisable goods into the territory of the Russian Federation and other territories under its jurisdiction and the payment of the appropriate amount of excise duty, unless otherwise provided by this Article.

Deductions shall be made only for amounts of excise duty which were actually paid to sellers upon the acquisition of excisable goods or charged by the taxpayer and paid by the owner of customer-supplied raw materials (other materials) upon the production thereof, or which were actually paid upon the import into the territory of the Russian Federation and other territories under its jurisdiction of goods which were released for free circulation.

Where payment for excisable goods used as raw materials for the production of other goods is made by third parties, tax deductions shall be made if the name of the organization on whose behalf payment was made is stated in settlement documents.

Where excisable goods on which excise duty had already been paid in the territory of the Russian Federation were used as customer-supplied raw materials, tax deductions shall be made provided that taxpayers present copies of payment documents with a bank’s note confirming the payment of excise duty by the owner of the raw materials (other materials) or confirming that the owner made payment for the raw materials at prices which included excise duty.

The tax deductions which are provided for when excisable goods previously produced by a taxpayer from customer-supplied raw materials are used as customer-supplied raw materials shall be made on the basis of copies of primary documents which confirm that the taxpayer has charged the owner of those raw materials the stated amounts of excise duty (certificate of acceptance and transfer of the produced excisable goods, certificate of

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manufacture, certificate of further manufacturing use of excisable goods) and payment documents with a bank's note confirming that the owner of the raw materials paid the cost of manufacture of the excisable goods with excise duty included.

2. The deductions of amounts of excise duty which are referred to in clause 4 of Article 200 of this Code shall be made on the basis of the content by volume of ethyl alcohol used in the production of wine-making materials, provided that the taxpayer which produces alcoholic products presents the following documents (copies thereof) to the tax authorities:
  - 1) the agreement on the purchase and sale of wine-making materials concluded by the producer of the wine-making materials and the producer of the alcoholic products;
  - 2) payment documents, marked by a bank, confirming the payment was made for the acquired wine-making materials;
  - 3) consignment notes for the supply of the wine-making materials, VAT invoices;
  - 4) blending statements;
  - 5) the certificate of assignment to production use.
3. The deductions of amounts of excise duty which are referred to in clauses 1 to 4 of Article 200 of this Code shall be made to the extent of the portion of the value of the excisable goods used as the main raw material which was actually included in expenses associated with the production of other excisable goods which are deductible for the purpose of calculating tax on the profit of organizations.

If, in the accounting tax period, the value of excisable goods (raw materials) was included in expenses associated with the production of other sold (transferred) excisable goods without excise duty being paid on those goods (raw materials) to the sellers, the amounts of excise duty shall be deductible in the accounting period in which it was paid to the sellers.
5. The deductions of amounts of tax which are referred to in clause 5 of Article 200 of this Code shall be made in full after appropriate adjustment operations associated with the return of the goods or rejection of the goods have been reflected in accounting records, but no later than one year after the goods are returned or rejected.
7. The tax deductions which are referred to in clause 7 of Article 200 of this Code shall be made after operations involving the sale of excisable goods have been entered in accounting records.
11. The tax deductions referred to in clause 11 of Article 200 of this Code shall be made subject to the presentation by the taxpayer to the tax authorities of the

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following documents confirming the production of non-alcohol-containing products from denatured ethyl alcohol:

- 1) certificate for the production of non-alcohol-containing products;
  - 2) copies of an agreement with a producer of non-alcohol-containing products;
  - 3) registers of VAT invoices issued by producers of denatured ethyl alcohol. The form of and procedure for the presentation of registers to the tax authorities shall be determined by the Ministry of Finance of the Russian Federation;
  - 4) consignment note for internal handling;
  - 5) certificate of transfer and acceptance between structural subdivisions of the taxpayer;
  - 6) certificate of assignment to production use and other documents.
12. The tax deductions referred to in clause 12 of Article 200 of this Code shall be made subject to the presentation by the taxpayer to the tax authorities of the following documents confirming the production of non-alcohol-containing products from denatured ethyl alcohol:
- 1) certificate for the production of denatured ethyl alcohol;
  - 2) copies of an agreement with a taxpayer which possesses a certificate for the production of non-alcohol-containing products;
  - 3) registers of VAT invoices bearing a mark made by the tax authority with which the purchaser (recipient) of the denatured ethyl alcohol is registered. The form of and procedure for the presentation of registers to the tax authorities shall be determined by the Ministry of Finance of the Russian Federation.
- The above-mentioned mark shall be made in the event that the information given in the tax declaration of the taxpayer-purchaser which possesses a certificate corresponds to the information contained in the VAT invoice registers presented by the taxpayer-purchaser. That mark shall be made by the tax authority not later than five days from the date of submission of the tax declaration in accordance with a procedure to be determined by the Ministry of Finance of the Russian Federation;
- 4) consignment notes for the supply of denatured ethyl alcohol;
  - 5) transfer and acceptance certificates for the denatured ethyl alcohol.
13. The tax deductions which are referred to in clause 13 of Article 200 of this Code shall be made subject to the presentation by the taxpayer to the tax authorities of the following documents:

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- 1) a copy of the agreement with the taxpayer which possesses a certificate for the processing of straight-run petrol;
  - 2) VAT invoice registers marked by the tax authority with which the purchaser (recipient) of the straight-run petrol is registered. The form of the registers and the procedure for the presentation thereof to the tax authorities shall be determined by the Ministry of Finance of the Russian Federation. The above-mentioned mark shall be made if the particulars shown in the tax declaration of the taxpayer – purchaser which possesses a certificate are consistent with the particulars contained in the VAT invoice registers presented by the taxpayer – purchaser. The mark shall be made by the tax authority not later than five days from the date on which the tax declaration is presented according to a procedure to be determined by the Ministry of Finance of the Russian Federation.
14. The tax deductions which are referred to in clause 14 of Article 200 of this Code shall be made subject to the presentation of the following documents to the tax authorities by a taxpayer which possesses a certificate for the production of straight-run petrol when it is transferred (including on the basis of administrative documents of the owner of the straight-run petrol) to a person possessing a certificate for the processing of straight-run petrol:
- 1) where straight-run petrol is transferred for processing as customer-supplied raw material:
    - a copy of the taxpayer's agreement with a person possessing a certificate for the processing of straight-run petrol;
    - a copy of the certificate for the processing of straight-run petrol of the person with whom the agreement on the processing of straight-run petrol has been concluded;
    - the register of VAT invoices presented by the person possessing a certificate for the processing of straight-run petrol. The form of registers and the procedure for the presentation thereof to the tax authorities shall be determined by the Ministry of Finance of the Russian Federation;
  - 2) where straight-run petrol is transferred (including on the basis of administrative documents of the owner of the straight-run petrol) to a person possessing a certificate for the processing of straight-run petrol:
    - a copy of the agreement between the owner of the straight-run petrol and the taxpayer;
    - a copy of the agreement between the owner of the straight-run petrol and the person possessing a certificate for the processing of straight-run petrol;
    - a copy of the administrative documents of the owner of the straight-run petrol (if such documents exist) to the taxpayer for the transfer of the straight-run petrol to a person possessing a certificate for the processing of straight-run petrol;

- a copy of the release note for the straight-run petrol or of the certificate of acceptance and transfer of the straight-run petrol to the person possessing a certificate for the processing of straight-run petrol.

15. The tax deductions which are referred to in clause 15 of Article 200 of this Code shall be made subject to the presentation by the taxpayer to the tax authorities of any one of the following documents confirming that the taxpayer itself and (or) an organization which renders services to the taxpayer involving the processing of straight-run petrol transferred the straight-run petrol for use in the production of petrochemical products:

- 1) a release note for internal handling;
- 2) a release note for the supply of materials to outside parties;
- 3) a resource limit card;
- 4) a certificate of acceptance and transfer of raw materials for processing;
- 5) an acceptance and transfer certificate between structural subdivisions of a taxpayer;
- 6) a certificate of assignment to production use.

16. Tax deductions of amounts of excise duty actually paid to sellers upon the acquisition of denatured ethyl alcohol for the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) for the production of alcohol-containing household chemical products in metal aerosol packaging shall be made subject to the presentation by the taxpayer to the tax authorities of the following documents:

- 1) a certificate for the production of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) a certificate for the production of alcohol-containing household chemical products in metal aerosol packaging;
- 2) a copy of the agreement with the producer of the denatured ethyl alcohol;
- 3) VAT invoices presented by the producer of the denatured ethyl alcohol;
- 4) payment documents confirming the payment of excise duty on the denatured ethyl alcohol;
- 5) certificates of assignment to production use (acceptance and transfer certificates between structural subdivisions of a taxpayer, resource limit cards and other documents).

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a clause 17 is appended to Article 201 with effect from July 1, 2011 as follows:*

*“17. The tax deductions which are provided for in clause 16 of Article 200 of this*

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*Code shall be made by taxpayers which acquire (purchase) ethyl alcohol and (or) cognac spirit on the basis of the documents provided for in clause 7 of Article 204 of this Code and the following documents (copies thereof) presented to the tax authority together with the tax declaration for excise duties:*

- 1) the agreement on the purchase and sale of ethyl alcohol and (or) cognac spirit concluded by a manufacturer of alcoholic and (or) excisable alcohol-containing products with a manufacturer of ethyl alcohol and (or) cognac spirit;*
- 2) consignment notes for the shipment of ethyl alcohol and (or) cognac spirit by the seller;*
- 3) certificate of withdrawal of ethyl alcohol and (or) cognac spirit for use in production.”*

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a clause 18 is appended to Article 201 with effect from July 1, 2011 as follows:*

*“18. The tax deductions which are provided for in clause 16 of Article 200 of this Code shall be made by taxpayers which conduct the operations referred to in subsection 22 of clause 1 of Article 182 of this Code on the basis of the documents provided for in clause 7 of Article 204 of this Code and any one of the following documents (copies thereof) presented to the tax authority together with the tax declaration for excise duties which confirm the transfer of ethyl alcohol and (or) cognac spirit for use in manufacturing alcoholic and (or) excisable alcohol-containing products:*

- 1) consignment note for internal movement of ethyl alcohol and (or) cognac spirit;*
- 2) certificate of transfer and acceptance of ethyl alcohol and (or) cognac spirit between structural subdivisions of the taxpayer;*
- 3) certificate of withdrawal of ethyl alcohol and (or) cognac spirit for use in production.”*

### **Article 202 The Amount of Excise Duty Payable**

1. The amount of excise duty payable by a taxpayer which carries out operations which are deemed to be an object of taxation in accordance with this Chapter shall be determined on the basis of the results for each tax period as the amount of excise duty as determined in accordance with Article 194 of this Code reduced by the tax deductions which are envisaged by Article 200 of this Code.
3. The amount of excise duty payable upon the import of excisable goods into the territory of the Russian Federation shall be determined in accordance with clause 6 of Article 194 of this Code.

4. The amount of excise duty payable by taxpayers which carry out the initial sale of excisable goods which originate and are imported from the territory of member states of the Customs Union with which the customs clearance of excisable goods moved across the border of the Russian Federation has been abolished shall be determined in accordance with Article 194 of this Code.
5. Should the amount of excise duty deductions in any tax period exceed the amount of tax calculated on sold excisable goods, the taxpayer shall not pay excise duty in that tax period.

Any amount by which tax deductions exceed the total amount of excise duty calculated on operations which are deemed to be an object of taxation in accordance with this Chapter shall be reckoned towards current payments in respect of excise duty and (or) payments in respect of excise duty which are due in the following tax period.

The amount by which tax deductions exceed the amount of excise duty calculated on operations deemed to be an object of taxation in accordance with this Chapter which were carried out in the accounting tax period shall be deductible from the amount of excise duty in the following tax period prior to other tax deductions.

#### **Article 203 The Amount of Excise Duty Refundable**

1. In the event that, on the basis of the results for a tax period, the amount of tax deductions exceeds the amount of excise duty calculated in respect of operations involving excisable goods which are an object of taxation in accordance with this Chapter, on the basis of the results for the tax period the resulting difference shall be reimbursable (offsettable, refundable) to the taxpayer in accordance with the provisions of this Article.
2. The above-mentioned amounts shall be used in the accounting tax period and over the three tax periods which follow that accounting tax period to meet obligations associated with the payment of taxes or levies, including taxes which are payable in connection with the conveyance of goods across the border of the Russian Federation, to pay penalties and to settle arrears and amounts of tax sanctions imposed on the taxpayer which are payable to the same budget.  
  
Tax authorities shall carry out offsets independently or, in the case of taxes which are payable in connection with the conveyance of goods across the customs border of the Russian Federation, with the agreement of the customs authorities, and shall notify the taxpayer of the offset within 10 days.
3. After the end of the three tax periods which follow the accounting period, any amount which has not been offset shall be refundable to the taxpayer upon its application.



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The tax authority shall, within two weeks after receiving the above-mentioned application, adopt a decision to refund the above-mentioned amount to the taxpayer from the appropriate budget (the budgets of territorial road funds) and, within the same period, shall transmit that decision for execution to the appropriate body of the Federal Treasury. The amounts in question shall be refunded by Federal Treasury bodies within two weeks after the tax authority's decision is received. In the event that the decision has not been received by the appropriate Federal Treasury body after a period of seven days from the day on which it was transmitted by the tax authority, the date of receipt of the decision shall be deemed to be the eighth day from the day on which the decision was transmitted by the tax authority.

In the event that the time limits which are established by this clause are exceeded, interest shall accrue on the amount refundable to the taxpayer at the rate of one three-hundred-and-sixtieth of the refinancing rate of the Central Bank of the Russian Federation for each day of the delay.

4. The amounts which are envisaged by Article 201 of this Code in relation to the operations involving excisable goods which are envisaged by subsection 4 of clause 1 of Article 183 shall be reimbursed by means of an offset (refund) on the basis of the documents envisaged by clause 7 of Article 198 of this Chapter.

The reimbursement shall take place no later than three months from the day on which the documents envisaged by clause 7 of Article 198 of this Code are submitted.

During that period, the tax authority shall check the legitimacy of the tax deductions and shall adopt a decision to grant a reimbursement by means of offsetting or refunding the amounts in question or to refuse reimbursement (in whole or in part).

Where a tax authority adopts a decision to refuse reimbursement (in whole or in part), it must present a substantiated statement to the taxpayer no later than ten days after that decision is issued.

Where a tax authority does not issue a decision to refuse reimbursement and (or) does not present a corresponding statement to the taxpayer within the established time limit, the tax authority shall be obliged to adopt a decision to grant a reimbursement of the amounts in respect of which a decision to refuse reimbursement has not been issued and to notify the taxpayer of the decision taken within ten days.

In the event that the taxpayer has arrears and penalties in respect of excise duty, arrears and penalties in respect of other taxes and indebtedness in respect of imposed tax sanctions which are payable to the same budget as that from which the refund is to be made, they must be offset on a priority basis by decision of the tax authority.

Tax authorities shall carry out that offset independently and shall notify the taxpayer of it within ten days.

Where a tax authority adopts a decision to grant a reimbursement and there are excise duty arrears which formed in the period between the date on which the declaration was submitted and the date on which the amounts in question are reimbursed and which do not exceed the amount which is reimbursable in accordance with the tax authority's decision, penalties shall not be charged on the amount of the arrears.

In the event that the taxpayer does not have arrears and penalties in respect of excise duty, arrears and penalties in respect of other taxes and indebtedness in respect of imposed tax sanctions which are payable to the same budget as that from which the refund is to be made, the amounts which are reimbursable shall be reckoned towards current payments in respect of excise duty and (or) other taxes which are payable to the same budget and in respect of taxes which are payable in connection with the conveyance of goods (work and services) across the border of the Russian Federation with the agreement of the customs authorities or shall be refunded to the taxpayer upon its application.

Not later than the last day of the time limit which is referred to in paragraph 2 of this clause, the tax authority shall adopt a decision to refund the amounts of excise duty from the appropriate budget (budget of a territorial road fund) and, within the same time limit, shall transmit that decision for execution to the appropriate Federal Treasury body.

Federal Treasury bodies shall refund the amounts of excise duty within two weeks after receiving the tax authority's decision. In the event that the decision has not been received by the appropriate Federal Treasury body after a period of seven days from the day on which it was transmitted by the tax authority, the date of receipt of the decision shall be deemed to be the eighth day from the day on which the decision was transmitted by the tax authority.

In the event that the time limits which are established by this clause are exceeded, interest shall accrue on the amount of excise duty refundable to the taxpayer at the rate of one three-hundred-and-sixtieth of the refinancing rate of the Central Bank of the Russian Federation for each day of the delay.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 a clause 6 is appended to Article 203 with effect from July 1, 2011 as follows:*

- “6. *Where, upon the liquidation of an organization which manufactures alcoholic and (or) excisable alcohol-containing products, it has arrears in respect of excise duties and other taxes and indebtedness in respect of corresponding penalties and (or) fines which are payable or recoverable in accordance with this Code, the tax authority shall allow a credit for the amount of an advance excise duty payment which has actually been paid to the budget, subject to the presentation by the taxpayer to the tax authority of the documents provided for in clause 17 and (or) 18 of Article 201 of this Code, on the basis of a decision concerning the crediting of the amount of the advance excise duty payment towards the settlement of the above-mentioned arrears and indebtedness in respect of penalties and (or) fines. In this respect, penalties shall be charged on the above-mentioned arrears up to the day on which the*

*tax authority adopts the decision concerning the crediting of the amount of the advance excise duty payment.*

*Where a taxpayer does not have arrears in respect of excise duties and other taxes and indebtedness in respect of corresponding penalties and (or) fines which are payable or recoverable in cases provided for in this Code, and where the amount of an actually paid advance excise duty payment exceeds the amounts of the above-mentioned arrears in respect of excise duties and other taxes and indebtedness in respect of corresponding penalties and (or) fines, the amount of the advance excise duty payment shall be refunded to the taxpayer on the basis of a decision of the tax authority concerning the refund (in whole or in part) of the amount of the actually paid advance excise duty payment.”*

**Article 204 The Time Limits and Procedure for the Payment of Excise Duty Due Upon Carrying Out Operations Involving Excisable Goods**

3. Excise duty due upon the sale (transfer) by taxpayers of excisable goods produced by them shall be paid on the basis of actual sales (transfers) of those goods for the tax period which has ended not later than the 25<sup>th</sup> of the month following the tax period which has ended, unless otherwise provided by this Article.

3.1 The payment of excise duty on straight-run petrol and denatured ethyl alcohol by taxpayers which possess a certificate of registration of a person which carries out operations involving straight-run petrol and (or) a certificate of registration of an organization which carries out operations involving denatured ethyl alcohol shall be effected not later than the 25<sup>th</sup> of the third month following a tax period which has ended.

4. Excise duty on excisable goods shall be paid at the place where the goods are produced, unless otherwise provided by this Article.

When operations which are deemed to be an object of taxation in accordance with subsection 20 of clause 1 of Article 182 of this Code are carried out, excise duty shall be paid at the location where the excisable goods of which ownership has been acquired are recorded in accounts.

When operations which are deemed to be an object of taxation in accordance with subsection 21 of clause 1 of Article 182 of this Code are carried out, excise duty shall be paid at the location of the taxpayer.

5. Taxpayers shall be obliged to submit to the tax authorities for their location and for the location of each of their economically autonomous subdivisions with which the taxpayers are registered, unless otherwise provided by this clause, a tax declaration for the tax period in respect of operations carried out by them which are deemed to be an object of taxation in accordance with this Chapter no later than the 25<sup>th</sup> of the month following the tax period which has ended, unless otherwise stipulated by this clause; taxpayers which possess a certificate of registration of a person which carries out operations involving

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straight-run petrol and (or) a certificate of registration of an organization which carries out operations involving denatured ethyl alcohol shall be obliged to submit such a declaration not later than the 25<sup>th</sup> of the third month following an accounting month.

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations to the tax authority where they are registered as major taxpayers.

*E&Y Note: In accordance with Federal Law No. 306-FZ of November 27, 2010 clauses 6 to 19 are appended to Article 204 with effect from July 1, 2011 as follows:*

- “6. An advance excise duty payment shall be paid not later than the 15<sup>th</sup> of the current tax period on the basis of the total volume of ethyl alcohol and (or) cognac spirit which is to be purchased (transferred) by manufacturers of alcoholic and (or) excisable alcohol-containing products in the tax period following the current tax period and in the amount provided for in clause 8 of Article 194 of this Code, unless otherwise provided by this Article.*
- 7. Taxpayers which have paid an advance excise duty payment shall be obliged, not later than the 18<sup>th</sup> of the current tax period, to present to the tax authority where they are registered:*
  - 1) a copy (copies) of the payment documents confirming the remittance of monetary resources by way of payment of the advance excise duty payment with the words “Advance excise duty payment” indicated in the “Purpose of payment” column;*
  - 2) a copy (copies) of the bank statement confirming the debiting of the above-mentioned resources from the settlement account of the manufacturer of alcoholic and (or) excisable alcohol-containing products;*
  - 3) a notice (notices) of payment of the advance excise duty payment in four copies, one of them in electronic form.*
- 8. Where ethyl alcohol and (or) cognac spirit is purchased from a number of manufacturers, the documents referred to in clause 7 of this Article must be presented to the tax authority with each notice of payment of an advance excise duty payment on the basis of the volumes of that alcohol / spirit purchased from each seller or on the basis of the volumes of ethyl alcohol and (or) cognac spirit transferred within the structure of an organization to each structural subdivision.*
- 9. The following details shall be given in a notice of an advance excise duty payment:*
  - 1) the full name of the organization – purchaser of ethyl alcohol and (or) cognac spirit which manufactures alcoholic and (or) alcohol-containing products and its taxpayer identification number and code of reason for registration;*
  - 2) the full name of the organization – seller of ethyl alcohol and (or) cognac*

*spirit and its taxpayer identification number and code of reason for registration;*

- 3) *the full name of the organization which transfers ethyl alcohol and (or) cognac spirit within the structure of the organization for subsequent use in manufacturing alcoholic and (or) excisable alcohol-containing products, and its taxpayer identification number and code of reason for registration (including the code of reason for registration of structural subdivisions of the organization which transfer and receive ethyl alcohol and (or) cognac spirit for use in manufacturing alcoholic and (or) excisable alcohol-containing products);*
- 4) *the volume of ethyl alcohol and (or) cognac spirit purchased (transferred within the structure of an organization) (in litres of anhydrous alcohol);*
- 5) *the amount of the advance excise duty payment (in roubles);*
- 6) *the date of payment of the advance excise duty payment.*

10. *The standard form of a notice of payment of an advance excise duty payment shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.*

*The tax authority where a purchaser of ethyl alcohol and (or) cognac spirit which manufactures alcoholic and (or) excisable alcohol-containing products or an organization which carries out operations provided for in subsection 22 of clause 1 of Article 182 of this Code is registered shall, not later than five days after the documents referred to in clause 7 of this Article are presented, place (refuse to place) on each copy of the notice of payment of an advance excise duty payment a mark indicating that the documents presented correspond to the information given in that notice in the form of the tax authority's stamp and the signature of the official who collated the documents presented and the notice.*

*In the event that inconsistencies are found between details given in a notice of payment of an advance excise duty payment and details contained in documents which are presented together with that notice, the tax authority shall refuse to place a mark, stating the inconsistencies found.*

*One copy of the notice of payment of an advance excise duty payment bearing a mark made by the tax authority where the purchaser of ethyl alcohol and (or) cognac spirit is registered shall be transmitted by the purchaser of that alcohol / spirit to the seller not later than three days before the purchase of ethyl alcohol and (or) cognac spirit takes place, the second copy shall be retained by the manufacturer of alcoholic and (or) excisable alcohol-containing products, while the third copy and the fourth copy presented in electronic form shall be retained by the tax authority which made the mark on the notice.*

*The format for the presentation of a notice of payment of an advance excise duty payment in electronic form shall be approved by the federal executive*

*body in charge of control and supervision in the area of taxes and levies.*

*Documents confirming the payment of an advance excise duty payment and a notice (notices) of payment of an advance excise duty payment shall be retained by the tax authority and by taxpayers for not less than four years.*

11. *Taxpayers which are manufacturers of alcoholic and (or) excisable alcohol-containing products shall be exempted from the payment of an advance excise duty payment subject to the presentation of a bank guarantee to the tax authority where they are registered together with a notice of exemption from the payment of an advance excise duty payment.*

*A bank guarantee shall be provided to a manufacturer of alcoholic and (or) excisable alcohol-containing products for the purpose of obtaining exemption from the payment of an advance excise duty payment.*

*Tax authorities shall serve the guarantor bank a demand to settle a sum of money secured by the bank guarantee equal to the advance excise duty payment in the event that the taxpayer – manufacturer of alcoholic and (or) excisable alcohol-containing products (the principal) fails to pay or does not pay in full the amount of excise duty payable in respect of alcoholic and (or) excisable alcohol-containing products sold which were manufactured from ethyl alcohol and (or) cognac spirit acquired or manufactured and transferred by it within the structure of one organization on the basis of the excise duty rate of 0 roubles per one litre of anhydrous alcohol contained in the excisable good.*

*Not later than the day following the day on which a bank guarantee is issued, the bank shall notify the tax authority where the manufacturer of alcoholic and (or) excisable alcohol-containing products is registered of the issuance of that bank guarantee in accordance with a procedure to be determined by the federal executive body in charge of control and supervision in the area of taxes and levies.*

*A bank guarantee must be provided by a bank which has been included in the list of banks which is provided for in Article 176.1 of this Code.*

12. *A bank guarantee must meet the following requirements:*

- 1) *the bank guarantee must be irrevocable and non-transferable;*
- 2) *the period of validity of the bank guarantee must expire not earlier than six months after the tax period in which the purchase of ethyl alcohol and (or) cognac spirit occurred.*

*Where the validity of a bank guarantee ends before the expiry of the above-mentioned time limit, an exemption from the payment of an advance excise duty payment shall not be granted, the tax authority shall not place a mark on the notice of exemption from the payment of an advance excise duty payment and a notice of exemption from the payment of an advance excise duty payment shall not be sent by the manufacturer of alcoholic and (or) excisable*

*alcohol-containing products to the manufacturer of ethyl alcohol and (or) cognac spirit;*

3) *the amount for which the bank guarantee is issued must ensure the fulfilment of the obligation to pay to the budget in full an amount of excise duty equal to the amount of the advance payment which is calculated in accordance with clause 8 of Article 194 of this Code for the tax period;*

4) *the bank guarantee must allow for the uncontested recovery of monetary resources from the guarantor's account in the event that it fails to comply within the established time limit with a demand for the payment of a sum of money covered by the bank guarantee (in whole or in part) which was sent before the expiry of the bank guarantee.*

13. *In the event that excise duty on alcoholic and (or) excisable alcohol-containing products is not paid or is not paid in full by a manufacturer of those products which has presented a bank guarantee in an amount equal to the amount of the advance excise duty payment, the tax authority shall send to that taxpayer, not later than three days after the expiry of the established time limit for the payment of excise duty on alcoholic and (or) alcohol-containing products sold, a demand for the payment of tax due, penalties and a fine.*

*In this respect, penalties shall be charged in accordance with Article 75 of this Code from the day following the day established by clause 3 of this Article as the due date for the payment of excise duty on alcoholic and (or) alcohol-containing products.*

*The taxpayer shall be obliged to pay the amount of tax, penalties and a fine stated in the demand within five days from the day on which the demand is received. Where a taxpayer – manufacturer of alcoholic and (or) alcohol-containing products fails to pay or does not pay in full the amount of tax, penalties and a fine due in accordance with the demand, the tax authority shall, not later than three days after the expiry of the above-mentioned time limit, serve the guarantor bank with a demand to pay a sum of money covered by the bank guarantee equal to the amount of unpaid or underpaid tax within five days from the day on which the bank receives that demand.*

*The form of a demand for the payment of a sum of money covered by a bank guarantee shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.*

*A bank shall not have the right to refuse to satisfy a tax authority's demand for the payment of a sum of money covered by a bank guarantee.*

*In the event that a bank fails to comply with a demand for the payment of a sum of money covered by a bank guarantee within the established time limit, the tax authority shall exercise the right to recover the amount stated in that demand on an uncontested basis.*

*Not later than three days after the day of the fulfilment of a bank's obligation to pay a sum of money covered by a bank guarantee, the tax authority shall*

*send to the taxpayer – manufacturer of alcoholic and (or) excisable alcohol-containing products a revised demand for the payment of penalties and a fine.*

*Where a taxpayer fails to pay or does not pay in full the amount stated in a demand (revised demand), and where it is impossible for a demand for the payment of a sum of money covered by a bank guarantee to be sent to a bank owing to the expiry of the bank guarantee, the obligation to pay the amount in question shall be enforced by means of levying execution on monetary resources in accounts or on other assets of the taxpayer according to the procedure and within the time limits established by Articles 46 and 47 of this Code on the basis of a decision of the tax authority concerning the recovery of that amount which was adopted after the taxpayer failed to comply with the demand (revised demand) within the established time limit.*

14. *In order to obtain exemption from the payment of an advance excise duty payment, taxpayers which are manufacturers of alcoholic and (or) excisable alcohol-containing products must, not later than the 18<sup>th</sup> of the current tax period, present to the tax authority where they are registered a bank guarantee and a notice (notices) of exemption from the payment of an advance excise duty payment in four copies, including one copy in electronic form.*

*The format for the presentation of a notice of exemption from the payment of an advance excise duty payment in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.*

*Where ethyl alcohol and (or) cognac spirit is purchased from a number of manufacturers, notices of exemption from the payment of an advance excise duty payment must be presented with respect to volumes of that alcohol / spirit purchased from each seller – manufacturer of ethyl alcohol and (or) cognac spirit or the volume of ethyl alcohol transferred within the structure of the organization to each structural subdivision.*

15. *A notice of exemption from the payment of an advance excise duty payment shall contain the following details:*

- 1) *the full name of the organization – purchaser of ethyl alcohol and (or) cognac spirit which manufactures alcoholic and (or) alcohol-containing products and its taxpayer identification number and code of reason for registration;*
- 2) *the full name of the organization – seller of ethyl alcohol and (or) cognac spirit and its taxpayer identification number and code of reason for registration;*
- 3) *the full name of the organization within which ethyl alcohol and (or) cognac spirit is transferred by its structural subdivisions for subsequent use in manufacturing alcoholic and (or) excisable alcohol-containing products, and its taxpayer identification number and code of reason for registration, including the code of reason for registration of structural subdivisions of the organization which transfer and receive ethyl alcohol and (or) cognac spirit for use in manufacturing alcoholic and (or) excisable alcohol-containing*



*products (where the operations provided for in subsection 22 of clause 1 of Article 182 of this Code);*

- 4) *the volume of ethyl alcohol and (or) cognac spirit purchased (transferred within the structure of an organization) (in litres of anhydrous alcohol);*
- 5) *the amount of the advance excise duty payment which the taxpayer is exempted from paying upon presentation of a bank guarantee (in roubles);*
- 6) *the name of the bank which issued the guarantee;*
- 7) *the bank's taxpayer identification number and code of reason for registration;*
- 8) *the sum of money covered by the bank guarantee;*
- 9) *the date of issue and period of validity of the bank guarantee.*

16. *The standard form of a notice of exemption from the payment of an advance excise duty payment shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.*

17. *The tax authority where a purchaser of ethyl alcohol and (or) cognac spirit or an organization which carries out operations provided for in subsection 22 of clause 1 of Article 182 of this Code is registered shall, not later than five days from the day on which documents confirming exemption from the payment of an advance excise duty payment are presented, place (refuse to place) on each copy of the notice of exemption from the payment of an advance excise duty payment a mark indicating that the documents presented correspond to the information given in that notice in the form of the tax authority's stamp and the signature of the official who collated the documents presented and the notice.*

*In the event that inconsistencies are found between details given in a notice of exemption from the payment of an advance excise duty payment and details contained in documents which are presented together with that notice, the tax authority shall refuse to place a mark, stating the inconsistencies found.*

*One copy of the notice of exemption from the payment of an advance excise duty payment bearing a mark made by the tax authority where the purchaser of ethyl alcohol and (or) cognac spirit is registered shall be transmitted by the purchaser of the alcohol / spirit to the seller not later than three days before the purchase of ethyl alcohol and (or) cognac spirit takes place, the second copy shall be retained by the manufacturer of alcoholic and (or) excisable alcohol-containing products, while the third copy and the fourth copy presented in electronic form shall be retained by the tax authority which made the mark on the notice. Documents confirming exemption from the payment of an advance excise duty payment and a notice (notices) of payment of an advance excise duty payment shall be retained by the tax authority and by organizations for not less than four years.*

18. *In a tax declaration for excise duties which is submitted by manufacturers of*

*ethyl alcohol and (or) cognac spirit, information shall be given for the tax period which has ended concerning the volumes of ethyl alcohol and (or) cognac spirit sold to each purchaser or transferred to a structural subdivision which manufactures alcoholic and (or) excisable alcohol-containing products, including:*

- 1) the taxpayer identification number and code of reason for registration of a purchaser of alcohol or a structural subdivision which manufactures alcoholic and (or) alcohol-containing products;*
  - 2) the volume of alcohol / spirit sold or transferred (in litres of anhydrous alcohol);*
  - 3) the amount of the advance excise duty payment which is shown in notices of payment of an advance excise duty payment which were received by manufacturers of ethyl alcohol and (or) cognac spirit from purchasers, or the amount of the advance excise duty payment for which exemption from payment was granted upon presentation of a bank guarantee and which is shown in notices of exemption from the payment of an advance excise duty payment (the amount of the advance excise duty payment paid before the occurrence of operations involving the transfer of ethyl alcohol and (or) cognac spirit to a structural subdivision which manufactures alcoholic and (or) excisable alcohol-containing products or the amount of the advance excise duty payment for which exemption from payment was granted upon presentation of a bank guarantee).*
- 19. In a tax declaration for excise duties which is submitted by manufacturers of alcoholic and (or) excisable alcohol-containing products (with the exception of alcohol-containing perfumes and cosmetics in metal aerosol packaging and (or) alcohol-containing household chemical products in metal aerosol packaging), information shall be given for the tax period which has ended concerning volumes of ethyl alcohol and (or) cognac spirit acquired from each seller, including:*
- 1) the taxpayer identification number and code of reason for registration of the seller of the ethyl alcohol and (or) cognac spirit and the volume of ethyl alcohol and (or) cognac spirit acquired (in litres of anhydrous alcohol);*
  - 2) the amount of the advance excise duty payment paid upon the purchase of ethyl alcohol and (or) cognac spirit from each seller, as indicated in notices of payment of an advance excise duty payment, or the amount of the advance excise duty payment for which an exemption from payment was granted upon presentation of a bank guarantee, as indicated in notices of exemption from the payment of an advance excise duty payment.”*

**Article 205 Time Limits and Procedure for the Payment of Excise Duty When  
Excisable Goods Are Imported into the Territory of the Russian  
Federation and Other Territories Under its Jurisdiction**

The time limits and procedure for the payment of excise duty when excisable goods are imported into the territory of the Russian Federation and other territories under its jurisdiction shall be established by this Chapter with account taken of the provisions of the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

**CHAPTER 23. TAX ON INCOME OF PHYSICAL PERSONS**

**Article 207 Taxpayers**

1. Taxpayers of tax on income of physical persons (hereafter in this Chapter referred to as “taxpayers”) shall be physical persons who are tax residents of the Russian Federation and physical persons who receive income from sources in the territory of the Russian Federation but are not tax residents of the Russian Federation.
2. There shall be recognised as tax residents physical persons who are actually in the Russian Federation for not less than 183 calendar days over 12 consecutive months. The period of time for which a physical person is deemed to be in the Russian Federation shall not be interrupted by periods in which he departs from the Russian Federation for short-term (i.e. less than six months) treatment or education.
3. Russian servicemen serving abroad and employees of State government bodies and local government bodies who have been seconded to work outside the Russian Federation shall be deemed to be tax residents of the Russian Federation irrespective of the actual time spent by them in the Russian Federation.

**Article 208 Income from Sources in the Russian Federation and Income from Sources Outside the Russian Federation**

1. For the purposes of this Chapter, income from sources in the Russian Federation shall include:
  - 1) dividends and interest received from a Russian organization and interest received from Russian private entrepreneurs and (or) a foreign organization in connection with the activities of an economically autonomous subdivision thereof in the Russian Federation;
  - 2) insurance payments in connection with the occurrence of an insured accident, including periodic insurance payments (rents, annuities) and (or) payments arising from the participation of the policyholder in investment income of the insurer, and amounts of cash surrender value, which are received from a Russian organization and (or) from a foreign organization in connection with the activities of an economically autonomous subdivision thereof in the Russian Federation;
  - 3) income received from the use in the Russian Federation of copyrights or other related rights;
  - 4) income received from the renting or other use of property which is situated in the Russian Federation;

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- 5) income from the sale:
  - of immovable property which is situated in the Russian Federation;
  - in the Russian Federation of shares or securities and of share interests in the charter capital of organizations;
  - of claims against a Russian organization or a foreign organization in connection with the activities of an economically autonomous subdivision thereof in the territory of the Russian Federation;
  - of other property which is situated in the Russian Federation and belongs to a physical person;
- 6) remuneration for the performance of employment duties or other duties, work performed, a service rendered or the performance of an act in the Russian Federation. In this respect, directors' fees and other similar payments which are received by members of the management body of an organization (the board of directors or other similar body) which is a tax resident of the Russian Federation and whose location (place of management) is the Russian Federation shall be regarded as income received from sources in the Russian Federation irrespective of where the management duties assigned to those persons were actually performed or of from where the payments of those fees were made;
- 7) pensions, benefits, stipends and other similar payments which have been received by a taxpayer in accordance with current Russian legislation or which have been received from a foreign organization in connection with the activities of an economically autonomous subdivision thereof in the Russian Federation;
- 8) income received from the use of any means of transport, including sea-going and river vessels, aircraft and motor vehicles, in connection with carriage to and (or) from or within the Russian Federation, and fines and other sanctions for the demurrage (detention) of such means of transport at points of loading (unloading) in the Russian Federation;
- 9) income received from the use of pipelines, power supply lines, fibre optic and (or) wireless communication lines and other communications facilities, including computer networks, in the Russian Federation;
- 9.1) payments to the legal successors of deceased insured persons in cases envisaged by the legislation of the Russian Federation concerning compulsory pension insurance;
- 10) other income which is received by a taxpayer as a result of carrying out activities in the Russian Federation.
2. For the purposes of this Chapter, income received from sources in the Russian Federation shall not include income of a physical person which the latter received as a result of conducting foreign trade operations (including goods

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exchange operations) which are carried out exclusively in the name of and in the interests of that physical person and are connected exclusively with the purchase (acquisition) of goods (performance of work, rendering of services) in the Russian Federation or with the import of goods into the territory of the Russian Federation.

This provision shall apply to operations associated with the import of goods into the territory of the Russian Federation under the release for domestic consumption customs procedure only if the following conditions are met:

- 1) the physical person supplies the goods not from storage places (including customs warehouses) situated in the territory of the Russian Federation;
- 2) the provisions of clause 3 of Article 40 of this Code do not apply to the operation;
- 3) the goods are not sold through an economically autonomous subdivision of a foreign organization in the Russian Federation.

In the event that any of the above-mentioned conditions is not met, income received from sources in the Russian Federation in connection with the sale of goods shall be deemed to be the part of income received which is attributable to the physical person's activities in the Russian Federation.

Where goods acquired by a physical person in connection with the foreign trade operations which are envisaged by this clause are subsequently sold, income of such physical person which is received from sources in the Russian Federation shall include income from any sale of those goods, including the resale or pledging thereof, from warehouses or other places of storage of such goods which are located in the territory of the Russian Federation and are owned, rented or used by that physical person, with the exception of the sale of the goods outside the Russian Federation from customs warehouses.

3. For the purposes of this Chapter, income received from sources outside the Russian Federation shall include:
  - 1) dividends and interest received from a foreign organization, with the exception of the interest envisaged by subsection 1 of clause 1 of this Article;
  - 2) insurance payments in connection with the occurrence of an insured accident which are received from a foreign organization, with the exception of the insurance payments which are envisaged by subsection 2 of clause 1 of this Article;
  - 3) income from the use outside the Russian Federation of copyrights or other related rights;
  - 4) income received from the renting or other use of property which is situated outside the Russian Federation;
  - 5) income from the sale:

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- of immovable property which is situated outside the Russian Federation;
  - outside the Russian Federation of shares or other securities and of share interests in the charter capitals of foreign organizations;
  - of claims against a foreign organization, with the exception of the claims which are referred to in paragraph 4 of subsection 5 of clause 1 of this Article;
  - of other property which is situated outside the Russian Federation;
- 6) remuneration for the performance of employment duties or other duties, work performed, a service rendered or the performance of an act outside the Russian Federation. In this respect, directors' fees and other similar payments which are received by members of the management body of a foreign organization (the board of directors or other similar body) shall be regarded as income from sources outside the Russian Federation irrespective of where the management duties assigned to those persons were actually performed;
- 7) pensions, benefits, stipends and other similar payments which have been received by a taxpayer in accordance with the legislation of foreign states;
- 8) income received from the use of any means of transport, including sea-going and river vessels, aircraft and motor vehicles, and fines and other sanctions for the demurrage (detention) of such means of transport at points of loading (unloading), with the exception of the types of income envisaged in subsection 8 of clause 1 of this Article;
- 9) other income which is received by a taxpayer as a result of carrying out activities outside the Russian Federation.
4. Where the provisions of this Code do not make it possible for income received by a taxpayer to be classified with certainty as income received from sources in the Russian Federation or as income from sources outside the Russian Federation, the Ministry of Finance of the Russian Federation shall determine to which source the income is attributable. A similar procedure shall apply for determining the portion of such income which may be classified as income from sources in the Russian Federation and the portion which may be classified as income from sources outside the Russian Federation.
5. Income from operations associated with the property and non-property relations of physical persons who are deemed to be family members and (or) close relatives in accordance with the Family Code of the Russian Federation shall not be treated as income for the purposes of this Chapter, with the exception of income which has been received by such physical persons as a result of the conclusion between those persons of civil-law agreements or employment agreements.

**Article 209 Object of Taxation**

The object of taxation shall be income received by taxpayers:

- 1) from sources in the Russian Federation and (or) from sources outside the Russian Federation - for physical persons who are tax residents of the Russian Federation;
- 2) from sources in the Russian Federation - for physical persons who are not tax residents of the Russian Federation.

**Article 210 Tax Base**

1. For the purposes of determining the tax base, account shall be taken of all income of a taxpayer which he has received in monetary form or in kind or which he has acquired the right to dispose of, and of income in the form of material gain as defined in accordance with Article 212 of this Code.

Where any deductions are made from a taxpayer's income on the taxpayer's instructions or by decision of a court or of other bodies, such deductions shall not reduce the tax base.

2. The tax base shall be determined separately for each type of income for which different tax rates have been established.
3. In the case of income for which the tax rate established by clause 1 of Article 224 of this Code is stipulated, the tax base shall be determined as the monetary value of such income which is taxable, reduced by the amount of tax deductions which are envisaged by Articles 218 to 221 of this Code, with account taken of the special considerations which are established by this Chapter.

Should the amount of tax deductions in a tax period exceed the amount of income for which the tax rate established by clause 1 of Article 224 of this Code is stipulated, and which is taxable, for the same tax period, the tax base for that tax period shall be taken to be equal to zero. The difference between the amount of tax deductions in that tax period and the amount of income for which the tax rate established by clause 1 of Article 224 of this Code is stipulated and which is taxable shall not be carried over to the following tax period unless otherwise stipulated by this Chapter.

4. In the case of income for which other tax rates are stipulated, the tax base shall be determined as the monetary value of such income which is taxable. In this respect, the tax deductions which are envisaged by Articles 218 to 221 of this Code shall not apply.
5. Income (expenses which are deductible in accordance with Articles 214.1, 214.3, 214.4 and 218 to 221 of this Code) of a taxpayer which is (are) expressed (denominated) in foreign currency shall be translated into roubles on the basis of the official exchange rate of the Central Bank of the Russian



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Federation which is established as at the date on which the income is actually received (the date on which expenses are actually incurred).

### **Article 211 Special Considerations Relating to the Determination of the Tax Base Where Income is Received in Kind**

1. Where a taxpayer receives income from organizations and private entrepreneurs in kind in the form of goods (work and services) and other property, the tax base shall be determined as the value of those goods (work and services) or other property calculated on the basis of the prices thereof as determined according to a procedure similar to that which is envisaged by Article 40 of this Code.

In this respect, the appropriate amount of value added tax and excise duties shall be included in the value of such goods (work and services) , and any partial payment made by the taxpayer for the goods received by him, the work performed for him or the services rendered to him shall be deducted from that value.

2. Income received by a taxpayer in kind shall include, in particular:
  - 1) the making of payment (in whole or in part) on his behalf by organizations or private entrepreneurs for goods (work and services) or property rights, including public services, meals, leisure and training in the taxpayer's interests;
  - 2) goods received by the taxpayer, work performed in the taxpayer's interests and services rendered in the taxpayer's interests free of charge or for partial payment;
  - 3) labour payments in kind.

### **Article 212 Special Considerations Relating to the Determination of the Tax Base Where Income is Received in the Form of Material Gain**

1. The following shall be income of a taxpayer which is received in the form of material gain:

- 1) material gain received from savings on interest for the use by the taxpayer of borrowed (credit) resources received from organizations or private entrepreneurs, with the exception of:

- material gain received from banks located in the territory of the Russian Federation in connection with bank card operations during an interest-free period which is established in an agreement on the provision of a bank card;

- material gain resulting from savings on interest for the use of borrowed (credit) resources provided for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room

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or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein;

- material gain resulting from savings on interest for the use of borrowed (credit) resources provided by banks located in the territory of the Russian Federation for the purpose of the refinancing (rearrangement) of loans (credits) received for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein.

Material gain such as is referred to in paragraphs 3 and 4 of this clause shall be exempt from taxation provided that the taxpayer concerned has the right to claim the property-related tax deduction which is established by subsection 2 of clause 1 of Article 220 of this Code and that right has been confirmed in the manner prescribed by clause 3 of Article 220 of this Federal Law;

- 2) material gain received from the acquisition of goods (work and services) in accordance with a civil-law agreement from physical persons, organizations and private entrepreneurs which are interdependent with the taxpayer;
  - 3) material gain obtained from the acquisition of securities and term transaction financial instruments.
2. Where a taxpayer receives income in the form of the material gain which is referred to in subsection 1 of clause 1 of this Article, the tax base shall be determined as:
- 1) the amount by which the amount of interest for the use of borrowed (credit) resources expressed in roubles when calculated on the basis of a rate equal to two thirds of the current refinancing rate established by the Central Bank of the Russian Federation as at the date on which income is actually received by the taxpayer exceeds the amount of interest when calculated on the basis of the conditions of the agreement;
  - 2) the amount by which the amount of interest for the use of borrowed (credit) resources expressed in foreign currency when calculated at a rate of 9 per cent per annum exceeds the amount of interest when calculated on the basis of the conditions of the agreement.

The determination of the tax base when income is received in the form of material gain resulting from interest savings upon the receipt of borrowed (credit) resources and the calculation, withholding and remittance of tax shall be carried out by the tax agent in accordance with the procedure established by this Code.

3. Where a taxpayer receives income in the form of the material gain which is referred to in subsection 2 of clause 1 of this Article, the tax base shall be determined as the amount by which the price of identical (similar) goods

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(work and services) sold by persons who are interdependent with the taxpayer under normal conditions to persons who are not interdependent exceeds the prices at which identical (similar) goods (work and services) are sold to the taxpayer.

4. Where a taxpayer receives income in the form of a material gain such as is referred to in subsection 3 of clause 1 of this Article, the tax base shall be determined as the amount by which the market value of securities and term transaction financial instruments exceeds the amount actually expended by the taxpayer on acquiring them.

For the purposes of this Article, expenses for the acquisition of securities which are the underlying asset of an option contract shall include amounts paid to the seller for the securities in accordance with that contract and amounts of premium and variation margin paid on the option contracts.

Material gain shall not arise where a taxpayer acquires securities in the first or second leg of a repo provided that the parties fulfil their obligations in respect of the first and second legs of the repo, or in the event of the duly executed termination of obligations in respect of the first or second leg of the repo on grounds other than due fulfilment, including the offsetting of homogeneous counter-claims arising from another repo transaction.

The market value of securities which are circulated on the organized securities market shall be determined on the basis of their market price with account taken of the fluctuation limit for that price, unless otherwise established by this Article.

The market value of securities which are not circulated on the organized securities market shall be determined on the basis of the reference price of the securities with account taken of the fluctuation limit for that price, unless otherwise established by this Article.

The market value of securities, whether or not circulated on the organized securities market, shall be determined as at the date of conclusion of a transaction.

The procedure for determining the market price of securities and the reference price of securities and the procedure for determining the market price fluctuation limit shall be established for the purposes of this Chapter by the federal executive body for the securities market in consultation with the Ministry of Finance of the Russian Federation with account taken of the provisions of this clause.

The reference price of an investment unit in a closed investment fund (interval mutual investment fund) which is not circulated on the organized securities market shall be deemed to be the reference value of the investment unit determined by the management company which carries out fiduciary management of the assets forming the relevant mutual investment fund in accordance with the legislation of the Russian Federation concerning

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investment funds, without taking into account the fluctuation limit for the reference price of the securities.

The market value of an investment unit in a mutual investment fund (whether or not circulated on the organized securities market) where it is acquired from the management company which carries out fiduciary management of the assets forming the relevant mutual investment fund shall be deemed to be the last reference value of the investment unit determined by that management company in accordance with the legislation of the Russian Federation concerning investment funds, without taking into account the fluctuation limit for the market or reference price of the securities.

Where, in accordance with the legislation of the Russian Federation concerning investment funds, an investment unit in a mutual investment fund which is restricted for circulation is issued other than on the basis of the reference value of the investment unit, the market value of such investment unit shall be the amount of monetary resources to the value of which one investment unit is issued and which is determined in accordance with the rules for the fiduciary management of the mutual investment fund, without taking into account the fluctuation limit.

The market value of an investment unit in an open mutual investment fund shall be deemed to be the last reference value of the investment unit determined by the management company which carries out fiduciary management of the assets forming the relevant open mutual investment fund in accordance with the legislation of the Russian Federation concerning investment funds, without taking into account the fluctuation limit for the market price of the securities.

The market value of term transaction financial instruments which are circulated on the organized market shall be determined in accordance with clause 1 of Article 305 of this Code.

The market value of term transaction financial instruments which are not circulated on the organized market shall be determined in accordance with clause 2 of Article 305 of this Code.

### **Article 213 Special Considerations Relating to the Determination of the Tax Base Under Insurance Agreements**

1. For the purpose of determining the tax base account shall be taken of income received by a taxpayer in the form of insurance payments, with the exception of payments received:
  - 1) under agreements on compulsory insurance which is undertaken in accordance with the procedure established by the legislation of the Russian Federation;
  - 2) under voluntary life insurance agreements (other than the agreements envisaged by subsection 4 of this clause) in the case of payments connected with the survival of the insured person to a specified age or date or in the

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event of the occurrence of another event where, under the conditions of the agreement concerned, insurance contributions are paid by the taxpayer and the amounts of insurance payments do not exceed the amounts of insurance contributions which he has paid plus an amount calculated by consecutively adding together the products of the amounts of insurance contributions paid from the day of the conclusion of the insurance agreement up to the final day of each year of validity of the voluntary life insurance agreement (inclusively) and the average annual refinancing rate of the Central Bank of the Russian Federation which was effective in the corresponding year. Otherwise the difference between those amounts shall be taken into account in determining the tax base and shall be taxable at source.

For the purposes of this Article, the average annual refinancing rate of the Central Bank of the Russian Federation shall be determined as the quotient from dividing the amount obtained as a result of adding together the values of the refinancing rates effective as at the 1<sup>st</sup> of each calendar month of a year of validity of a life insurance agreement by the number of values of refinancing rates of the Central Bank of the Russian Federation which are added together.

In the event that the voluntary life insurance agreements envisaged by this subsection are cancelled early (except where voluntary life insurance agreements are cancelled early for reasons beyond the control of the parties) and the cash (surrender) value which is payable in accordance with the rules of insurance and the conditions of those agreements in the event of the early cancellation of the agreements is refunded to physical persons, the income received, less the amounts of insurance contributions paid by the taxpayer, shall be taken into account when determining the tax base and shall be taxable at source;

- 3) under voluntary personal insurance agreements which provide for payments to be made in the event of the death of or damage to the health of the insured person and (or) reimbursement for medical expenses of the insured person (excluding payment of the cost of health resort stays);
- 4) under voluntary pension insurance agreements concluded by physical persons for their own benefit with insurance organizations, upon the onset of pensionable circumstances in accordance with the legislation of the Russian Federation.

In the event that the voluntary pension insurance agreements are cancelled (except where insurance agreements are cancelled for reasons beyond the control of the parties) and the cash surrender (value) which is payable in accordance with the rules of insurance and the conditions of the agreement in the event of the cancellation of such agreements is refunded to a physical person, the income received, less the amounts of insurance contributions paid by the taxpayer, shall be taken into account when determining the tax base and shall be taxable at source.

In the event that a voluntary pension insurance agreement is cancelled (except where insurance agreements are cancelled for reasons beyond the control of the parties), for the purpose of determining the tax base account shall be taken

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of amounts of insurance contributions paid by the physical person under that agreement in relation to which he was granted the social tax deduction which is referred to in subsection 4 of clause 1 of Article 219 of this Code.

In this respect, an insurance organization shall be obliged, when paying amounts of cash (surrender) value to a physical person under a voluntary pension insurance agreement, to withhold an amount of tax calculated on the basis of an amount of income equal to the amount of insurance contributions paid by the physical person under that agreement for each calendar year in which the taxpayer had the right to receive the social tax deduction which is referred to in subsection 4 of clause 1 of Article 219 of this Code.

In the event that the taxpayer has provided a certificate issued by the tax authority for the taxpayer's place of residence confirming that the taxpayer did not receive a social tax deduction or confirming that the taxpayer received the amount of the granted social tax deduction which is referred to in subsection 4 of clause 1 of Article 219 of this Code, the insurance organization shall accordingly refrain from withholding the amount of tax or calculate the amount of tax to be withheld.

- 1.1 The form of a certificate issued by the tax authority for a taxpayer's place of residence confirming that the taxpayer did not receive a social tax deduction or confirming that the taxpayer received the amount of a granted social tax deduction shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.
  
3. For the purpose of determining the tax base amounts of insurance contributions shall be taken into account if those amounts are paid on behalf of physical persons from employers' resources or from resources of organizations or private entrepreneurs who are not employers in relation to the physical persons for whom they pay the insurance contributions, except where insurance of physical persons is undertaken under compulsory insurance agreements, voluntary personal insurance agreements or voluntary pension insurance agreements.
  
4. In the case of a voluntary property insurance agreement (including insurance of civil liability for damage to the property of third parties and (or) insurance of the civil liability of owners of means of transport), upon the occurrence of an insured event the income of a taxpayer which is taxable shall be determined in the case of:
  - the loss or destruction of insured property (property of third parties) as the difference between the amount of the insurance payment received and the market value of the insured property as at the date on which that agreement was concluded (as at the date on which the insured event occurred in the case of an agreement on the insurance of civil liability), increased by the amount of insurance contributions paid in respect of the insurance of that property;
  
  - damage to insured property (property of third parties) as the difference between the amount of the insurance payment received and expenditures needed to repair (replace) that property (if it has not been repaired) or the cost

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of repairing (replacing) that property (if repairs have been carried out), increased by the amount of insurance contributions paid in respect of the insurance of that property.

The validity of expenditures needed to repair (replace) insured property in the event that it has not been repaired (replaced) shall be confirmed by a document (calculation, statement, report) drawn up by the insurer or by an independent expert (valuer).

The justifiability of expenditures on the repair (replacement) of insured property which has been carried out shall be confirmed by the following documents:

- 1) the agreement (a copy of the agreement) on the performance of the relevant work (on the rendering of services);
- 2) documents confirming the acceptance of the work performed (services rendered);
- 3) payment documents drawn up in accordance with the established procedure which confirm that payment has been made for the work (services).

In this respect, amounts of expenses reimbursed to the policyholder or borne by insurers which were incurred in connection with the investigation of the circumstances of the occurrence of an insured event, the establishment of the extent of damage and the payment of court expenses and other expenses in accordance with current legislation and the conditions of the property insurance agreement shall not be taken into account as income.

#### **Article 213.1 Special Considerations Relating to the Determination of the Tax Base With Respect to Non-State Pension Agreements and Compulsory Pension Insurance Agreements Which Are Concluded With Non-State Pension Funds**

1. When determining the tax base in relation to non-State pension agreements and compulsory pension insurance agreements which are concluded with non-State pension funds, the following shall not be taken into account:
  - insurance contributions for compulsory pension insurance which are paid by organizations and other employers in accordance with the legislation of the Russian Federation;
  - the funded component of a retirement pension;
  - amounts of pensions which are paid under non-State pension agreements concluded by physical persons with duly licensed Russian non-State pension funds on their own behalf;

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- amounts of pension contributions under non-State pension agreements concluded by organizations and other employers with duly licensed Russian non-State pension funds;

- amounts of pension contributions under non-State pension agreements concluded by physical persons with duly licensed Russian non-State pension funds on behalf of other persons.

2. The following shall be taken into account in determining the tax base:

- amounts of pensions which are paid to physical persons under non-State pension agreements concluded by organizations and other employers with duly licensed Russian non-State pension funds;

- amounts of pensions which are paid under non-State pension agreements concluded by physical persons with duly licensed Russian non-State pension funds on behalf of other persons;

- monetary (redemption) amounts, less the amounts of payments (contributions) made by a physical person on his own behalf, which are payable in accordance with pension rules and the conditions of non-State pension agreements concluded with duly licensed Russian non-State pension funds in the event of the early termination of those agreements (except where such early termination occurs as a result of circumstances beyond the parties' control or the redemption amount is transferred to another non-State pension fund), and in the event that the conditions of those agreements change with respect to the period of validity thereof.

The amounts referred to in this clause shall be taxable at the source of payments.

Amounts of payments (contributions) paid by a physical person under a non-State pension agreement in relation to which the physical person was granted the social tax deduction which is referred to in subsection 4 of clause 1 of Article 219 of this Code shall be taxable upon the payment of the amount of the cash (surrender) value (except where the agreement in question is cancelled early for reasons beyond the control of the parties or the amount of the cash (surrender) value is transferred to another non-State pension fund).

In this respect, a non-State pension fund shall be obliged when paying amounts of cash (surrender) value to a physical person to withhold an amount of tax calculated on the basis of an amount of income equal to the amount of payments (contributions) paid by the physical person under that agreement for each calendar year in which the physical person had the right to receive the social tax deduction which is referred to in subsection 4 of clause 1 of Article 219 of this Code.

In the event that the taxpayer has provided a certificate issued by the tax authority for the taxpayer's place of residence confirming that the taxpayer did not receive a social tax deduction or confirming that the taxpayer received the amount of the social tax deduction which is referred to in subsection 4 of



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clause 1 of Article 219 of this Code, the non-State pension fund shall accordingly refrain from withholding or calculate the amount of tax to be withheld.

### **Article 214 Special Considerations Relating to the Payment of Tax on Income of Physical Persons With Respect to Income from a Share Participation in an Organization**

The amount of tax on income of physical persons (hereafter in this Chapter referred to as “tax”) with respect to income from a share participation in an organization which is received in the form of dividends shall be determined with account taken of the following provisions:

- 1) the amount of tax on dividends received from sources outside the Russian Federation shall be determined by the taxpayer independently in respect of each amount of dividends received at the rate which is envisaged by clause 4 of Article 224 of this Code.

In this respect, taxpayers who receive dividends from sources outside the Russian Federation shall have the right to reduce the amount of tax calculated in accordance with this Chapter by the amount of tax calculated and paid at the location of the source of income only if the source of income is located in a foreign state with which a double taxation agreement (treaty) has been concluded.

In the event that the amount of tax paid at the location of the source of income exceeds the amount of tax calculated in accordance with this Chapter, the difference which arises shall not be refundable from the budget;

- 2) where the source of income of a taxpayer which is received in the form of dividends is a Russian organization, that organization shall be deemed to be a tax agent and shall determine the amount of tax separately for each taxpayer in respect of each payment of such income at the rate which is envisaged by clause 4 of Article 224 of this Code in accordance with the procedure which is set forth in Article 275 of this Code.

### **Article 214.1 Special Considerations Relating to the Determination of the Tax Base and the Calculation and Payment of Tax on Income from Securities Transactions and from Transactions Involving Term Transaction Financial Instruments**

1. In determining the tax base for income from securities transactions and from transactions involving term transaction financial instruments, account shall be taken of income received from the following transactions:
  - 1) transactions involving securities circulated on the organized securities market;
  - 2) transactions involving securities not circulated on the organized securities market;

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- 3) transactions involving term transaction financial instruments circulated on the organized market;
- 4) transactions involving term transaction financial instruments not circulated on the organized market.

1.1 In this respect, for the purposes of this Article securities and term transaction financial instruments shall be classified as circulated or not circulated on the organized securities market as at the date of sale of a security or term transaction financial instrument, including the receipt of an amount of variation margin and contract premium, except as otherwise provided by this Article.

2. The procedure for classifying objects of civil rights as securities shall be established by the legislation of the Russian Federation and applicable legislation of foreign states.

3. For the purposes of this Chapter, securities circulated on the organized securities market shall include:

- 1) securities admitted for trading through a Russian organizer of trade on the securities market, including a stock exchange;
- 2) investment units in open mutual investment funds which are managed by Russian management companies;
- 3) securities of foreign issuers which have been admitted for trading on foreign stock exchanges.

4. The securities referred to in clause 3 of this Article (with the exception of investment units in open mutual investment funds which are managed by Russian management companies) shall be classified for the purposes of this Chapter as securities circulated on the organized securities market if a market quotation of a security is calculated for them. The market quotation of a security shall be understood to mean:

- 1) the weighted-average price of the security in transactions concluded in the course of one trading day through a Russian organizer of trade on the securities market, including a stock exchange – in the case of securities admitted for trading through such organizer of trade on the securities market or on a stock exchange;
- 2) the closing price of the security which is calculated by a foreign stock exchange for transactions concluded in the course of one trading day through that exchange – in the case of securities admitted for trading on a foreign stock exchange.

4.1 Where information is not available on the weighted-average price of a security traded through a Russian organizer of trade on the securities market, including a stock exchange (the closing price of a security calculated by a foreign stock exchange), as at the date on which it is sold, the market quotation shall be

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understood to mean the weighted-average price (closing price) as at the date of the most recent trading prior to the day of the transaction in question, provided that the securities have been traded at least once during the last three months.

5. For the purposes of this Chapter a term transaction financial instrument shall be understood to mean an agreement which is a derivative financial instrument in accordance with the Federal Law “Concerning the Securities Market”, with the exception of an agreement which requires the parties or a party to the agreement to make periodic or lump-sum payments of money at the demand of the other party depending on changes in data values constituting official statistical information, on the occurrence of a circumstance signifying the non-fulfilment or improper fulfilment of obligations by one or more legal entities, states or municipalities, on physical, biological and (or) chemical indicators of the state of the environment, on another circumstance which is not expressly stated in the above-mentioned Federal Law or on changes in data values which are determined on the basis of the aggregate of indicators referred to in this paragraph.

Term transaction financial instruments shall be classified as circulated on the organized market in accordance with the requirements established by clause 3 of Article 301 of this Code.

For the purposes of this Chapter term transaction financial instruments which are not circulated on the organized market shall include option contracts which are not circulated on the organized market.

6. For the purposes of this Chapter securities shall also be deemed to have been sold (acquired) where a taxpayer’s obligations to transfer (accept) those securities are terminated by the offsetting of homogeneous counter-claims, including in the context of clearing in accordance with the legislation of the Russian Federation.

Homogeneous claims shall be claims for the transfer of securities of one issuer, of one class, of one category (type) or of one mutual investment fund (in the case of investment units in mutual investment funds) which bear an equal extent of rights.

In this respect, the offsetting of homogeneous counter-claims must, in accordance with the legislation of the Russian Federation, be confirmed by documents concerning the termination of obligations to transfer (accept) securities, including statements issued by a clearing organization, persons who carry out brokerage activities or managers who, in accordance with the legislation of the Russian Federation, render clearing and brokerage services to the taxpayer or carry out fiduciary management in the taxpayer’s interests.

7. For the purposes of this Article, income from securities transactions shall mean income received in a tax period from the sale (redemption) of securities.

Income in the form of interest (a coupon or discount) on securities which is received in a tax period shall be included in income from securities transactions unless otherwise provided by this Article.

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Income from transactions involving term transaction financial instruments shall mean income from the sale of term transaction financial instruments which is received in a tax period, including amounts received of variation margin and contract premium. In this respect, income from transactions involving the underlying asset of term transaction financial instruments shall mean income received from the delivery of the underlying asset upon execution of such transactions.

Income from transactions involving securities circulated or not circulated on the organized securities market and involving term transaction financial instruments circulated or not circulated on the organized market which are carried out by a fiduciary (other than a management company which carries out fiduciary management of assets forming a mutual investment fund) in favour of a beneficiary – physical person shall be included in income of the beneficiary from the transactions enumerated in subsections 1 to 4 of clause 1 of this Article respectively.

8. Income from transactions involving the underlying asset of term transaction financial instruments shall be included:
  - 1) in income from securities transactions where the underlying asset of term transaction financial instruments is securities;
  - 2) in income from transactions involving term transaction financial instruments where the underlying asset of term transaction financial instruments is other term transaction financial instruments;
  - 3) in other income of a taxpayer according to the type of underlying asset where the underlying asset of term transaction financial instruments is not securities or term transaction financial instruments.
9. For the purpose of including income from transactions involving an underlying asset in income from securities transactions and in income from transactions involving term transaction financial instruments as referred to in subsections 1 and 2 of clause 8 of this Article, account shall be taken of whether the securities and term transaction financial instruments in question are circulated or not circulated on the organized market.
10. For the purposes of this Article expenses associated with securities transactions and expenses associated with transactions involving term transaction financial instruments shall mean documented expenses which the taxpayer actually incurred in connection with the acquisition, sale, storage and redemption of securities, the performance of transactions involving term transaction financial instruments and the fulfilment and termination of obligations in respect of such transactions. The above-mentioned expenses shall include:
  - 1) amounts paid to an issuer of securities (the management company of a mutual investment fund) in respect of securities which are placed (issued) and

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amounts paid in accordance with an agreement on the purchase and sale of securities, including coupon amounts;

- 2) amounts of variation margin and (or) contract premium paid and other periodic or one-time payments envisaged by the conditions of term transaction financial instruments;
  - 3) payment for services rendered by professional participants in the securities market and by exchange intermediaries and clearing centres;
  - 4) the mark-up payable to the management company of a mutual investment fund when acquiring an investment unit in a mutual investment fund, which is determined in accordance with the legislation of the Russian Federation concerning investment funds;
  - 5) the discount paid to the management company of a mutual investment fund when redeeming an investment unit in a mutual investment fund, which is determined in accordance with the legislation of the Russian Federation concerning investment funds;
  - 6) expenses which are reimbursable to a professional participant in the securities market and to a management company which carries out the fiduciary management of assets forming a mutual investment fund;
  - 7) exchange fee (commission);
  - 8) payment for registrar services;
  - 9) tax paid by a taxpayer upon receiving securities by way of inheritance;
  - 10) tax paid by a taxpayer upon receiving shares and stock units by way of a gift in accordance with clause 18.1 of Article 217 of this Code;
  - 11) amounts of interest paid by a taxpayer on credits and loans obtained for the purpose of concluding securities transactions (including interest on credits and loans for the purpose of concluding marginal transactions) within the limits of amounts calculated on the basis of a rate equal to 1.1 times the refinancing rate of the Central Bank of the Russian Federation which is current as at the date of payment in the case of credits and loans expressed in roubles and on the basis of a rate equal to 9 per cent in the case of credits and loans expressed in foreign currency;
  - 12) other expenses which are directly connected with securities transactions and transactions involving term transaction financial instruments, and expenses associated with the rendering of services by professional participants in the securities market and by management companies which carry out the fiduciary management of assets forming a mutual investment fund within the framework of their professional activities.
11. Expenses associated with securities transactions and expenses associated with term transaction financial instruments shall be recognised for the purposes of

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determining the tax base in relation to those transactions according to the rules laid down in this Article.

12. For the purposes of this Article the financial result from securities transactions and from transactions involving term transaction financial instruments shall be defined as income from transactions less related expenses such as are referred to in clause 10 of this Article.

In this respect, expenses which cannot be directly charged against income from securities transactions or from transactions involving term transaction financial instruments which are circulated or not circulated on the organized market, or against a particular type of income, shall be allocated according to the proportion of each type of income and shall be included in expenses when the financial result is determined by a tax agent after a tax period has ended or in the event that the last agreement concluded by a taxpayer with a person who acts as a tax agent in accordance with this Article is terminated before a tax period ends. Where, in a tax period in which such expenses have been incurred, there is no income of a corresponding kind, the expenses shall be taken into account in the tax period in which income is recognised.

The financial result shall be determined for each transaction and for each aggregate group of transactions referred to in sections 1 to 4 of clause 1 of this Article accordingly. The financial result shall be determined after a tax period has ended, unless otherwise established by this Article. In this respect, the financial result from transactions involving term transaction financial instruments which are circulated on the organized market and for which the underlying asset is securities, stock indices or other term transaction financial instruments for which the underlying asset is securities or stock indices and the financial result from transactions involving other term transaction financial instruments which are circulated on the organized market shall be determined separately.

A negative financial result obtained in a tax period in respect of particular securities transactions or transactions involving term transaction financial instruments shall reduce the financial result obtained in the tax period for the aggregate group of respective transactions. In this respect, in the case of transactions involving securities which are circulated on the organized securities market the amount of a negative financial result which reduces the financial result from transactions involving securities which are circulated on the organized securities market shall be determined with account taken of the market price fluctuation limit for the securities.

When securities circulated on the organized securities market which are the underlying asset of a term transaction financial instrument are delivered, the financial result from transactions involving that underlying asset for the taxpayer making the delivery shall be determined on the basis of the price at which the securities are delivered in accordance with the conditions of the agreement.

The financial result obtained in a tax period from particular transactions involving securities not circulated on the organized securities market which, at

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the time when they were acquired, were classified as securities circulated on the organized securities market may be reduced by the amount of a negative financial result obtained in the tax period from transactions involving securities circulated on the organized securities market.

A negative financial result for each aggregate group of transactions referred to in subsections 1 to 4 of clause 1 of this Article shall be recognised as a loss. Losses from securities transactions and transactions involving term transaction financial instruments shall be treated in the manner prescribed by this Article and Article 220.1 of this Code.

13. Special considerations relating to the determination of income and expenses for the purpose of determining the financial result from securities transactions and from transactions involving term transaction financial instruments shall be established by this clause.

For the purpose of determining the financial result from securities transactions, income from the purchase and sale (redemption) of State treasury bills, bonds and other State securities of the former USSR, member states of the Union State and constituent entities of the Russian Federation and bonds and securities issued by decision of representative local government bodies shall be taken into account exclusive of interest (coupon) income payable to the taxpayer which is taxable at a different rate from that envisaged by clause 1 of Article 224 of the Code and the payment of which is provided for by the conditions of issue of the security in question.

When securities are sold expenses in the form of the acquisition cost of the securities shall be recognised on the basis of the value of those acquired first (FIFO).

Where an issuer organization has exchanged (converted) shares, expenses associated with the acquisition of the shares which the taxpayer had before they were exchanged (converted) shall be recognised as documented expenses when shares received by the taxpayer as a result of the exchange (conversion) are sold.

In the case of the sale of shares (participating interests, stock units) which were received by a taxpayer in connection with the re-organization of organizations, expenses associated with the acquisition thereof shall be taken to be the value determined in accordance with clauses 4 to 6 of Article 277 of this Code, provided that the taxpayer has documentary evidence of expenses incurred for the acquisition of shares (participating interests, stock units) in the re-organized organizations.

Where investment units in one mutual investment fund are exchanged for (converted into) investment units in another mutual investment fund by a taxpayer with a Russian management company which is managing those funds at the time of the exchange (conversion), the financial result from that operation shall not be determined until the investment units received as a result of the exchange (conversion) are sold (redeemed). Expenses associated with the acquisition of the investment units which the taxpayer possessed

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before they were exchanged (converted) shall be recognised as documented expenses when the investment units received by the taxpayer as a result of the exchange (conversion) are sold.

In the case of the sale (redemption) of investment units which a taxpayer acquired upon contributing assets (property rights) to a mutual investment fund, documented expenses associated with the acquisition of the assets (property rights) contributed to the mutual investment fund shall be recognised as expenses associated with the acquisition of those investment units.

Where a taxpayer acquired ownership of securities (including by receiving them without consideration or for part payment, or by way of a gift or inheritance), amounts on which tax was calculated and paid upon the acquisition (receipt) of those securities and the amount of tax paid by the taxpayer shall be recognised as documented expenses associated with the acquisition (receipt) of those securities for the purpose of the taxation of income from operations involving the sale (redemption) of the securities.

Where, in accordance with clauses 18 and 18.1 of Article 217 of this Code, tax is not levied in respect of securities received by a taxpayer by way of a gift or inheritance, documented expenses incurred by the donor (testator) for the acquisition of those securities shall also be taken into account for the purpose of the taxation of income from operations involving the sale (redemption) of securities.

In the case of operations involving the issue and redemption of investment units in mutual investment funds through a management company which carries out fiduciary management of assets forming a particular mutual investment fund, the market price shall be the reference value of an investment unit which is determined by the management company in accordance with the legislation of the Russian Federation concerning investment funds, without taking into account the fluctuation limit.

Where, in accordance with the legislation of the Russian Federation concerning investment funds, the redemption of investment units in mutual investment funds which are restricted for circulation takes place on the basis of a value other than the reference value of an investment unit, the market price of such investment unit shall be taken to be the amount of monetary compensation which is payable in connection with the redemption of the investment unit in accordance with the legislation of the Russian Federation concerning investment funds, without taking into account the fluctuation limit.

Where, in accordance with the legislation of the Russian Federation concerning investment funds, investment units in mutual investment funds which are restricted for circulation are issued other than on the basis of the reference value of an investment unit, the market value of such investment unit shall be the amount of monetary resources to the value of which one investment unit is issued and which is determined in accordance with the rules for the fiduciary management of the mutual investment fund, without taking into account the fluctuation limit.



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In the case of operations involving the purchase and sale of investment units in mutual investment funds on the organized market, the market price shall be taken to be the price of an investment unit which is prevailing on the organized securities market, taking into account the fluctuation limit for the market price of securities.

In the case of operations involving the purchase and sale of investment units in closed and interval mutual investment funds which are not circulated on the organized market, the market price of an investment unit shall be taken to be the price which is determined for such units in accordance with clause 4 of Article 212 of this Code.

Amounts paid by a taxpayer for the acquisition of the underlying asset of term transaction financial instruments, including for the purpose of delivering it when the term transaction is performed, shall be recognised as expenses when the underlying asset is delivered (resold).

Amounts paid by a taxpayer for the acquisition of securities which provide for partial redemption of the nominal value of a security while it is in circulation shall be recognised as expenses when such partial redemption takes place in proportion to the ratio of income received from the partial redemption to the total redeemable amount.

14. For the purposes of this Article the tax base arising from securities transactions and from transactions involving term transaction financial instruments shall be deemed to be the positive financial result from the aggregate of the respective transactions which has been calculated for a tax period in accordance with clauses 6 to 13 of this Article.

The tax base for each aggregate group of transactions referred to in subsections 1 to 4 of clause 1 of this Article shall be determined separately with account taken of the provisions of this Article.

15. The amount of a loss made on transactions involving securities circulated on the organized securities market according to the results of such transactions which occurred in a tax period shall reduce the tax base for transactions involving term transaction financial instruments circulated on the organized market for which the underlying asset is securities, stock indices or other term transaction financial instruments with securities or stock indices as the underlying asset.

The amount of a loss made on transactions involving securities circulated on the organized securities market according to the results of such transactions which occurred in a tax period which remains after the reduction of the tax base for transactions involving term transaction financial instruments circulated on the organized market for which the underlying asset is securities, stock indices or other term transaction financial instruments with securities or stock indices as the underlying asset shall be taken into account in accordance with clause 16 of this Article and Article 220.1 of this Code within the limit of

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the tax base for transactions involving securities circulated on the organized securities market.

The amount of a loss which was made on transactions involving term transaction financial instruments circulated on the organized market for which the underlying asset is securities, stock indices or other term transaction financial instruments with securities or stock indices as the underlying asset according to the results of such transactions which occurred in a tax period, and which remains after the reduction of the tax base for transactions involving term transaction financial instruments circulated on the organized market, shall reduce the tax base for transactions involving securities circulated on the organized securities market.

The amount of a loss which was made on transactions involving term transaction financial instruments circulated on the organized market for which the underlying asset is securities, stock indices or other term transaction financial instruments with securities or stock indices as the underlying asset according to the results of such transactions which occurred in a tax period, and which remains after the reduction of the tax base for transactions involving term transaction financial instruments circulated on the organized market and the tax base for transactions involving securities circulated on the organized securities market, shall be taken into account in accordance with clause 16 of this Article and Article 220.1 of this Code within the limit of the tax base for transactions involving term transaction financial instruments circulated on the organized market.

The amount of a loss which was made on transactions involving term transaction financial instruments circulated on the organized market for which the underlying asset is not securities, stock indices or other term transaction financial instruments with securities or stock indices as the underlying asset according to the results of such transactions which occurred in a tax period shall reduce the tax base for transactions involving term transaction financial instruments circulated on the organized market.

The amount of a loss which was made on transactions involving term transaction financial instruments circulated on the organized market for which the underlying asset is not securities, stock indices or other term transaction financial instruments with securities or stock indices as the underlying asset according to the results of such transactions which occurred in a tax period, and which remains after the reduction of the tax base for transactions involving term transaction financial instruments circulated on the organized market, shall be taken into account in accordance with clause 16 of this Article and Article 220.1 of this Code within the limit of the tax base for transactions involving term transaction financial instruments circulated on the organized market.

Where, in a tax period, a taxpayer made a loss on the aggregate of transactions involving securities circulated on the organized securities market and a loss on the aggregate of transactions involving term transaction financial instruments circulated on the organized market, those losses shall be treated separately in accordance with clause 16 of this Article and Article 220.1 of this Code.

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The provisions of this clause shall be applied in determining the tax base after a tax period has ended, and in the event that the last agreement concluded by a taxpayer with a person who acts as a tax agent in accordance with this Article is terminated before the tax period ends.

16. Taxpayers who made losses in preceding tax periods on transactions involving securities circulated on the organized securities market and from transactions involving term transaction financial instruments circulated on the organized market shall have the right to reduce the tax base for transactions involving securities circulated on the organized securities market and for transactions involving term transaction financial instruments circulated on the organized market respectively in the current tax period by the entire amount or part of the amount of the loss which they made (to carry the loss forward).

In this respect, the tax base for the current tax period shall be determined with account taken of the special considerations laid down in this Article and Article 220.1 of this Code.

Amounts of losses made on transactions involving securities circulated on the organized securities market which are carried forward to future periods shall reduce the tax base arising from such transactions for those tax periods.

Amounts of losses made on term transaction financial instruments circulated on the organized market which are carried forward to future periods shall reduce the tax base arising from term transaction financial instruments circulated on the organized market for those tax periods.

It shall not be permitted to carry forward losses made on transactions involving securities not circulated on the organized securities market or on transactions involving term transaction financial instruments not circulated on the organized market.

A taxpayer may carry forward a loss over a period of 10 years following the tax period in which the loss was made.

A taxpayer shall have the right to carry forward to the current tax period the amount of losses made in preceding tax periods. In this respect, a loss which was not carried forward to the year immediately following may be carried forward in whole or in part to the next year of the ensuing nine years, with account taken of the provisions of this clause.

Where a taxpayer has made losses in more than one tax period, such losses shall be carried forward in the order in which they were made.

A taxpayer shall be obliged to keep documents confirming the amount of losses made during the entire period in which it reduces the tax base for the current tax period by amounts of losses previously made.

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A taxpayer may take losses into account in accordance with Article 220.1 of this Code when submitting a tax declaration to the tax authority after the end of a tax period.

17. The tax base arising from securities transactions and transactions involving term transaction financial instruments which are carried out by a fiduciary shall be determined in accordance with the procedure established by clauses 6 to 15 of this Article with account taken of the requirements of this clause.

Amounts paid under a fiduciary agreement to the fiduciary in the form of a fee and compensation for expenses incurred by the fiduciary in connection with transactions involving securities and term transaction financial instruments shall be recognised as expenses which reduce income from the transactions concerned. In this respect, where the principal in respect of fiduciary management is not the beneficiary under the fiduciary agreement, such expenses shall be taken into account in calculating the financial result only for the beneficiary.

Where a fiduciary agreement specifies a number of beneficiaries, income from securities transactions and (or) transactions involving term transaction financial instruments which are carried out by the fiduciary on behalf of the beneficiary shall be apportioned to them on the basis of the conditions of the fiduciary agreement.

Where transactions involving securities circulated and (or) not circulated on the organized securities market and (or) involving term transaction financial instruments circulated and (or) not circulated on the organized market are concluded in the course of exercising fiduciary management, and where other types of income (including income in the form of dividends and interest) arise in the process of fiduciary management, the tax base shall be determined separately for transactions involving securities circulated or not circulated on the organized securities market, for term transaction financial instruments circulated or not circulated on the organized market and for each type of income with account taken of the provisions of this Article. In this respect, expenses which cannot be directly charged against income from securities transactions circulated or not circulated on the organized securities market or against income from transactions involving term transaction financial instruments circulated or not circulated on the organized market, or against a particular type of income, shall be allocated according to the proportion of each type of income.

A negative financial result from particular securities transactions undertaken by a fiduciary in a tax period shall reduce the financial result for the aggregate group of such transactions. In this respect, the financial result shall be determined separately for transactions involving securities circulated on the organized securities market and for transactions involving securities not circulated on the organized securities market.

A negative financial result from particular transactions involving term transaction financial instruments undertaken by a fiduciary in a tax period shall reduce the financial result for the aggregate group of such transactions.

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In this respect, the financial result shall be determined separately for transactions involving term transaction financial instruments circulated on the organized securities market and for transactions involving term transaction financial instruments not circulated on the organized securities market.

A fiduciary shall be deemed to be a tax agent in relation to the person in whose interests fiduciary management is carried out in accordance with the fiduciary agreement.

18. The tax base arising from securities transactions, transactions involving term transaction financial instruments, repo transactions and securities lending transactions shall be determined by a tax agent after the end of a tax period, unless otherwise established by this clause.

For the purposes of this Article and Articles 214.3 and 214.4 of this Code, a tax agent shall be a fiduciary, a broker or another person who carries out transactions involving securities and (or) term transaction financial instruments in the interests of a taxpayer on the basis of a relevant agreement with the taxpayer: a fiduciary agreement, a broker services agreement, a contract of delegation, a commission agency agreement or an agent service agreement. The tax agent shall determine the taxpayer's tax base with respect to all types of income from operations carried out by the tax agent in the taxpayer's interests in accordance with the agreement, less corresponding expenses. When determining the tax base the tax agent shall not take into account income received from operations carried out other than on the basis of the above-mentioned agreements.

When a tax agent determines the tax base arising from securities transactions the tax agent may, on the basis of an application from the taxpayer, take into account actually incurred and duly documented expenses associated with the acquisition and storage of those securities which the taxpayer incurred without the tax agent's involvement, including expenses incurred prior to the conclusion of the agreement with the tax agent in connection with which the latter is determining the taxpayer's tax base.

By way of supporting documents for particular expenses a physical person must provide originals or duly certified copies of the documents on the basis of which the physical person – taxpayer incurred those expenses, brokerage statements and documents confirming the transfer of a taxpayer's ownership rights in particular securities, the payment of particular expenses and the amounts paid. Where a physical person provides the originals of documents the tax agent shall be obliged to retain copies of those documents.

The tax agent shall also withhold amounts of tax which an issuer of securities failed to withhold, including in the case of operations carried out in the taxpayer's favour for which the tax base is determined in accordance with Articles 214.3 and 214.4 of this Code.

The amount of tax shall be calculated, withheld and paid by the tax agent on the physical person's behalf after the tax period has ended or before the tax

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period ends or before the expiry of the agreement according to the procedure established by this Chapter.

Where a tax agent pays monetary resources (income in kind) before the end of a tax period or before the expiry of an agreement in favour of a physical person, tax shall be calculated on the tax base determined in accordance with this Article and Articles 214.3 and 214.4 of this Code.

A taxpayer shall calculate, withhold and remit tax withheld from a taxpayer not later than one month from the end date of the tax period, from the expiry date of the last agreement concluded by the taxpayer with a tax agent in connection with which the latter calculates the amount of tax, or from the date on which monetary resources were paid (securities were transferred). The tax agent shall be obliged to withhold the calculated amount of tax from rouble monetary resources of the taxpayer which are held at the disposal of the tax agent in brokerage accounts, special brokerage accounts, special client accounts and special depositary accounts, and in bank accounts of a tax agent – fiduciary which are used by the fiduciary for the separate storage of monetary resources of principals, on the basis of the balance of rouble monetary resources of a client in a particular account which is outstanding as at the date on which tax is withheld.

For the purposes of this clause the payment of monetary resources shall be understood to mean the payment of cash by a tax agent to a taxpayer or a third party at the taxpayer's request or the remittance of monetary resources to a bank account of the taxpayer or an account of a third party at the taxpayer's request.

For the purposes of this clause the payment of income in kind shall be understood to mean the transfer of securities by a tax agent to a taxpayer from a depositary account (ledger account) of the tax agent or a depositary account (ledger account) of the taxpayer in relation to which the tax agent has a power of disposal. For the purposes of this clause the payment of income in kind shall not be deemed to be take place when securities are transferred by a tax agent at a taxpayer's request by way of the performance of securities transactions by the taxpayer, provided that monetary resources in respect of the transactions in question are wholly received in an account (including a bank account) held by the taxpayer with that tax agent, or when securities are transferred (re-registered) to a depositary account through which the taxpayer's ownership rights are certified and which is held with a depositary which carries out its activities in accordance with the legislation of the Russian Federation.

Where income is paid in kind the amount of the payment shall be determined as the amount of documented expenses which were actually incurred for the acquisition of the securities transferred to the taxpayer.

For the purpose of determining the tax base, the tax agent shall compute the financial result in accordance with clause 12 of this Article and Articles 214.3 and 214.4 of this Code for the taxpayer to whom monetary resources (income in kind) are paid as at the date on which income is paid.

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If the financial result calculated on a cumulative basis exceeds the amount of the current payment of monetary resources (income in kind), tax shall be calculated and paid by the tax agent on the amount of the current payment.

If the financial result calculated on a cumulative basis does not exceed the amount of the current payment of monetary resources (income in kind), tax shall be calculated and paid by the tax agent on the entire amount of the financial result calculated on a cumulative basis.

Where a tax agent pays monetary resources (income in kind) to a taxpayer more than once in the course of a tax period, the amount of tax shall be calculated on a cumulative basis and offset by amounts of tax already paid.

Where a taxpayer has various types of income (including income taxable at various tax rates) from operations carried out by a tax agent on the taxpayer's behalf, the order in which they are paid to the taxpayer where monetary resources (income in kind) are paid before the end of a tax period (before the expiry of a fiduciary agreement) shall be established by arrangement between the taxpayer and the tax agent.

Where it is impossible for a calculated amount of tax to be withheld in accordance with this clause in full, the tax agent shall determine whether the amount of tax may be withheld by the earlier of the following dates: a month from the end date of the tax period in which the tax agent was unable to withhold the calculated amount of tax in full; the date of termination of the last agreement concluded between the taxpayer and the tax agent in connection with which the tax agent calculated tax.

Where it is impossible for a calculated amount of tax to be withheld from a taxpayer in whole or in part upon the termination of the last agreement concluded between the taxpayer and the tax agent in connection with which the tax agent calculates the amount of tax, the tax agent shall, within one month of that circumstance arising, notify the tax authority where it is registered in writing of its inability to withhold tax and of the amount of the taxpayer's indebtedness. In this case tax shall be paid by the taxpayer in accordance with Article 228 of this Code.

Notices of the inability to withhold an amount of tax due on the basis of results of activity for a tax period shall be sent by a tax agent to tax authorities by March 1 of the year following the tax period which has ended.

19. Special considerations relating to the determination of the tax base arising from repo transactions involving securities and from securities lending transactions are established by Articles 214.3 and 214.4 of this Code respectively.

**Article 214.2 Special Considerations Relating to the Determination of the Tax Base Where Income is Received in the Form of Interest Received on Bank Deposits**

With respect to income in the form of interest received on bank deposits, the tax base shall be determined as the amount by which the amount of interest accrued in accordance with the conditions of the agreement exceeds the amount of interest which is calculated, in the case of rouble deposits, on the basis of the refinancing rate of the Central Bank of the Russian Federation, increased by five percentage points, which was effective during the period over which the interest accrued, and in the case of foreign currency deposits, on the basis of a rate of 9 per cent per annum, unless otherwise provided by this Chapter.

**Article 214.2.1 Special Considerations Relating to the Determination of the Tax Base Where Income is Received in the Form of Charges for the Use of Monetary Resources of Members of a Credit Consumer Co-Operative (Stakeholders) and Interest for the Use by an Agricultural Credit Consumer Co-Operative of Resources Attracted in the Form of Loans from Members of the Agricultural Credit Consumer Co-Operative or Associate Members of the Agricultural Credit Consumer Co-Operative**

In the case of income in the form of charges for the use of monetary resources of members of a credit consumer co-operative (stakeholders) and interest for the use by an agricultural credit consumer co-operative of resources attracted in the form of loans from members of the agricultural credit consumer co-operative or associate members of the agricultural credit consumer co-operative, the tax base shall be determined as the amount by which the amount of the above-mentioned charges and interest charged in accordance with the conditions of an agreement exceeds the amount of charges and interest calculated on the basis of the refinancing rate of the Central Bank of the Russian Federation which was in effect during the period for which the interest was charged plus five percentage points.

**Article 214.3 Special Considerations Relating to the Determination of the Tax Base Arising from Repo Transactions the Object of Which is Securities**

1. The tax base arising from repo transactions the object of which is securities shall be determined in accordance with this Article.
2. For the purpose of this Chapter, repo transactions involving securities shall be understood to mean transactions which conform to the provisions of paragraph 1 of clause 1 of Article 282 of this Code.

For the purposes of this Article, the execution of the second leg of a repo, including in the case of repo transactions for which the execution of the second leg is specified as due on demand, must take place not later than one year after the due date specified by the agreement for the execution of the first leg of the repo.

For the purposes of this Article, the dates of execution of the first and second legs of a repo shall be considered to be the dates on which the participants in the repo transaction actually fulfil their obligations in respect of the first and second legs of the repo respectively.



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In this respect, the actual sale (acquisition) price of a security both in the first leg of the repo and in the second leg of the repo shall apply, irrespective of the market (reference) price of the securities in question. The sale (acquisition) prices of securities in both parts of a repo shall be calculated with account taken of accumulated interest (coupon) income as at the date of execution of each part of the repo.

For the purposes of this Article the second leg of a repo shall be deemed to have been improperly executed (void) if, after the expiry of the due date for the execution of the second leg of the repo, or upon the lapse of a year after the due date for the execution of the first leg of the repo if the execution of the second leg of the repo is specified as due on demand, the obligation in respect of the second leg of the repo remains wholly or partly outstanding.

In the event of the improper execution (non-execution) of the second leg of a repo, the participants in the repo transaction shall take income from the sale (expenses associated with the acquisition) of the securities in the first leg of the repo into account in accordance with the procedure established by Article 214.1 of this Code, unless otherwise established by this Article. In this respect, income from the sale (expenses associated with the acquisition) of securities in the first leg of a repo shall be taken into account as at the date of execution of the first leg of the repo on the basis of the market prices of the securities or, if market prices do not exist, on the basis of reference prices.

For the purposes of this Article, the market price and reference price of a security shall be determined in accordance with clauses 5 and 6 of Article 280 of this Code.

When a repo transaction is carried out the acquisition price of securities and the amount of accumulated interest (coupon) income as at the date of execution of the first leg of the repo shall not change for the purposes of the taxation of income from their resale after the securities are acquired in the second leg of the repo. The tax base shall not be determined in accordance with Article 214.1 of this Code where securities are sold in the first and second legs of a repo.

The taxation procedure established by this Article shall not change where obligations in respect of repo transactions are terminated by the offsetting of homogeneous counter-claims. Homogeneous claims shall be claims for the transfer of securities of one issuer, of one class, of one category (type) or of one mutual investment fund (in the case of investment units in mutual investment funds) which bear an equal extent of rights, or claims for the payment of monetary resources in the same currency.

Where, in the period between the dates of execution of the first and second legs of a repo, the securities which are the objects of the repo transaction are converted, including by reason of the splitting or consolidation of the securities or a change in their nominal value, or the individual number (code) of an additional issue of such securities is annulled, or a change occurs in the individual State registration number of an issue (the individual number (code)

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of an additional issue) or the individual identification number (the individual number (code) of an additional issue) of such securities, those circumstances shall not alter the taxation procedure established by this Article for the repo transaction in question.

3. If, before the date of execution of the second leg of a repo, the seller in the first leg of the repo transferred other securities to the purchaser in the first leg of the repo in place of the securities transferred in the first leg of the repo or securities into which they were converted, the tax base arising from transactions involving the securities transferred (received) in the first leg of the repo and the securities transferred (received) as a result of the exchange shall be determined in accordance with the procedure established by Article 214.1 of this Code for transactions involving the purchase and sale of securities.

The seller in the first leg of a repo shall recognise:

- income (a loss) from the sale of securities transferred in the first leg of the repo, calculated as at the date of execution of the first leg of the repo on the basis of the market price of the securities which are the object of the repo transaction or, where there is no market price for the securities, on the basis of their reference price;
- income (a loss) from the acquisition of the securities transferred in the first leg of the repo, calculated as at the date of exchange of the securities on the basis of the market price of the securities which are the object of the repo transaction or, where there is no market price for the securities, on the basis of their reference price;
- income (a loss) from the sale of securities transferred in exchange for the securities transferred in the first leg of the repo or for securities into which they were converted, calculated as at the date of exchange of the securities on the basis of the market price of the securities transferred by way of exchange or, where there is no market price for the securities, on the basis of their reference price.

The purchaser in the first leg of a repo shall recognise:

- income (a loss) from the acquisition of the securities received in the first leg of the repo, calculated as at the date of execution of the first leg of the repo on the basis of the market price of the securities which are the object of the repo transaction or, where there is no market price for the securities, on the basis of their reference price;
- income (a loss) from the sale of securities received in the first leg of the repo, calculated as at the date of exchange of the securities on the basis of the market price of the securities which are the object of the repo transaction or, where there is no market price for the securities, on the basis of their reference price;

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- income (a loss) from the acquisition of securities received in exchange for the securities transferred in the first leg of the repo or for securities into which they were converted, calculated as at the date of exchange of the securities on the basis of the market price of the securities transferred by way of exchange or, where there is no market price for the securities, on the basis of their reference price.

For the purposes of this Article, a loss shall be a negative financial result as determined in accordance with clause 12 of Article 214.1 of this Code.

4. For the purposes of this Article, for the seller in the first leg of a repo the difference between the acquisition price of securities in the second leg of the repo and the sale price of securities in the first leg of the repo shall be deemed to be:

- income in the form of interest on a loan granted in the form of securities, which shall be included in the taxpayer's income from repo transactions – if the difference is negative;

- expenses associated with the payment of interest on a loan received in monetary form in the context of the repo transaction, which shall be deductible from income received from repo transactions and income from operations involving the purchase and sale of securities circulated on the organized securities market – if the difference is positive.

The above-mentioned expenses shall be recognised for taxation purposes within the limits of amounts calculated on the basis of a rate equal to 1.1 times the refinancing rate of the Central Bank of the Russian Federation as at the date of payment of interest in the case of expenses expressed in roubles and on the basis of a rate equal to 9 per cent in the case of expenses expressed in foreign currency.

5. For the purposes of this Article, for the purchaser in the first leg of a repo the difference between the sale price of securities in the second leg of the repo and the acquisition price of securities in the first leg of the repo shall be deemed to be:

- income in the form of interest on a loan granted in monetary form, which shall be included in the taxpayer's income from repo transactions – if the difference is positive;

- an expense associated with the payment of interest on a loan received in the form of securities, which shall be deductible from income received from repo transactions and income from transactions involving securities obtained through repo transactions (transactions involving the opening of a short position, transactions involving the lending of the securities in question) – if the difference is negative.

The above-mentioned expenses shall be recognised for taxation purposes within the limits of amounts calculated on the basis of a rate equal to 1.1 times the refinancing rate of the Central Bank of the Russian Federation as at the

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date of payment of interest in the case of expenses expressed in roubles and on the basis of a rate equal to 9 per cent in the case of expenses expressed in foreign currency.

6. The tax base arising from repo transactions shall be determined as income in the form of interest on loans which was received in the tax period from the aggregate of repo transactions, reduced by the amount of expenses in the form of interest on loans which was paid in the tax period on the aggregate of repo transactions, with account taken of the provisions of paragraph 4 of clause 4 and paragraph 4 of clause 5 of this Article.

If the amount of expenses referred to in this clause, as determined with account taken of the provisions of paragraph 4 of clause 4 and paragraph 4 of clause 5 of this Article, exceeds the amount of income referred to in this clause, the tax base arising from repo transactions the object of which is securities in the tax period in question shall be deemed to be equal to zero.

In this respect, amounts by which expenses referred to in this clause, determined with account taken of the provisions of paragraph 4 of clause 4 and paragraph 4 of clause 5 of this Article, exceed the amount of income referred to in this clause shall be allowed as a deduction against income received by the taxpayer in the same tax period such as is referred to in paragraph 3 of clause 4 and paragraph 3 of clause 5 of this Article respectively in a proportion calculated as the ratio of the value of securities circulated on the organized securities market which are the object of repo transactions and the value of securities not circulated on the organized securities market which are the object of repo transactions to the total value of securities which are the object of repo transactions. The value of securities which is used for the purpose of determining that proportion shall be determined in accordance with clauses 5 and 6 of Article 280 of this Code.

7. In the context of a repo transaction payments on securities which the purchaser in the first leg of the repo becomes entitled to receive in the period between the dates of execution of the first and second legs of the repo may be deducted from the amount of monetary resources payable by the seller in the first leg of the repo when the securities are subsequently acquired in the second leg of the repo or may be transferred by the purchaser in the first leg of the repo to the seller in the first leg of the repo in accordance with the agreement. In such cases the payments in question shall not be regarded as income of the purchaser in the first leg of the repo and shall be included in income of the seller in the first leg of repo.

Interest (coupon) income shall be taken into account in computing the tax base of the seller in the first leg of the repo with account taken of the provisions of Article 214.1 of this Code and shall not be taken into account in determining the tax base in respect of interest (coupon) income on securities which are the object of the repo transaction for the purchaser in the first leg of the repo.

Income determined by this clause shall be taxed at the rates established by Article 224 of this Code.

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The provisions of this clause shall not apply to the seller in the first leg of a repo where the securities sold were received by it through another repo transaction or through a securities lending transaction.

8. Where, in the period between the dates of execution of the first and second legs of a repo, the issuer has effected a coupon payment (partial redemption of the nominal value of the securities), such payments shall, if provided for by the agreement, alter the sale (acquisition) price in the second leg of the repo which is used in calculating income (expenses) in accordance with clauses 4 and 5 of this Article.

Where a repo agreement does not provide for coupon payments (partial redemption of the nominal value of securities) to be taken into account in computing the sale (acquisition) price in the second leg of the repo, such payments shall not affect the amount of income (expenses) which is determined in accordance with clauses 4 and 5 of this Article.

9. Where a repo agreement provides for settlements (the remittance of monetary resources and (or) the transfer of securities) to be made in the period between the dates of execution of the first and second legs of the repo between the participants in the repo transaction in the event of a change in the price of the securities which are the object of the repo transaction or in other cases specified in the agreement, such settlements shall, unless otherwise provided by the agreement, alter the sale (acquisition) price in the second leg of the repo which is used in calculating income (expenses) in accordance with clauses 4 and 5 of this Article.

The receipt (transfer) of monetary resources and securities by participants in a repo transaction in connection with a change in the price of securities which are the object of the repo transaction or in other cases specified in the agreement shall not be a basis for adjusting amounts of interest income (expenses) as determined in accordance with clauses 4 and 5 of this Article.

10. For the purposes of this Article the date of the receipt of income (incurring of expenses) in respect of a repo transaction shall be the date of the actual fulfilment (termination) of the obligations of the participants in the second leg of the repo with account taken of the special considerations set out in clauses 4 and 5 of this Article.

11. In the event of the improper execution of the second leg of a repo a mutual claim netting procedure established by the agreement may be applied.

The mutual claim netting procedure applicable in the event of the improper execution (non-execution) of the second leg of a repo must lay down a requirement for the parties to complete mutual settlements under the repo agreement within 30 calendar days after the due date for the execution of the second leg of the repo.

In the event of the execution of a mutual claim netting procedure which is established by a repo agreement and meets the requirements established by

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this clause, the tax base arising in respect of a repo transaction shall be determined as follows:

- the seller in the first leg of the repo shall take into account for taxation purposes income (expenses) such as is (are) referred to in clause 4 of this Article in accordance with the procedure established by clause 4 of this Article and income (a loss) from the sale of securities not repurchased in the second leg of the repo, calculated as at the date of completion of the mutual claim netting procedure on the basis of the market price of the security which is the object of the repo transaction or, if no market price exists, on the basis of the reference price of the security which is the object of the repo transaction;
- the purchaser in the first leg of the repo shall take into account for taxation purposes income (expenses) such as is (are) referred to in clause 5 of this Article in accordance with the procedure established by clause 5 of this Article and income (a loss) from the acquisition of securities not sold in the second leg of the repo, calculated as at the date of completion of the mutual claim netting procedure on the basis of the market price of the security which is the object of the repo transaction or, if no market price exists, on the basis of the reference price of the security.

Income (expenses) from operations involving the purchase and sale of securities shall be taken into account for taxation purposes in accordance with the procedure established by Article 214.1 of this Code.

12. For the purposes of this Article the opening of a short position on securities (hereafter in this Article referred to as “short position”) which are the object of a repo transaction and are held by the purchaser in the first leg of the repo shall be understood to mean the sale of a security by a taxpayer while there are obligations to return securities received in the first leg of a repo.

The following shall not constitute the opening of a short position:

- the sale of securities in the first or second leg of a repo;
- the transfer of securities to the borrower (return to the lender) under a securities lending agreement;
- the transfer of securities on a returnable basis in accordance with the conditions laid down in clause 8 of this Article;
- the conversion of securities which are the object of a repo transaction, including in connection with splitting or consolidation of the securities or a change in their nominal value, or the annulment of the individual number (code) of an additional issue of such securities, or a change in the individual State registration number of an issue (the individual number (code) of an additional issue) or the individual identification number (the individual number (code) of an additional issue) of such securities;

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- the redemption of securities which certify rights in respect of securities of a Russian and (or) foreign issuer (represented securities) upon receipt of the represented securities;
- other disposal of securities income from which is not included in the tax base.

The opening of a short position shall take place provided that the purchaser in the first leg of the repo does not own securities of the same issue (of an additional issue) or investment units in the same mutual investment fund the sale of which would not result in the opening of that short position.

13. The closing of a short position shall take place by means of the acquisition (receipt of ownership on grounds other than a repo transaction, a securities lending agreement or receipt on a returnable basis in accordance with the conditions specified in clause 8 of this Article) of securities of the same issue (an additional issue) or investment units in the same mutual investment fund as those on which the short position was opened.

The closing of a short position shall take place before the purchaser in the first leg of the repo acquires securities of the same issue (an additional issue) or investment units in the same mutual investment fund the subsequent (immediate) alienation of which would not result in the opening of a short position.

The short position which was opened first shall be closed first (FIFO).

The closing of a short position on securities on the basis of the fulfilment of obligations in the second leg of a repo accompanied by the opening of a short position shall take place without regard to sequence at the moment when the taxpayer fulfils its obligations in respect of the second leg of the repo.

14. The tax base arising from transactions associated with the opening of a short position shall be determined as follows.

Income from transactions associated with the opening of a short position which are the object of a repo transaction shall be taken into account in the manner prescribed by Article 214.1 of this Code, with account taken of the provisions of paragraph 3 of clause 5 of this Article. Where the opening of a short position is accompanied by the closing of a short position in the cases envisaged in clause 13 of this Article, income in respect of the newly opened short position shall be determined on the basis of the market value (or, if there is no market value, the reference value) of the securities and accumulated interest (coupon) income as at the date on which it was opened. Income in respect of transactions associated with the opening of a short position shall be recognised for taxation purposes when the short position is closed.

Expenses relating to transactions associated with the closing of a short position and expenditures associated with the acquisition and sale of the securities concerned shall be taken into account for taxation purposes in the manner prescribed by Article 214.1 of this Code. Where the opening of a

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short position is accompanied by the closing of a short position on securities in the cases envisaged by clause 13 of this Article, expenses relating to the position which is closed shall be determined on the basis of the market value (or, if there is no market value, the reference value) of the securities and accumulated interest (coupon) income as at the date on which it is closed. In this respect, amounts of accumulated (coupon) income which were previously taken into account in determining the tax base shall not be included in expenses. Expenses relating to transactions associated with the closing of a short position shall be recognised for taxation purposes when the short position is closed.

In the period between the opening and closing of a short position on securities which are the object of a repo transaction, amounts of accumulated (coupon) income on the securities on which the short position was opened shall not be taken into account in determining the tax base.

When a short position on securities which are the object of a repo transaction is closed, interest (coupon) income in the amount of the difference between the amount of accumulated interest (coupon) income as at the date of closing of the short position (including amounts of interest income which were paid by the issuer in the period between the dates of the opening and closing of the short position) and the amount of accumulated interest (coupon) income as at the date of opening of the short position shall not be included in the tax base.

15. Income arising from the lending of securities which are the object of repo transactions shall be taken into account in the manner laid down in Article 214.4 of this Code.

### **Article 214.4 Special Considerations Relating to the Determination of the Tax Base Arising from Securities Lending Transactions**

1. The tax base arising from securities lending transactions shall be determined in accordance with this Article.
2. Securities lending shall be carried out on the basis of a loan agreement concluded in accordance with the legislation of the Russian Federation or the legislation of foreign states which meets the conditions set out in this clause (hereafter in this Article referred to also as “loan agreement”).

The procedure established by this Article for determining the tax base shall apply to securities lending transactions carried out at the taxpayer's expense by an agent, commission agent, delegate or fiduciary acting on the basis of a civil-law agreement, including through an organizer of trade on the securities market (stock exchange).

For the purposes of this Chapter an agreement on a loan issued (received) in the form of securities must provide for interest to be paid in monetary form.

The interest rate or the procedure for determining the interest rate shall be established by the conditions of the loan agreement. For the purposes of



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calculating interest the value of securities transferred under a loan agreement, including a loan agreement undertaken for the purpose of concluding margin transactions, shall be taken to be equal to the market price of the securities in question as at the date of conclusion of the loan agreement or, if no market price exists, the reference price.

For the purposes of this Article the market price and reference price of a security shall be determined in accordance with clauses 5 and 6 of Article 280 of this Code respectively.

In cases provided for in a loan agreement, the value of securities transferred by a broker to a client under a loan agreement may also be determined (including on a periodic basis) according to the rules established by the federal executive body for the securities market for evaluating collateral given by the broker's client for loans provided. In this respect, the value of the securities shall be determined on the basis of the last price of a security which is calculated on the basis of the above-mentioned rules on a trading day defined in accordance with stock exchange documents.

The date of lending (return) shall be defined as the date on which securities are actually received by the borrower (lender).

For the purposes of this Chapter the term of an agreement on a loan issued (received) in the form of securities must not exceed one year.

3. A securities lending transaction shall be considered to have been improperly executed (void) in the following cases:

- if the obligation to return securities remains wholly or partly outstanding at the date specified in the agreement for the return of the loan;
- if the loan agreement does not specify a due date for the return of the securities (open-dated loan agreement) or specifies that they must be returned on demand and the securities are not returned by the borrower to the lender within a year from the date of lending;
- if the obligation to return securities has been terminated by the payment of monetary resources to the lender or the transfer of assets other than securities.

In the event of the improper execution (non-execution) of a securities lending transaction, the participants in the transaction shall take income from the sale (expenses associated with the acquisition) of the loaned securities into account in accordance with the procedure established by Article 214.1 of this Code, unless otherwise established by this Article. In this respect, income from the sale (expenses associated with the acquisition) of loaned securities shall be taken into account as at the date of issue of the loan on the basis of the market prices of the securities or, if market prices do not exist, on the basis of reference prices.

4. When securities are loaned and loaned securities are returned the lender shall not determine a tax base in accordance with Article 214.1 of this Code, except

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in cases established by this Article. In this respect, expenses associated with the acquisition of loaned securities shall be recognised by the lender when the securities are subsequently sold (after the return of the loan) with account taken of the provisions of Article 214.1 of this Code.

5. Interest received by a lender under a loan agreement shall be included in income received by a taxpayer in respect of securities lending transactions.

Interest paid by a borrower under a loan agreement shall be recognised as expenses within the limits of amounts calculated on the basis of a rate equal to 1.1 times the refinancing rate of the Central Bank of the Russian Federation which is current on the date of payment of interest in the case of interest expressed in roubles and on the basis of a rate of 9 per cent in the case of interest expressed in foreign currency.

Expenses in the form of interest paid under a loan agreement shall be deductible from income received from securities lending transactions and income from transactions involving securities obtained under loan agreements (purchase and sale operations in accordance with clause 8 of this Article and repo transactions involving the securities in question).

The tax base arising from securities lending transactions shall be defined as interest income received in the tax period from the aggregate of loan agreements in which the taxpayer is the lender, reduced by the amount of interest expenses paid in the tax period in respect of the aggregate of loan agreements in which the taxpayer is the borrower, with account taken of the provisions of paragraph 2 of this clause.

Where the amount of expenses referred to in this clause, determined with account taken of the provisions of paragraph 2 of this clause, exceeds the amount of income referred to in this clause, the tax base from securities lending transactions in the tax period concerned shall be deemed to be equal to zero.

In this respect, amounts by which expenses referred to in this clause, determined with account taken of the provisions of paragraph 2 of this clause, exceed income referred to in this clause shall be deductible from income from transactions involving securities circulated on the organized securities market and income from transactions involving securities not circulated on the organized securities market which is received by the taxpayer in the same tax period in a proportion calculated as the ratio of the value of loaned securities which are circulated on the organized securities market and the value of loaned securities which are not circulated on the organized securities market to the total value of loaned securities. The value of securities which is used in determining the above-mentioned proportion shall be determined in accordance with clauses 5 and 6 of Article 280 of this Code.

6. In the context of a loan agreement payments which are made by a securities issuer during the term of the loan agreement may be added to the amount of monetary resources payable by the borrower to the lender or may be remitted by the borrower to the lender in accordance with the loan agreement. In this

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respect, such payments shall not be deemed to be income of the borrower and shall be included in the lender's income.

Interest (coupon) income shall be taken into account in calculating a lender's income with account taken of the provisions of Article 214.1 of this Code and shall not be taken into account in determining the tax base of the borrower in relation to interest (coupon) income from loaned securities.

Income specified in this clause shall be taxed at the tax rates established by Article 224 of this Code.

The provisions of this clause shall not apply to a lender where it received the securities concerned under another loan agreement.

7. In the event of the improper execution (non-execution) of a securities lending transaction, a mutual claim netting procedure established in the loan agreement may be applied.

The mutual claim netting procedure applicable in the event of the improper execution (non-execution) of a securities lending transaction must lay down a requirement for the parties to complete mutual settlements under the loan agreement within 30 calendar days after the due date for the return of the loan.

Upon the execution of a mutual claim netting procedure which is established by a loan agreement and meets the requirements established by this clause, the tax base arising in respect of a securities lending transaction shall be determined as follows:

- the lender shall recognise for taxation purposes income such as is referred to in clause 5 of this Article in accordance with the procedure established by clause 5 of this Article and income (a loss) from the sale of securities not returned under the loan agreement, calculated as at the date of completion of the mutual claim netting procedure on the basis of the market price of the loaned security or, if no market price exists, on the basis of the reference price of the loaned security;

- the borrower shall recognise for taxation purposes income such as is referred to in clause 5 of this Article in accordance with the procedure established by clause 5 of this Article and income (a loss) from the acquisition of securities not returned under the loan agreement, calculated as at the date of completion of the mutual claim netting procedure on the basis of the market price of the loaned security or, if no market price exists, on the basis of the reference price of the security.

Income (expenses) from operations involving the purchase and sale of securities shall be taken into account for taxation purposes in accordance with the procedure established by Article 214.1 of this Code.

8. The sale of securities received under a loan agreement shall take place on condition that the borrower does not own securities of the same issue (an additional issue) or investment units in the same mutual investment fund.

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Income from transactions involving the sale of loaned securities shall be taken into account in accordance with the procedure established by Article 214.1 of this Code, with account taken of the provisions of clause 5 of this Article. The income in question shall be taken into account for taxation purposes when the securities are re-acquired.

Expenses for the re-acquisition of securities and expenses associated with the acquisition and sale of particular securities shall be recognised for taxation purposes in the manner laid down in Article 214.1 of this Code. The above-mentioned expenses shall be taken into account for taxation purposes when the securities are re-acquired.

When securities are re-acquired expenses relating to securities which were sold first shall be taken into account first (FIFO method).

9. Where, before the due date for the return of a loan, loaned securities are converted, including by reason of the splitting or consolidation of the securities or a change in their nominal value, or the individual number (code) of an additional issue of such securities is annulled, or a change occurs in the individual State registration number of an issue (the individual number (code) of an additional issue) or the individual identification number (the individual number (code) of an additional issue) of such securities, those circumstances shall not alter the taxation procedure established by this Article.
10. Income associated with repo transactions involving loaned securities shall be taken into account in the manner prescribed by Article 214.3 of this Code.

### **Article 215 Special Considerations Relating to the Determination of Income of Certain Categories of Foreign Citizens**

1. Tax shall not be levied on income of:
  - 1) heads and personnel of representations of a foreign state who are of diplomatic and consular rank and members of their families who reside with them unless they are citizens of the Russian Federation, with the exception of income from sources in the Russian Federation which are not connected with the employment of those physical persons at those representations;
  - 2) the administrative and technical personnel of representations of a foreign state and members of their families who reside with them unless they are citizens of the Russian Federation or are permanently resident in the Russian Federation, with the exception of income from sources in the Russian Federation which are not connected with the diplomatic and consular service of those physical persons;
  - 3) members of the service personnel of representations of a foreign state who are not citizens of the Russian Federation and are not permanently resident in the Russian Federation which is received by them in connection with their service at the representation of a foreign state;

- 4) employees of international organizations - in accordance with the charters of those organizations.
  
2. The provisions of this Article shall apply in those instances where the legislation of the relevant foreign state has established a similar procedure for the persons referred to in subsections 1 to 3 of clause 1 of this Article or where such a norm is contained in an international agreement (treaty) entered into by the Russian Federation. The list of foreign states (international organizations) to whose citizens (employees) the norms of this Article apply shall be determined by the federal executive body responsible for international relations in conjunction with the Ministry of Finance of the Russian Federation.

**Article 216 Tax Period**

The tax period shall be the calendar year.

**Article 217 Non-Taxable (Tax-Exempt) Income**

The following types of income of physical persons shall not be taxable (shall be exempt from taxation):

- 1) State benefits, with the exception of benefits for temporary incapacity for work (including benefit for care of a sick child), and other payments and compensation amounts which are paid in accordance with current legislation. In this respect, non-taxable benefits shall include unemployment benefit and maternity benefit and social pension supplements which are paid in accordance with the legislation of the Russian Federation and the legislation of constituent entities of the Russian Federation;
  
- 2) State-provided pensions and retirement pensions which are allocated in accordance with the procedure which is established by current legislation and social pension supplements which are paid in accordance with the legislation of the Russian Federation and the legislation of constituent entities of the Russian Federation;
  
- 3) all types of compensation payments established by the current legislation of the Russian Federation, legislative acts of constituent entities of the Russian Federation and decisions of representative local government bodies (within the limits of the norms established in accordance with the legislation of the Russian Federation) which are connected with:
  - compensation for damage caused by personal injury or other damage to health;
  
  - the provision free of charge of residential accommodation and public services, fuel or appropriate monetary compensation;

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- payment of the cost of and (or) the issue of a due allowance in kind, and the payment of monetary resources in place of such allowance;
  
- payment of the cost of meals, sports gear, equipment and sporting and parade uniforms which are received by sportspersons and employees of sports and fitness organizations for the training process and for participation in sporting competitions and by sports referees for participation in sporting competitions;
  
- the discharge of employees, with the exception of compensation for unused leave;
  
- the death of servicemen or civil servants in the course of the performance of their professional duties;
  
- the reimbursement of other expenses, including expenses for the improvement of the professional level of employees;
  
- the performance by a taxpayer of employment duties (including moving to work in another area and the reimbursement of business trip expenses).

Where an employer pays an employee's expenses for business trips both within the country and abroad, taxable income shall not include per diem allowances in accordance with the legislation of the Russian Federation, but not more than 700 roubles for each day spent on a business trip in the territory of the Russian Federation and not more than 2,500 roubles for each day spent on a business trip abroad, and actually incurred and documented special-purpose expenses for travel to and from the place of destination, airport service fees, commission fees, expenses for travel to the airport or station at places of departure, destination or transfers and the conveyance of baggage, expenses for the rent of residential accommodation, payment for communications services, the procurement and registration of a service passport for foreign travel and the procurement of visas, and expenses associated with the exchanging of currency cash or a cheque for foreign currency cash at a bank. Where a taxpayer does not present documents confirming the payment of expenses associated with the rent of residential accommodation, amounts of such payments shall be exempted from taxation in accordance with the legislation of the Russian Federation, but not more than 700 roubles for each day spent on a business trip in the territory of the Russian Federation and not more than 2,500 roubles for each day spent on a business trip abroad. A similar taxation procedure shall apply to payments made to persons who are under the general or administrative authority of an organization and members of the board of directors or other similar body of a company who are arriving (departing) to take part in a meeting of the board of directors, board of management or other similar body of that company;

- 4) remunerations to donors for blood, breast milk and other donor aid;
- 5) alimony which is received by taxpayers;
- 6) amounts which are received by taxpayers in the form of grants (unpaid assistance) which are provided for the support of science and education,

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culture and art in the Russian Federation by international, foreign and (or) Russian organizations according to lists of such organizations to be approved by the Government of the Russian Federation;

- 7) amounts which are received by taxpayers in the form of international, foreign or Russian prizes for outstanding achievements in the fields of science and technology, culture, literature, art and mass media according to a list of prizes to be approved by the Government of the Russian Federation, and in the form of prizes awarded by the highest officials of constituent entities of the Russian Federation (the directors of the highest executive State government bodies of constituent entities of the Russian Federation) for outstanding achievements in the above-mentioned fields according to lists of prizes to be approved by the highest officials of constituent entities of the Russian Federation (the directors of the highest executive State government bodies of constituent entities of the Russian Federation);
- 8) amounts of one-time payments (including in the form of material assistance) which are made:
- to taxpayers in connection with a natural disaster or other emergency situation, and to taxpayers who are members of the families of persons who have died as a result of natural disasters or other emergency situations, for the purpose of compensating them for material damage suffered by them or damage to their health, irrespective of the source of payment;
  - by employers to members of the family of a deceased employee or of a retired former employee or to an employee or a retired former employee in connection with the death of a member (members) of his family;
  - to taxpayers in the form of humanitarian aid (assistance) and in the form of charitable assistance provided by duly registered Russian and foreign charitable organizations (funds, associations) in accordance with the legislation of the Russian Federation concerning charitable activities in the Russian Federation;
  - to taxpayers among low-income and socially unprotected categories of citizens in the form of amounts of targeted social assistance provided from the resources of the federal budget, the budgets of constituent entities of the Russian Federation, local budgets and non-budgetary funds in accordance with programmes which are annually approved by appropriate State bodies;
  - to taxpayers who have become victims of terrorist acts in the territory of the Russian Federation, and to taxpayers who are members of the families of persons who have died as a result of terrorist acts in the territory of the Russian Federation, irrespective of the source of payment;
  - by employers to employees (parents, adoptive parents, guardians) upon the birth (adoption) of a child, payable during the first year after the birth (adoption), but not more than 50,000 roubles for each child.

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The provisions of this clause shall also apply to income received by a taxpayer in kind;

8.1) remunerations which are paid out of the resources of the federal budget or the budget of a constituent entity of the Russian Federation to physical persons for the rendering by them of assistance to federal executive bodies in detecting, preventing, suppressing and disclosing terrorist acts and identifying and detaining persons who are in the process of preparing or committing or who have committed such acts, and for the rendering of assistance to bodies of the federal security service and federal executive bodies which carry out investigative activities;

9) amounts of full or partial compensation (payment) by employers to their employees and (or) to members of their families, to former employees discharged in connection with retirement due to disability or old age and to disabled persons not employed by the organization in question for the cost of acquired booking documents, with the exception of tourist bookings, on the basis of which services are rendered to the above-mentioned persons by health resort and recreational organizations which are located in the territory of the Russian Federation, and amounts of full or partial compensation for (payment of) the cost of booking documents for children under the age of 16 years on the basis of which services are rendered to those persons by health resort and recreational organizations which are located in the territory of the Russian Federation, which are provided:

- from the resources of organizations (private entrepreneurs), where expenses associated with such compensation (payment) are not classified in accordance with this Code as expenses which are taken into account for the purpose of determining the tax base for tax on the profit of organizations;

- from the resources of budgets of the budgetary system of the Russian Federation;

- from resources received from activities in relation to which organizations (private entrepreneurs) apply special tax regimes.

For the purposes of this Chapter, health resort and recreational organizations shall include sanatoria, preventive therapy sanatoria, preventive clinics, holiday homes and holiday centres, holiday hotels, recreational therapy complexes, and children's sanatorium, recreational and fitness camps;

10) amounts paid by employers from resources remaining at their disposal after the payment of tax on the profit of organizations for the treatment of and provision of medical services to their employees and their spouses, their parents and their children, and amounts paid by social organizations of disabled persons for the treatment of and provision of medical services to disabled persons, provided that the medical institutions possess appropriate licences and provided that documents are available which confirm actual expenditures on treatment and medical services.



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The above-mentioned income shall be exempt from taxation where employers and (or) social organizations of disabled persons make payment to medical institutions without cash transfer for expenses associated with the treatment of and provision of medical services to taxpayers and where cash money intended for those purposes is issued directly to a taxpayer (members of his family, his parents) or resources intended for those purposes are transferred to taxpayers' bank accounts;

- 11) stipends of pupils, undergraduate students, post-graduate students, house-surgeons, advanced military academy students or persons working for a doctor's degree at higher vocational education or post-higher vocational education institutions and scientific research institutions, students of elementary vocational and intermediate vocational education institutions and students of religious educational institutions which are paid to those persons by those institutions, stipends which are instituted by the President of the Russian Federation, legislative (representative) or executive bodies of the Russian Federation, bodies of constituent entities of the Russian Federation and charitable funds and stipends which are paid out of budget resources to taxpayers who are undergoing training under the direction of bodies of the employment service;
- 12) amounts of labour payments and other amounts in foreign currency which are received by taxpayers from institutions or organizations which are financed from the federal budget and which have sent them to work abroad - within the limits of the norms which are established in accordance with current legislation concerning payment for the labour of employees;
- 13) income of taxpayers which is received from the sale of cattle, rabbits, coypus, poultry, wild animals and birds (both live and as products of slaughter in raw or processed forms) and products of animal husbandry, plant-growing, flower-growing and apiculture in both natural and processed forms when bred in private ancillary holdings which are situated in the territory of the Russian Federation.

The above-mentioned income shall be exempt from taxation provided that the taxpayer presents a document issued by an appropriate local government body or by the board of a garden company or a garden and market-garden company confirming that the products sold were produced by the taxpayer on a plot of land belonging to him or members of his family which is used for the maintenance of a private ancillary holding, dacha construction, gardening and market-gardening;

- 14) income of members of a peasant (farm) holding which is received in that holding from the production and sale of agricultural produce and from the production, processing and sale of agricultural produce - for five years from the day on which that holding is registered.

This norm shall apply to income of those members of a peasant (farm) holding in relation to whom such norm has not previously been applied;

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- 15) income received from the sale of wild fruits, berries, nuts, mushrooms and other forest resources fit for human consumption (edible forest resources) and non-wood forest resources which have been procured by physical persons for own requirements;
- 16) income (with the exception of labour payments of hired workers) which is received by members of duly registered ancestral and family communes of small national communities of the North which engage in traditional branches of industry from the sale of products obtained as a result of engaging in traditional types of industry;
- 17) income from the sale of furs, meat of wild animals and other products which are obtained by physical persons in the course of amateur hunting and game hunting;
- 17.1) income received by physical persons who are tax residents of the Russian Federation for a particular tax period from the sale of dwelling houses, apartments, rooms, including privatized dwellings, dachas, garden cottages or plots of land and share interests in the above-mentioned property which have been owned by the taxpayer for three years or more, and from the sale of other property which has been owned by the taxpayer for three years or more.
- The provisions of this clause shall not apply to income received by physical persons from the sale of securities or to income from the sale of property which is directly used by private entrepreneurs in entrepreneurial activities;
- 17.2) income received from the sale (redemption) of participating interests in the charter capital of Russian organizations and shares such as are referred to in clause 2 of Article 284.2 of this Code, provided that, as at the date on which the shares (participating interests) are sold (redeemed), they have continuously belonged to the taxpayer on the basis of ownership or another right in rem for more than five years;
- 18) income in monetary form and in kind which is received from physical persons by way of an inheritance, with the exception of remuneration which is paid to the heirs (legal successors) of authors of works of science, literature and art and of discoveries, inventions and industrial samples;
- 18.1) income in monetary form and in kind which is received from physical persons by way of a gift, except in the case of the gifting of immovable property, means of transport, shares, share interests and stock units, unless otherwise provided by this clause.
- Income received by way of a gift shall be exempt from taxation in the event that the donor and the donee are members of a family and (or) close relatives in accordance with the Family Code of the Russian Federation (spouses, parents and children, including adoptive parents and adopted children, grandfather, grandmother and grandchildren, full siblings and half siblings (having a common father or mother));
- 19) income received from joint stock companies or other organizations:

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- by shareholders of those joint stock companies or participants in other organizations as a result of the revaluation of fixed assets in the form of additionally received shares (share interests, stock units) which are distributed among shareholders or participants in an organization in proportion to their share interest and types of shares, or in the form of the difference between the new and nominal value of shares or of their proprietary interest in the charter capital;

- by shareholders of those joint stock companies or participants in other organizations in connection with a re-organization whereby shares (share interests, stock units) in newly established organizations are distributed among shareholders (participants, stockholders) in the organizations being re-organized and (or) shares (share interests, stock units) in the organization being re-organized are converted into (exchanged for) shares (share interests, stock units) in a newly established organization or an acquiring organization, in the form of shares (share interests, stock units) which are received in addition or in exchange;

20) prizes in monetary and (or) non-monetary form which are received by sportspersons, including disabled sportspersons, for prize-winning places in the following competitions:

- the Olympic, Paralympic and Deaf Olympic Games, the World Chess Olympics and world and European championships and cup competitions from the official organizers or on the basis of decisions of State bodies and local government bodies from the resources of the appropriate budgets;

- championships and cup competitions of the Russian Federation from the official organizers;

21) amounts of fees for a taxpayer's tuition on basic and supplementary general education and vocational education courses and for professional training and retraining of a taxpayer at Russian educational institutions possessing an appropriate licence or at foreign educational institutions possessing appropriate status;

22) amounts paid on behalf of disabled persons by organizations or private entrepreneurs for technical equipment for the prevention of disability and the rehabilitation of disabled persons, and payment for the acquisition and maintenance of guide dogs for disabled persons;

23) rewards which are paid for treasure handed over to the State;

24) income which is received by private entrepreneurs from carrying out types of activity in respect of which they are payers of the unified tax on imputed income for certain types of activity and which are taxable according to the simplified taxation system and the system of taxation for agricultural goods producers (the unified agricultural tax);

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- 25) amounts of interest on State treasury bills, bonds and other State securities of the former USSR, member states of the Union State and constituent entities of the Russian Federation and on bonds and securities issued by decision of representative local government bodies;
- 26) income which is received by orphaned children and children who are members of families whose per capita income does not exceed the minimum subsistence wage from charitable funds which have been registered in accordance with the established procedure and from religious organizations;
- 27) income in the form of interest which is received by taxpayers on deposits held at banks which are located in the territory of the Russian Federation, where:
- interest on rouble deposits is paid within the limits of amounts calculated on the basis of the current refinancing rate of the Central Bank of the Russian Federation, increased by five percentage points, during the period over which that interest accrued;
  - the established rate does not exceed 9 per cent per annum for foreign currency deposits;
  - interest on rouble deposits which, at the date of concluding the agreement or extending the agreement, was set at a level not exceeding the current refinancing rate of the Central Bank of the Russian Federation, increased by five percentage points, provided that the level of interest on the deposit has not increased during the interest accrual period and no more than three years has elapsed since the interest rate on the rouble deposit exceeded the refinancing rate of the Central Bank of the Russian Federation, increased by five percentage points;
- 27.1) income in the form of charges for the use of monetary resources of members of a credit consumer co-operative (stakeholders) and interest for the use by an agricultural credit consumer co-operative of resources attracted in the form of loans from members of the agricultural credit consumer co-operative or associate members of the agricultural credit consumer co-operative, where:
- the above-mentioned charges and interest are paid within the limits of amounts calculated on the basis of the current refinancing rate of the Central Bank of the Russian Federation during the period for which the charges and interest have been charged plus five percentage points;
  - the amount of charges for the use of monetary resources of members of a credit consumer co-operative (stakeholders) and interest for the use by an agricultural credit consumer co-operative of resources attracted in the form of loans from members of the agricultural credit consumer co-operative or associate members of the agricultural credit consumer co-operative is calculated on the basis of a rate of interest which was established as at the date of the conclusion or extension of the agreement at a level not exceeding the current refinancing rate of the Central Bank of the Russian Federation plus five percentage points, provided that the level of interest specified by the agreement has not increased during the period in which interest has been

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charged and a period of not more than three years has elapsed since the interest rate specified by the agreement became higher than the refinancing rate of the Central Bank of the Russian Federation plus five percentage points;

- 28) income not exceeding 4,000 roubles which is received on each of the following grounds during the tax period:
- the value of gifts received by taxpayers from organizations or private entrepreneurs;
  - the value of prizes in monetary and non-monetary form which are received by taxpayers at contests and competitions which are held in accordance with decisions of the Government of the Russian Federation, legislative (representative) State bodies or representative local government bodies;
  - amounts of material assistance which is provided by employers to their employees and to former employees who left employment in connection with retirement on a disability or old age pension;
  - amounts paid (reimbursed) by employers to their employees or their spouses, parents and children, to their former employees (old age pensioners) and to disabled persons to cover the cost of medicines acquired by them (for them) which were prescribed for them by a doctor. An exemption from taxation shall be granted subject to the presentation of documents which confirm actual expenditures on the acquisition of such medicines;
  - the value of any winnings and prizes which are received in competitions, games and other events which are organized for the purpose of advertising goods (work and services);
  - amounts of material assistance provided to disabled persons by social organizations of disabled persons;
- 29) income of soldiers, sailors, sergeants and sergeant-majors who are doing military service on call-up and of persons who have been called up for military preparations in the form of monetary allowances, per diem allowances and other amounts which are received at the place of service or at the place where military preparations are undertaken;
- 30) amounts which are paid to physical persons by electoral commissions, by referendum commissions and from the resources of election funds of candidates for the post of President of the Russian Federation, candidates for posts of deputies of the legislative (representative) State body of a constituent entity of the Russian Federation, candidates for a post in another State body of a constituent entity of the Russian Federation which is envisaged by the constitution or charter of the constituent entity of the Russian Federation and is elected directly by citizens, candidates for posts of deputies of the representative body of a municipality, candidates for the post of head of a municipality or for another post which is envisaged by the charter of a municipality and is filled by means of direct elections, election funds of electoral associations and election funds of regional divisions of political

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parties which are not electoral associations, and from the resources of referendum funds of an initiative group for the holding of a referendum of the Russian Federation, a referendum of a constituent entity of the Russian Federation or a local referendum, an initiative campaign group for a referendum of the Russian Federation and other groups of participants in a referendum of a constituent entity of the Russian Federation or a local referendum for the performance by those persons of work which is directly associated with the conduct of election campaigns and referendum campaigns;

- 31) payments which are made by trade union committees (including material assistance) to members of trade unions out of membership fees, with the exception of fees and other payments for the performance of employment duties, and payments which are made by youth and children's organizations to their members out of membership fees to cover expenses associated with the organization of mass cultural, fitness and sporting events;
- 32) gains from State bonds of the Russian Federation and amounts which are received in redemption of those bonds;
- 33) assistance (in monetary form and in kind) and gifts which are received by veterans of the Great Patriotic War, persons disabled as a result of the Great Patriotic War, widows of servicemen who were killed during the war with Finland, the Great Patriotic War and the war with Japan, widows of deceased persons who were disabled as a result of the Great Patriotic War and former prisoners of Nazi concentration camps, prisons and ghettos, and by persons who, as minors, were prisoners of concentration camps, ghettos and other places of forced imprisonment set up by the Fascists and their allies during the Second World War, to the extent of an amount not exceeding 10,000 roubles for a tax period;
- 34) maternity (family) capital resources which are allocated to provide for the implementation of additional measures of State support for families with children;
- 35) amounts received by taxpayers from the resources of budgets of the budget system of the Russian Federation as compensation for expenditures (a portion of expenditures) on the payment of interest on loans (credits);
- 36) amounts of payments for the acquisition and (or) construction of residential accommodation which have been granted from the resources of the federal budget, the budgets of constituent entities of the Russian Federation and local budgets;
- 37) income in the form of amounts of income from investment which are used for the acquisition (construction) of dwellings by participants in the savings and mortgage system of housing provision for servicemen in accordance with Federal Law No. 117-FZ of August 20, 2004 "Concerning the Savings and Mortgage System of Housing Provision for Servicemen";
- 37.1) amounts of partial payment from federal budget resources for the cost of a new motor vehicle under the experimental scheme to encourage the

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acquisition of new motor vehicles in place of vehicles which are unfit for use and are scrapped;

- 38) contributions for co-financing of the accumulation of pension assets which are allocated by way of the provision of State support for the accumulation of pension assets in accordance with the Federal Law “Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets”;
- 39) employer contributions paid in accordance with the Federal Law “Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets”, in the amount of contributions paid, but not more than 12,000 roubles a year calculated for each employee for whom contributions were paid by the employer.
- 40) amounts paid by organizations (private entrepreneurs) to their employees as reimbursement for expenditures on the payment of interest on loans (credits) for the acquisition and (or) construction of a dwelling, which are included in the composition of expenses which are taken into account in determining the tax base for tax on the profit of organizations;
- 41) income in the form of a dwelling in which ownership has been granted free of charge on the basis of a decision of a federal executive body in cases provided for by Federal Law No. 76-FZ of May 27, 1998 “Concerning the Status of Servicemen”;
- 42) resources received by parents and legal representatives of children who attend educational organizations in the form of compensation for a portion of the parental fee for the maintenance of a child at educational organizations which implement the basic pre-school general education curriculum;
- 43) income received by employees in kind as payment for labour from organizations which are agricultural goods producers as defined in accordance with clause 2 of Article 346.2 of this Code and peasant (farm) holdings in the form of own-produced agricultural produce and (or) work (services) performed (rendered) by such organizations and peasant (farm) holdings in the interests of an employee and property rights transferred to an employee by such organizations and peasant (farm) holdings.

The tax exemption which is envisaged by this clause shall be granted for each month actually worked during the term of an employment agreement (contract) in a calendar year provided that the following conditions are simultaneously met:

- the total amount of income such as is referred to in paragraph 1 of this clause which the employee received in a particular month does not exceed 4,300 roubles;
- the total amount of income such as is referred to in paragraph 1 of this clause which the employee received in a particular month does not exceed the

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amount of salary for that month which may be paid in non-monetary form in accordance with labour legislation;

- income from the sale of goods (work and services) of organizations and peasant (farm) holdings such as are referred to in paragraph 1 of this clause for the preceding calendar year does not exceed 100 million roubles.

If, subject to compliance with the limits established by this clause, the total amount of income such as is referred to in paragraph 1 of this clause which an employee received in a particular month is less than 4,300 roubles, the difference between that amount and the amount of income such as is referred to in paragraph 1 of this clause which was actually received shall be taken into account in computing the maximum amount of income established by paragraph 3 of this clause in ensuing months of the calendar year;

- 44) income in kind in the form of meals provided to employees who are engaged to carry out seasonal agricultural work;
- 45) income in monetary form and in kind in the form of payment for travel to and from a place of education for persons under the age of 18 years who are pupils of Russian pre-school and general education institutions which have an appropriate licence;
- 46) income in kind which is received by taxpayers who are victims of terrorist acts in the territory of the Russian Federation, natural disasters or other emergencies in the form of services rendered in their interests involving the provision of education to taxpayers according to basic and supplementary general education curricula, the maintenance of taxpayers at Russian educational institutions possessing an appropriate licence or at foreign educational institutions possessing appropriate status during the period of the provision of that education, and involving vocational training and retraining at those educational institutions, and in the form of medical treatment and medical care services and services of health resort organizations which are rendered in their interests;
- 47) income received by taxpayers in the form of the value of air time and (or) print space provided to them without consideration in accordance with the legislation of the Russian Federation concerning elections and referenda;
- 48) amounts of pension assets recorded in the special part of an individual ledger account which are payable to the legal successors of a deceased insured person;
- 48.1) income of a borrower (a legal successor of a borrower) in the form of the amount of indebtedness in respect of a credit agreement, interest charges and punitive sanctions and penalties recognised by a court which is extinguished by the creditor – beneficiary from insurance benefit under insurance agreements concluded by the borrower against the death or disablement of the borrower and under agreements concluded by the borrower on the insurance of assets which are used as security for the borrower's obligations (a pledge), within the limit of the amount of the borrower's indebtedness in respect of



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borrowed (credit) resources, interest charges and punitive sanctions and penalties which have been recognised by a court;

- 49) income in monetary form and in kind which is received by sportspersons and members of sports teams who are participants in the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in connection with the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games. The document confirming that the income in question is exempt from taxation shall be an Olympic certificate of identity and accreditation or a Paralympic certificate of identity and accreditation;
- 50) income in monetary form and in kind which is received during the period of the organization and the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which are established by Article 2 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” by physical persons who have concluded an employment agreement with a marketing partner of the International Olympic Committee for the performance of work associated with the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games and are temporary personnel of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in accordance with Article 10.1 of the above-mentioned Federal Law from organizations which are organizers of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games or marketing partners of the International Olympic Committee in accordance with Articles 3 and 3.1 of the above-mentioned Federal Law. The grounds for the exemption of such income from taxation shall be:
- in the case of income received during the period of the organization of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 1 of Article 2 of the above-mentioned Federal Law – the carrying-out of activities on the basis of an employment agreement for the performance of work associated with the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which has been concluded with a marketing partner of the International Olympic Committee or an agreement which has been concluded between the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization and a marketing partner of the International Olympic Committee, relates to the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games and includes as an integral part of the agreement an approved list of such citizens, or on the basis of lists of temporary personnel of official broadcasting companies presented by a foreign organizer of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in accordance with Article 3 of the above-mentioned Federal Law to the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization;

- in the case of income received during the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 2 of Article 2 of the above-mentioned Federal Law – an Olympic certificate of identity and accreditation or a Paralympic certificate of identity and accreditation;

51) income in kind by way of payment of expenses associated with the processing and issue of visas, invitations and other similar documents and to cover the cost of travel, accommodation, meals, training, communications services, uniform and clothing, transport provision, language support and souvenirs bearing emblems of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is received from the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization or from the administration of the City of Sochi during the period of the organization and the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which are established by Article 2 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”:

- by representatives of the International Olympic Committee;

- by representatives of the International Paralympic Committee;

- by representatives of national Olympic committees;

- by representatives of national Paralympic committees;

- by representatives of international sports federations;

- by representatives of national sports federations;

- by physical persons who have received an Olympic certificate of identity and accreditation or a Paralympic certificate of identity and accreditation;

- by physical persons who are engaged by the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization or by the administration of the City of Sochi as volunteers for participation in the organization and (or) holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games;

- by physical persons who have concluded an employment agreement with the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization.

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Non-taxable income of the above-mentioned persons shall also include amounts of insurance premiums (insurance contributions) for all types of insurance where those amounts were paid by the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization under insurance agreements for the benefit of those persons, including amounts of insurance premiums (insurance contributions) for types of insurance established by the agreement concluded by the International Olympic Committee with the Russian Olympic Committee and the City of Sochi on the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games and amounts of insurance payments received by the above-mentioned persons on the basis of the conditions in question.

### **Article 218 Standard Tax Deductions**

1. For the purposes of determining the tax base in accordance with clause 3 of Article 210 of this Code, a taxpayer shall have a right to the following standard tax deductions:
  - 1) a tax deduction of 3,000 roubles for each month of the tax period shall apply to the following categories of taxpayers:
    - persons who contracted or endured radiation sickness and other diseases associated with radiation effects as a result of the disaster at the Chernobyl Atomic Electric Power Station or in connection with work on the rectification of the consequences of the disaster at the Chernobyl Atomic Electric Power Station;
    - persons who became disabled as a result of the disaster at the Chernobyl Atomic Electric Power Station among persons who took part in rectifying the consequences of the disaster within the boundaries of the exclusion zone of the Chernobyl Atomic Electric Power Station, or who were engaged in operation or other work at the Chernobyl Atomic Electric Power Station (including those who were sent or posted there temporarily), servicemen and reservists called up for special preparations and enlisted to perform work associated with rectifying the consequences of the disaster at the Chernobyl Atomic Electric Power Station, irrespective of where those persons were stationed and of the nature of the work which they performed, and commanding officers and the rank and file of internal affairs bodies and the State Fire-Fighting Service who served (are serving) in the exclusion zone, persons who were evacuated from the exclusion zone of the Chernobyl Atomic Electric Power Station and resettled out of the evacuation zone or who departed voluntarily from those zones, and persons who gave their bone marrow in order to save the life of victims of the disaster at the Chernobyl Atomic Electric Power Station, irrespective of the period which has elapsed since the bone marrow transplant operation and the time in which they become disabled as a result;
    - persons who participated in 1986 to 1987 in work involving the rectification of the consequences of the disaster at the Chernobyl Atomic Electric Power

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Station within the boundaries of the exclusion zone of the Chernobyl Atomic Electric Power Station or who were engaged during that period in work associated with the evacuation of the population, material valuables and farm animals and in operation or other work at the Chernobyl Atomic Electric Power Station (including those who were sent or posted there temporarily);

- servicemen, citizens discharged from military service and reservists called up for special preparations and enlisted during that period to perform work associated with rectifying the consequences of the disaster at the Chernobyl Atomic Electric Power Station, including airlift and engineering civil aviation personnel, irrespective of where they were stationed and of the nature of work which they performed;

- commanding officers and rank and file of internal affairs bodies and the State Fire-Fighting Service, including citizens discharged from military service, who served in the exclusion zone of the Chernobyl Atomic Electric Power Station in 1986 to 1987;

- servicemen, citizens discharged from military service and reservists called up for military preparations who participated in 1988 to 1990 in work on the *Ukrytiye* site;

- persons who became disabled having contracted or endured radiation sickness and other diseases as a result of the accident in 1957 at the *Mayak* Production Association and the dumping of radioactive waste into the river Techa among persons who directly participated (including those who were sent or posted there temporarily) in 1957 to 1958 in work associated with rectifying the consequences of the accident in 1957 at the *Mayak* Production Association, and those who were engaged in work involving the implementation of protective measures and the rehabilitation of radiation-contaminated areas along the river Techa in 1949 to 1956, persons who directly participated (including those who were sent or posted there temporarily) in 1959 to 1961 in work associated with rectifying the consequences of the accident in 1957 at the *Mayak* Production Association, persons who were evacuated (resettled) or who voluntarily departed from inhabited localities which were exposed to radioactive pollution as a result of the accident in 1957 at the *Mayak* Production Association and the dumping of radioactive waste into the river Techa, including children who at the time of evacuation were at an embryonic stage of development and other children, and servicemen and the civilian staff of military units and other special personnel who were evacuated in 1957 from the radioactive pollution zone (in this respect, citizens who departed voluntarily shall include persons who departed in the period from September 29, 1957 to December 31, 1958 inclusively from inhabited localities which were exposed to radioactive pollution as a result of the accident in 1957 at the *Mayak* Production Association and persons departed between 1949 and 1956 inclusively from inhabited localities which were exposed to radioactive pollution as a result of the dumping of radioactive waste into the river Techa, persons residing in inhabited localities which were exposed to radioactive pollution as a result of the accident in 1957 at the *Mayak* Production Association and the dumping of radioactive waste into the river Techa where the average annual effective equivalent irradiation dose as

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at May 20, 1993 exceeded 1 Msv (over and above the natural radiation level for that locality) and persons who voluntarily departed to a new place of residence from inhabited localities which were exposed to radioactive pollution as a result of the accident in 1957 at the *Mayak* Production Association and the dumping of radioactive waste into the river Techa where the average annual effective equivalent irradiation dose as at May 20, 1993 exceeded 1 Msv (over and above the natural radiation level for that locality);

- persons who directly participated in tests of nuclear weapons in the atmosphere and tests of military radioactive substances and in exercises involving the use of such weapons before January 31, 1963;

- persons who directly participated in underground tests of nuclear weapons under irregular radiation conditions and the effects of other damaging factors of nuclear weapons;

- persons who directly participated in rectifying radiation accidents which occurred on nuclear installations of surface and submarine vessels and at other military sites and were registered according to the established procedure by the federal executive body in charge of defence;

- persons (including servicemen) who directly participated in work involving the assembly of nuclear charges before December 31, 1961;

- persons who directly participated in underground tests of nuclear weapons, and in carrying out and supporting work relating to the collection and burial of radioactive substances;

- persons who became disabled as a result of participation in the Great Patriotic War;

- disabled persons among servicemen who became disabled persons of groups I, II and III as a result of wounding, contusion or maiming received while defending the USSR or the Russian Federation or while carrying out other military service duties, or as a result of sickness connected with service at the front, or among former partisans and other categories of disabled persons who are equated with the above-mentioned categories of servicemen for the purposes of pension provision;

2) a tax deduction of 500 roubles for each month of the tax period shall apply to the following categories of taxpayers:

- Heroes of the Soviet Union and Heroes of the Russian Federation and persons awarded three classes of the Order of Glory;

- persons within the civilian staff of the Soviet Army, the USSR Navy, internal affairs bodies of the USSR and State security bodies of the USSR who held established posts in military units, staffs and institutions which were part of the active army during the Great Patriotic War, or persons who, during that period, were resident in towns with respect to which participation in the defence thereof is included for such persons in the period of service for the

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purposes of the allocation of a pension on the preferential terms which are established for servicemen of units of the active army;

- participants in the Great Patriotic War and in combat operations for the defence of the USSR among servicemen who served in military units, staffs and institutions which were part of the army, and former partisans;
- persons who were resident in Leningrad during the blockade of that city in the years of the Great Patriotic War from September 8, 1941 to January 27, 1944 inclusively (irrespective of the period for which they were resident);
- persons, including minors, who were prisoners of concentration camps, ghettos and other places of forced imprisonment set up by Fascist Germany and their allies during the Second World War;
- persons disabled from childhood and disabled persons of groups I and II;
- persons who contracted or endured radiation sickness and other sicknesses connected with radiation load as a result of the consequences of radiation disasters at atomic installations, both civil and military, and as a result of tests, drills and other work connected with any types of nuclear installations, including nuclear weaponry and space equipment;
- junior and medium-level medical personnel, doctors and other employees of medical institutions (with the exception of persons whose professional activities involve work with any types of source of ionizing radiation under the conditions of a radiation environment at their place of employment corresponding to the type of work carried out) who received above-normal doses of irradiation while rendering medical assistance and services in the period from April 26 to June 30, 1986 and victims of the disaster at the Chernobyl Atomic Electric Power Station who are a source of ionizing radiation;
- persons who have donated bone marrow in order to save people's lives;
- workers and employees, former servicemen and retired commanding officers and rank and file of internal affairs bodies and the State Fire-Fighting Service and officials of institutions and bodies of the penal system who contracted occupational sicknesses associated with radiation effects during work in the exclusion zone of the Chernobyl Atomic Electric Power Station;
- persons (including those sent or posted there temporarily) who directly participated in 1957 to 1958 in work on the rectification of the consequences of the accident in 1957 at the *Mayak* Production Association, and those who were engaged in work involving the implementation of protective measures and the rehabilitation of radiation-contaminated areas along the river Techa in the period 1949 to 1956;
- persons who were evacuated (resettled) or who voluntarily departed from inhabited localities which were exposed to radioactive pollution as a result of the accident in 1957 at the *Mayak* Production Association and the dumping of

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radioactive waste into the river Techa, including children who at the time of evacuation (resettlement) were at an embryonic stage of development and other children, and former servicemen and the civilian staff of military units and other special personnel who were evacuated in 1957 from the radioactive pollution zone. In this respect, persons who departed voluntarily shall include persons who departed between September 29, 1957 and December 31, 1958 inclusively from inhabited localities which were exposed to radioactive pollution as a result of the accident in 1957 at the *Mayak* Production Association and those who departed between 1949 and 1956 inclusively from inhabited localities which were exposed to radioactive pollution as a result of the dumping of radioactive waste into the river Techa;

- persons who were evacuated (including those who departed voluntarily) in 1986 from the exclusion zone of the Chernobyl Atomic Electric Power Station which was exposed to radioactive pollution as a result of the disaster at the Chernobyl Atomic Electric Power Station, or who were resettled (are to be resettled), including those who departed voluntarily, from the evacuation zone in 1986 and in subsequent years, including children who at the time of evacuation were (are) at an embryonic stage of development and other children;

- parents and spouses of servicemen who died as a result of wounding, contusion or maiming received while defending the USSR or the Russian Federation or in the performance of other military service duties, or as a result of a sickness connected with service at the front, and parents and spouses of civil servants who died while performing their professional duties. This deduction shall be granted to spouses of deceased servicemen and civil servants provided that they have not remarried;

- citizens retired from military service or called up for military preparations who performed internationalist duty in the Republic of Afghanistan and other countries in which there was combat action, and persons who took part in combat operations in the territory of the Russian Federation in accordance with decisions of State government bodies of the Russian Federation;

3) a tax deduction of 400 roubles for each month of the tax period shall apply to those categories of citizens which are not enumerated in subsections 1 to 2 of clause 1 of this Article and shall apply until the month in which their income when calculated on a cumulative total from the beginning of the tax period (for which the tax rate established by clause 1 of Article 224 of this Code is stipulated) by a tax agent which grants this standard tax deduction exceeds 40,000 roubles. Beginning from the month in which income so calculated exceeds 40,000 roubles, the tax deduction which is envisaged by this subsection shall cease to apply;

4) a tax deduction of 1,000 roubles for each month of the tax period shall apply for:

- each child for taxpayers who support a child and who are parents or the spouse of a parent;

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- each child for taxpayers who are guardians, custodians, adoptive parents or the spouse of an adoptive parent.

This tax deduction shall apply until the month in which the taxpayers' income as calculated on a cumulative total basis from the beginning of the tax period (for which the tax rate established by clause 1 of Article 224 of this Code is stipulated) by the tax agent which grants this standard tax deduction exceeds 280,000 roubles. Beginning from the month in which that income exceeds 280,000 roubles, the tax deduction which is envisaged by this subsection shall cease to apply.

The tax deduction which is established by this subsection shall be made for each child under the age of 18 years and for each day-school pupil, post-graduate student, house-surgeon, undergraduate student or military school student under the age of 24 years for parents and (or) the spouse of a parent, guardians or custodians, adoptive parents and the spouse of an adoptive parent.

The above-mentioned tax deduction shall be doubled where a child aged under 18 years is a disabled child and where a day-school pupil, post-graduate student, house-surgeon or undergraduate student aged under 24 years is a disabled person of Group I or II.

A double tax deduction shall be granted to a single parent (adoptive parent), guardian or custodian. The granting of such a tax deduction to a single parent shall cease from the month following the month in which that parent marries.

A tax deduction shall be granted to parents and the spouse of a parent and to guardians, custodians, adoptive parents and the spouse of an adoptive parent on the basis of their written applications and documents confirming the right to that tax deduction.

In this respect, foreign physical persons whose child (children) resides (reside) outside the Russian Federation shall be granted such a deduction on the basis of documents certified by the competent authorities of the state in which the child (children) resides (reside).

A double tax deduction may be granted to one of the parents (adoptive parents) according to their choice on the basis of an application from one of the parents (adoptive parents) to relinquish the receipt of a tax deduction.

The reduction of the tax base shall take place from the month in which a child is born (children are born), or from the month in which a guardianship (custodianship) is established, or from the month in which a child (children) is (are) placed with an adoptive family, and shall continue until the end of the year in which the child (children) reaches (reach) the age specified in paragraphs 5 and 6 of this subsection, or in the event of the expiry or early termination of the agreement on the placement of the child (children) with an adoptive family, or in the event of the death of the child (children). The tax deduction shall be granted for the period of the education of the child



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(children) at an educational institution and (or) a training establishment, including duly documented academic leave during the education period.

2. Taxpayers who have the right to more than one standard tax deduction in accordance with subsections 1 to 3 of clause 1 of this Article shall be granted the highest of the applicable deductions.

The standard tax deduction which is established by subsection 4 of clause 1 of this Article shall be granted irrespective of whether or not a standard tax deduction which is established by subsections 1 to 3 of clause 1 of this Article is granted.

3. The standard tax deductions which are established by this Article shall be granted to a taxpayer by one of the tax agents which are a source of income at the taxpayer's choice on the basis of the taxpayer's written application and documents confirming the right to such tax deductions.

Where a taxpayer begins work in a month other than the first month of a tax period, the tax deductions which are provided for by subsections 3 and 4 of clause 1 of this Article shall be granted at that place of work with account taken of income received from the beginning of the tax period at another place of work where the taxpayer was granted tax deductions. The amount of income received shall be confirmed by a statement of income received by the taxpayer which is issued by a tax agent in accordance with clause 3 of Article 230 of this Code.

4. In the event that, during a tax period, standard tax deductions were not granted to a taxpayer or were granted in a lesser amount than is provided for by this Article, then, after the tax period has ended, on the basis of a tax declaration and documents confirming the right to such deductions, the tax authority shall recalculate the tax base to take account of the granting of standard tax deductions in the amounts which are envisaged by this Article.

### **Article 219 Social Tax Deductions**

1. For the purposes of determining the size of the tax base in accordance with clause 3 of Article 210 of this Code, the taxpayer shall have a right to the following social tax deductions:

- 1) in the amount of income which is transferred by the taxpayer for charitable purposes in the form of monetary assistance to scientific, cultural, educational, health care and social security organizations which are partially or wholly financed from the resources of the relevant budgets and to sports and fitness organizations and educational and pre-school institutions for the requirements of the physical education of citizens and the maintenance of sports teams and in the form of donations which are transferred (paid) by the taxpayer to religious organizations for the conduct by them of their statutory activities - to the extent of expenses actually incurred, but no more than 25 per cent of the amount of income received in the tax period;

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- 2) in the amount paid by the taxpayer in the tax period for his own education at educational institutions – to the extent of education expenses actually incurred with account taken of the limitation established by clause 2 of this Article, and in the amount paid by a taxpaying parent for the education of his children under the age of 24 years and by a taxpaying guardian (taxpaying warden) for the education of his wards under the age of 18 years on an intramural basis at educational institutions – to the extent of expenses actually incurred for such education, but no more than 50,000 roubles for each child in total for both parents (the guardian or warden).

The right to receive the above-mentioned social tax exemption shall apply to taxpayers who performed the duties of a guardian or warden over citizens who were their wards after the termination of the guardianship or wardship in the event that the taxpayers pay for the education of those citizens up to the age of 24 years on an intramural basis at educational institutions.

This social tax deduction shall be granted provided that the educational institution has an appropriate licence or other document which confirms the status of an educational establishment and provided that the taxpayer presents documents which confirm actual expenses incurred for such education.

The social tax deduction shall be granted for the period of the education of the above-mentioned persons at an educational establishment, including duly documented academic leave during the education process.

The social tax deduction shall not apply in the event that payment for education expenses is made out of maternity (family) capital resources which are allocated to provide for the implementation of additional measures of State support for families with children.

The right to receive the above-mentioned social tax deduction shall also apply to a taxpayer who is the brother (sister) of a student where the taxpayer pays for the education of a brother (sister) aged up to 24 years on an intramural basis at educational institutions;

- 3) in the amount paid by the taxpayer in the tax period for treatment services provided to him (her) by medical institutions of the Russian Federation and the amount paid by the taxpayer for services involving the treatment of his (her) spouse, parents and (or) children under the age of 18 years at medical institutions of the Russian Federation (in accordance with a list of medical services to be approved by the Government of the Russian Federation) and to the extent of the cost of medicaments (in accordance with a list of medicines to be approved by the Government of the Russian Federation) prescribed for them by a doctor which are acquired by taxpayers using their own resources.

For the purpose of applying the social tax deduction which is envisaged by this subsection, account shall be taken of amounts of insurance contributions which were paid by a taxpayer in a tax period under voluntary personal insurance agreements and under agreements on the voluntary insurance of a spouse, parents and (or) children aged under 18 years which have been concluded by the taxpayer with insurance organizations which are licensed to

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carry out the relevant type of activity where those agreements require the insurance organizations concerned to pay only for medical treatment services.

The total amount of the social tax deduction which is envisaged by paragraphs 1 and 2 of this subsection shall be taken as the amount of expenses actually incurred, but with account taken of the limitation established by clause 2 of this Article.

In the case of expensive types of treatment at medical institutions of the Russian Federation, the amount of the tax deduction shall be taken to be the amount of expenses actually incurred. A list of expensive types of treatment shall be approved by a decree of the Government of the Russian Federation.

The deduction of amounts of payment of the cost of treatment and (or) payments of insurance contributions shall be granted to the taxpayer if the treatment is undertaken at medical institutions which possess appropriate licences to engage in medical activities and provided that the taxpayer presents documents which confirm his actual expenditure on treatment and the acquisition of medicaments or on the payment of insurance contributions.

This social tax deduction shall be granted to the taxpayer unless payment for the treatment and acquired medicaments and (or) payments of insurance contributions were made by an organization at the expense of the resources of employers;

- 4) in the amount of pension contributions paid by the taxpayer in the tax period under a non-State pension agreement (non-State pension agreements) concluded by the taxpayer with a non-State pension fund for the taxpayer's own benefit and (or) for the benefit of the taxpayer's spouse (including for the benefit of a widow or widower), parents (including adoptive parents) or disabled children (including those who are adopted and under guardianship (wardship)), and (or) in the amount of insurance contributions paid by the taxpayer in the tax period under a voluntary pension insurance agreement (voluntary pension insurance agreements) concluded with an insurance organization for the taxpayer's own benefit and (or) for the benefit of the taxpayer's spouse (including for the benefit of a widow or widower), parents (including adoptive parents) or disabled children (including those who are adopted and under guardianship (wardship)) – to the extent of expenses actually incurred with account taken of the limitation established by clause 2 of this Article.

The social tax deduction which is referred to in this subsection shall be granted subject to the presentation by the taxpayer of documents confirming the taxpayer's actual expenditure on non-State pension provision and (or) voluntary pension insurance;

- 5) in the amount of additional insurance contributions for the funded component of a retirement pension which were paid by the taxpayer in the tax period in accordance with the Federal Law "Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets" – to the extent of expenses

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actually incurred with account taken of the limit established by clause 2 of this Article.

The social tax deduction which is referred to in this subsection shall be granted subject to the presentation by the taxpayer of documents confirming actual expenses incurred by the taxpayer for the payment of additional insurance contributions for the funded component of a retirement pension in accordance with the Federal Law “Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets”, or subject to the presentation by the taxpayer of a statement from a tax agent concerning amounts of additional insurance contributions for the funded component of a retirement pension which it has paid and which were withheld and remitted by the tax agent at the taxpayer’s instruction, drawn up in the form approved by the federal executive body in charge of control and supervision in the field of taxes and levies.

2. The social tax deductions which are referred to in clause 1 of this Article shall be granted when the taxpayer submits a tax declaration to the tax authority after the tax period has ended.

The social tax deduction which is provided for in subsection 4 of clause 1 of this Article may also be granted to a taxpayer before the end of a tax period upon application to his employer (hereafter in this clause referred to as “tax agent”) on condition of the presentation of documentary evidence of the taxpayer’s expenses in accordance with subsection 4 of clause 1 of this Article and on condition that contributions under a non-State pension agreement and (or) voluntary pension insurance contributions have been withheld from payments in favour of the taxpayer and transferred to appropriate funds by the employer.

The social tax deductions which are referred to in subsections 2 to 5 of clause 1 of this Article (with the exception of the expenses for the education of a taxpayer’s children which are referred to in subsection 2 of clause 1 of this Article and expenses for expensive treatment which are referred to in subsection 3 of clause 1 of this Article) shall be granted to the extent of expenses actually incurred, but not more than 120,000 roubles in total in a tax period. Where a taxpayer has education expenses, medical expenses and expenses under a non-State pension agreement (non-State pension agreements), expenses under a voluntary pension insurance agreement (voluntary pension insurance agreements) and expenses for the payment of additional insurance contributions for the funded component of a retirement pension in accordance with the Federal Law “Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets” in one tax period, the taxpayer shall independently, including when making an application to a tax agent, choose which types of expenses and what amounts thereof are taken into account within the limit of the maximum amount of the social tax deduction which is specified in this clause.

**Article 220 Property-Related Tax Deductions**

1. For the purposes of determining the size of the tax base in accordance with clause 3 of Article 210 of this Code, the taxpayer shall have a right to the following property-related tax deductions:

1) in amounts received by the taxpayer in the tax period from the sale of houses, apartments, rooms, including privatized residential premises, dachas, garden cottages or plots of land and shares in the above-mentioned property which were owned by the taxpayer for less than three years, but not exceeding 1,000,000 roubles in total, and in amounts received in the tax period from the sale of other property which was owned by the taxpayer for less than three years, but not exceeding 250,000 roubles.

Instead of using the right to the property-related tax deduction which is envisaged by this subsection, a taxpayer shall have the right to reduce the amount of his taxable income by the amount of expenses actually incurred by him and confirmed by documents which are associated with the receipt of such income, with the exception of the sale by the taxpayer of securities belonging to him. In the case of the sale of a share interest (a part thereof) in the charter capital of an organization and in the case of the assignment of claims under a shared construction participation agreement (a shared construction investment agreement or another agreement associated with shared construction), the taxpayer shall also have the right to reduce the amount of his taxable income by the amount of expenses actually incurred by him and confirmed by documents which are connected with the receipt of that income.

In the case of the sale of property which is collectively or jointly owned, the appropriate amount of the property-related tax deduction calculated in accordance with this subsection shall be distributed among the co-proprietors of that property in proportion to their share or by agreement between them (in the case of the sale of property which is jointly owned).

The provisions of this subsection shall not apply to income which is received by private entrepreneurs from the sale of property in connection with the performance by them of entrepreneurial activities.

In the case of the sale of shares (share interests, stock units) received by a taxpayer in connection with the re-organization of organizations, the period for which they were owned by the taxpayer shall be calculated from the date of acquisition of ownership of the shares (share interests, stock units) in the organizations being re-organized;

1.1) in an amount equal to the purchase value of a plot of land and another item of immovable property situated thereon which is received by a taxpayer in monetary form or in kind in the event that the property in question is appropriated for State or municipal requirements;

2) in the amount of expenses actually incurred by the taxpayer:

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- for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein;
- for the payment of interest on special-purpose loans (credits) received from Russian organizations or private entrepreneurs and actually used for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein;
- for the payment of interest on credits received from banks located in the territory of the Russian Federation for the purpose of the refinancing (rearrangement) of credits for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein.

In the case of the acquisition of land plots granted for individual housing construction or a share (shares) therein, a property-related tax deduction shall be granted after the taxpayer has received a certificate of ownership of the house.

The following may be included in actual expenses associated with the new construction or acquisition of a house or of a share (shares) therein:

- expenses associated with the preparation of design estimate documentation;
- expenses associated with the acquisition of building and decorating materials;
- expenses associated with the acquisition of the house, whether or not finished;
- expenses associated with work or services involving building (completion of an unfinished house) and decorating;
- expenses associated with connection to electricity, water and gas supply and sewerage systems or the creation of self-contained sources of electricity, water and gas supply and sewerage.

The following may be included in actual expenses associated with the acquisition of an apartment or a room or of a share (shares) therein:

- expenses associated with the acquisition of the apartment or room or of a share (shares) therein or of rights in the apartment or room in a building which is under construction;

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- expenses associated with the acquisition of decorating materials;
- expenses associated with work involving the decoration of the apartment or room or share (shares) therein and expenses for the preparation of project cost estimate documentation for the performance of decoration work,

Expenses associated with the completion or decoration of an acquired house or the decoration of an acquired apartment or room may be deducted in the event that the agreement on the basis of which the acquisition took place refers to the acquisition of an unfinished house, apartment or room (rights in an apartment or room) in an undecorated state or of a share (shares) therein.

The total amount of the property-related tax deduction provided for in this subsection may not exceed 2,000,000 roubles excluding amounts used for the payment of interest:

-on special-purpose loans (credits) received from Russian organizations or private entrepreneurs and actually used for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein;

- on credits provided by banks located in the territory of the Russian Federation for the purpose of the refinancing (rearrangement) of loans (credits) received for the new construction or acquisition in the territory of the Russian Federation of a dwelling house, an apartment, a room or a share (shares) therein, or of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein.

In order to confirm his right to a property-related tax deduction, a taxpayer shall present:

- in the case of the construction or acquisition of a house (including an unfinished house) or of a share (shares) therein - documents confirming ownership of the house or the share (shares) therein;

- in the case of the acquisition of an apartment or a room or of a share (shares) therein or of rights in an apartment or a room in a building which is under construction – the agreement on the acquisition of the apartment or room or of the share (shares) therein or of rights in the apartment or room in the building which is under construction, the deed of transfer of the apartment or room or of the share (shares) therein to the taxpayer or documents confirming ownership of the apartment or room or of the share (shares) therein;

- in the case of the acquisition of land plots granted for individual housing construction and land plots on which dwelling houses to be acquired are situated, or a share (shares) therein – documents confirming the right of ownership in a land plot or a share (shares) therein and documents confirming the right of ownership in a dwelling house or a share (shares) therein.

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The above-mentioned property-related tax deduction shall be granted to the taxpayer on the basis of a written application of the taxpayer and duly executed payment documents confirming the payment of monetary resources by the taxpayer in connection with expenses incurred (receipt voucher slips, bank statements indicating the transfer of monetary resources from the purchaser's account to the seller's account, sales receipts, cash register receipts, certificates of the purchase of materials from physical persons containing the address and passport details of the seller, and other documents).

Where property is acquired under collective or joint ownership, the amount of the property-related tax deduction calculated in accordance with this subsection shall be distributed among the co-proprietors in accordance with their share (shares) of ownership or their written application (in the case of the acquisition of a house, apartment or room under joint ownership).

The property-related tax deduction which is envisaged by this subsection shall not apply in those cases where expenses for the construction or acquisition of a house, an apartment, a room or a share (shares) therein are paid on the taxpayer's behalf from the resources of employers or other persons, or out of maternity (family) capital resources which are allocated to provide for the implementation of additional measures of State support for families with children, or using payments granted from the resources of the federal budget, the budgets of constituent entities of the Russian Federation and local budgets, or in cases where the purchase and sale transaction for a house, an apartment, a room or a share (shares) therein takes place between physical persons who are interdependent in accordance with Article 20 of this Code.

The property-related tax deduction which is envisaged by this subsection may not be granted to a taxpayer more than once.

In the event that the property-related tax deduction cannot be used in full in a tax period, the remainder thereof may be carried over to ensuing tax periods until it has been fully used.

2. Property-related tax deductions (with the exception of property-related tax deductions for securities transactions) shall be granted when the taxpayer submits a tax declaration to the tax authorities after the tax period has ended, unless otherwise provided by this Article.

When determining the tax base for securities transactions the property-related tax deduction shall be granted according to the procedure which is established by Article 214.1 of this Code.

3. The property-related tax deduction which is envisaged by subsection 2 of clause 1 of this Article may be granted to a taxpayer before the end of a tax period upon application to an employer (hereafter in this clause referred to as the "tax agent") provided that confirmation of the taxpayer's right to the property-related tax deduction is issued by a tax authority in a form to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.



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A taxpayer shall have the right to receive the property-related tax deduction from one tax agent of his choice. The tax agent shall be obliged to grant the property-related tax deduction upon receipt from the taxpayer of confirmation issued by a tax authority of the right to the property-related tax deduction.

A taxpayer's right to receive the property-related tax deduction from a tax agent in accordance with this clause must be confirmed by a tax authority within a time period not exceeding 30 calendar days from the date of submission of a written application of the taxpayer and of the documents confirming the right to receive the property-related tax deduction which are referred to in subsection 2 of clause 1 of this Article.

In the event that the final results for a tax period indicate that the amount of income received by a taxpayer from a tax agent is less than the property-related tax deduction determined in accordance with subsection 2 of clause 1 of this Article, the taxpayer shall have the right to receive the property-related tax deduction according to the procedure which is laid down in clause 2 of this Article.

4. Where, after a taxpayer submitted to a tax agent in accordance with the established procedure an application for the receipt of a property-related tax deduction such as is provided for in subsection 2 of clause 1 of this Article, the tax agent improperly withheld tax without taking that property-related tax deduction into account, the amount of tax withheld in excess after the receipt of the application shall be refundable to the taxpayer in accordance with the procedure established by Article 231 of this Code.

### **Article 220.1 Tax Deductions for the Carry-Forward of Losses from Securities Transactions and Transactions Involving Term Transaction Financial Instruments**

1. In determining the amount of the tax base in accordance with clause 3 of Article 210 of this Code, a taxpayer shall have the right to receive tax deductions for the carry-forward of losses from transactions involving securities circulated on the organized securities market and involving term transaction financial instruments circulated on the organized market.

The carry-forward of losses from securities transactions and transactions involving term transaction financial instruments shall take place in accordance with clause 16 of Article 214.1 of this Code.

2. Tax deductions for the carry-forward of losses from securities transactions and transactions involving term transaction financial instruments shall be granted:
  - 1) for amounts of losses made on transactions involving securities circulated on the organized securities market. The tax deduction in question shall be granted for amounts of losses which a taxpayer actually made on transactions involving securities circulated on the organized securities market in preceding tax periods within the limit of the tax base for those transactions;

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- 2) for amounts of losses made on transactions involving term transaction financial instruments circulated on the organized market. The tax deduction in question shall be granted for amounts of losses which a taxpayer actually made on transactions involving term transaction financial instruments circulated on the organized market in preceding tax periods within the limit of the tax base for those transactions.
  
3. The amount of tax deductions provided for in this Article shall be determined on the basis of amounts of losses made by the taxpayer in preceding tax periods (over 10 years counting from the tax period for which the tax base is being determined). In this respect, for the purpose of determining the amount of the tax deduction in the tax period for which the tax base is being determined, amounts of losses made by the taxpayer in the course of more than one tax period shall be taken into account in the order in which the losses in question were made.  
  
The amount of tax deductions provided for in this Article which is calculated in the current tax period may not exceed the amount of the tax base determined for the transactions in question in that tax period. In this respect, amounts of losses made by a taxpayer which were not taken into account in determining the amount of a tax deduction may be taken into account in determining the amount of the tax deduction in ensuing tax periods with account taken of the provisions of this Article.
  
4. For the purpose of confirming the right to tax deductions for the carry-forward of losses from securities transactions and transactions involving term transaction financial instruments a taxpayer shall present documents confirming the amount of losses made during the entire period in which it reduces the tax base for the current period by amounts of losses previously made.
  
5. A tax deduction shall be granted to a taxpayer when a tax declaration is submitted to the tax authorities after the end of a tax period.

### **Article 221 Professional Tax Deductions**

For the purposes of calculating the tax base in accordance with clause 3 of Article 210 of this Code, the following categories of taxpayers shall have a right to professional tax deductions:

- 1) the taxpayers referred to in clause 1 of Article 227 of this Code - in the amount of expenses actually incurred by them and confirmed by documents which are directly associated with the derivation of income.

In this respect, the composition of the above-mentioned deductible expenses shall be determined by the taxpayer independently in accordance with a procedure similar to the procedure for the determination of expenses for taxation purposes which is established by the “Tax on the Profit of Organizations” chapter.

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Amounts of tax on property of physical persons paid by the taxpayers referred to in this subsection shall be allowed as deductions if that property, being an object of taxation in accordance with articles of the “Tax on Property of Physical Persons” Chapter (with the exception of houses, apartments, dachas and garages), is directly used in carrying out entrepreneurial activities.

Where taxpayers are unable to provide documentary confirmation of expenses incurred by them in connection with activities as private entrepreneurs, the professional tax deduction shall be made at 20 per cent of the total amount of income received by the private entrepreneur from entrepreneurial activities. This provision shall not apply to physical persons who carry out entrepreneurial activities without forming a legal entity but have not been registered as private entrepreneurs;

- 2) taxpayers who receive income from the performance of work (rendering of services) under civil-law agreements - in the amount of expenses actually incurred by them and confirmed by documents which are directly associated with the performance of that work (the rendering of the services);
- 3) taxpayers who receive royalties or fees for the creation, performance or other use of scientific, literary and artistic works and fees payable to authors of discoveries, inventions and industrial samples, in the amount of expenses actually incurred and confirmed by documents.

If those expenses cannot be confirmed by documents, they shall be deductible in the following amounts:

	Norms of expenditures (as a percentage of the amount of accrued income)
Creation of literary works, including for theatre, cinema, stage and circus	20
Creation of artistic graphical works, photographic works for publications, works of architecture and design	30
Creation of works of sculpture, monumental-decorative painting, decorative applied and designer art, easel painting, theatre and cinema decoration art and graphics executed using various techniques	40
Creation of audio-visual works (video, television and cinema films)	30
Creation of musical works: stage musical works (operas, ballets, musical comedies), symphonic, choral and chamber works, works for brass band, original music for cinema, television and video films and theatre productions	40
other musical works, including those prepared for publication	25
Performance of literary and artistic works	20
Creation of scientific works and designs	20

Discoveries, inventions and creation of industrial samples (for amount of income received in the first two years of use)	30
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For the purposes of this Article, a taxpayer’s expenses shall also include amounts of taxes envisaged by tax and levy legislation for the types of activity referred to in this Article (excluding tax on income of physical persons) which have been charged to or paid by the taxpayer during the tax period in accordance with the procedure established by tax and levy legislation, and amounts of insurance contributions for compulsory pension insurance and insurance contributions for compulsory medical insurance which have been charged or paid by the taxpayer for the period concerned in accordance with the procedure established by the legislation of the Russian Federation.

For the purposes of the determination of the tax base, expenses which are confirmed by documents may not be taken into account together with expenses within the limits of the established norm.

The taxpayers which are referred to in this Article shall exercise the right to receive professional tax deductions by means of submitting a written application to the tax agent.

If there is no tax agent, professional tax deductions shall be granted to the taxpayers referred to in this Article when they submit a tax declaration after a tax period has ended.

The above-mentioned expenses of a taxpayer shall also include State duty which is paid in connection with his professional activities.

**Article 222 Powers of Legislative (Representative) Bodies of Constituent Entities of the Russian Federation With Respect to the Establishment of Social and Property-Related Deductions**

Within the limits of the rates of the social tax deductions which are established by Article 219 of this Code and of the property-related tax deductions which are established by Article 220 of this Code, legislative (representative) bodies of constituent entities of the Russian Federation may establish other rates of deductions to take account of particular regional considerations.

**Article 223 Date of Actual Receipt of Income**

1. For the purposes of this Chapter and unless otherwise stipulated by clauses 2 to 4 of this Article, the date of the actual receipt of income shall be defined as the day:
  - 1) on which income is paid, including the transfer of income to the taxpayer’s bank accounts or, on the taxpayer’s instructions, to accounts of third parties - where income is received in monetary form;

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- 2) on which income in kind is transferred - where income is received in kind;
  - 3) on which the taxpayer pays interest on received borrowed (credit) resources, acquires goods (work and services) or acquires securities - where income is received in the form of material assistance.
2. Where income is received in the form of payment for labour, the date of the actual receipt of such income by the taxpayer shall be deemed to be the last day of the month for which income was credited to him for the performance of employment duties in accordance with the employment agreement (contract).

In the event that an employment relationship is terminated before the end of a calendar month, the date of the actual receipt by the taxpayer of income in the form of payment for labour shall be considered to be the last day of work for which income accrued to him.

3. Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant State government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments.

In the event that the conditions of receipt of payments such as are envisaged by this clause are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 1 of this clause exceeds the amount of expenses taken into account in accordance with this clause, the remaining amounts which were not taken into account shall be wholly included in income for that tax period.

4. Financial support resources in the form of subsidies which have been received in accordance with Federal Law No. 209-FZ of July 24, 2007 “Concerning the Development of Small and Medium-Sized Business in the Russian Federation” (hereinafter referred to as “the Federal Law “Concerning the Development of Small and Medium-Sized Business in the Russian Federation””) shall be included in income in proportion to expenses actually incurred from that source, but not for more than two tax periods from the date of receipt. If, after the end of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in income for that tax period. This treatment of financial support resources shall not apply to cases where amortizable assets are acquired from the above-mentioned source.

Where amortizable assets are acquired from financial support resources such as are referred to in this clause, those financial support resources shall be

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included in income as and when expenses for the acquisition of amortizable assets are recognised in accordance with the procedure established by Chapter 25 of this Code.

### **Article 224 Tax Rates**

1. The rate shall be established at 13 per cent, unless otherwise stipulated by this Article.
2. The tax rate shall be established at 35 per cent for the following types of income:
  - the value of any winnings and prizes which are received in competitions, games and other events organized for the purpose of advertising goods, work and services insofar as it exceeds the amounts indicated in clause 28 of Article 217 of this Code;
  - interest income on bank deposits insofar as it exceeds the levels specified in Article 214.2 of this Code;
  - the amount of interest savings where taxpayers receive borrowed (credit) resources insofar as they exceed the amounts indicated in clause 2 of Article 212 of this Code;
  - in the form of charges for the use of monetary resources of members of a credit consumer co-operative (stakeholders) and interest for the use by an agricultural credit consumer co-operative of resources attracted in the form of loans from members of the agricultural credit consumer co-operative or associate members of the agricultural credit consumer co-operative, to the extent to which such charges and such interest exceed the limits specified in Article 214.2.1 of this Code.
3. The tax base shall be established at 30 per cent for all income received by physical persons who are not tax residents of the Russian Federation, with the exception of income received:
  - in the form of dividends from a participating interest in the activities of Russian organizations, for which the tax rate shall be established at 15 per cent;
  - from carrying out labour activities such as are referred to in Article 227.1 of this Code, for which the tax rate shall be established at 13 per cent;
  - from carrying out labour activities as a highly qualified specialist in accordance with Federal Law No. 115-FZ of July 25, 2002 “Concerning the Legal Status of Foreign Citizens in the Russian Federation”, for which the tax rate shall be established at 13 per cent.

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4. The tax rate shall be established at 9 per cent for income from a share participation in the activities of organizations which is received in the form of dividends by physical persons who are tax residents of the Russian Federation.
5. The tax rate shall be established at 9 per cent for income in the form of interest on mortgage-backed bonds issued before January 1, 2007 and for income of institutors of the fiduciary management of a mortgage pool which has been received by means of the acquisition of mortgage participation certificates issued by the fiduciary manager before January 1, 2007.

#### **Article 225 The Procedure for the Calculation of Tax**

1. The amount of tax due when the tax base is determined in accordance with clause 3 of Article 210 of this Code shall be calculated as a percentage of the tax base corresponding to the tax rate which is established by clause 1 of Article 224 of this Code.

The amount of tax due when the tax base is determined in accordance with clause 4 of Article 210 of this Code shall be calculated as a percentage of the tax base corresponding to the tax rate.

2. The total amount of tax shall be the amount obtained as a result of adding together the amounts of tax calculated in accordance with clause 1 of this Article.
3. The total amount of tax shall be calculated on the basis of the results for the tax period in relation to all income of the taxpayer for which the date of receipt thereof falls within the tax period in question.
4. The amount of tax shall be determined in whole roubles. Any amount of tax under 50 kopecks shall be discarded, and any amount of tax equal to 50 kopecks or more shall be rounded up to a whole rouble.

#### **Article 226 Special Considerations Relating to the Calculation of Tax by Tax Agents. The Procedure and Time Limits for the Payment of Tax by Tax Agents**

1. Russian organizations, private entrepreneurs, privately practising notaries and lawyers who have founded legal offices and economically autonomous subdivisions of foreign organizations in the Russian Federation from which or as a result of relations with which a taxpayer has received the types of income which are referred to in clause 2 of this Article shall be obliged to calculate, withhold from the taxpayer and pay the amount of tax calculated in accordance with Article 224 of this Code with account taken of the special considerations which are laid down in this Article. Tax on income of lawyers shall be calculated, withheld and paid by Bar associations, law bureaus and legal advice bureaus.

The persons referred to in paragraph 1 of this clause shall hereafter in this Chapter be referred to as “tax agents”.

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2. Amounts shall be calculated and tax shall be paid in accordance with this Article in relation to all income of a taxpayer of which the tax agent is the source, with the exception of income in relation to which tax is calculated and paid in accordance with Articles 214.1, 214.3, 214.4, 227, 227.1 and 228 of this Code with previously withheld amounts of tax being offset.

3. Amounts of tax shall be calculated by tax agents on a cumulative total from the beginning of the tax period on the basis of the results for each month in respect of all income for which the tax rate established by clause 1 of Article 224 of this Code is stipulated which has been credited to the taxpayer over the period in question, with an offset made for the amount of tax withheld in the preceding months of the current tax period.

The amount of tax due in respect of income for which other tax rates apply shall be calculated by the tax agent separately for each amount of that income which has been credited to the taxpayer.

The amount of tax shall be calculated without taking into account income received by the taxpayer from other tax agents and amounts of tax withheld by other tax agents.

4. Tax agents shall be obliged to withhold the assessed amount of tax directly from the taxpayer's income when that income is actually paid.

The tax agent shall withhold the assessed amount of tax out of any monetary resources which are payable by the tax agent to the taxpayer when those monetary resources are actually paid to the taxpayer or, on the taxpayer's instructions, to third parties. In this respect, the amount of tax withheld may not exceed 50 per cent of the amount paid.

The provisions of this clause shall not apply to tax agents which are credit organizations with respect to the withholding and payment of amounts of tax on income received by clients of those credit organizations (with the exception of clients who are employees of those credit organizations) in the form of material gain as defined in accordance with subsections 1 and 2 of clause 1 of Article 212 of this Code.

5. In the event that it is impossible for the calculated amount of tax to be withheld from the taxpayer, the tax agent shall be obliged to notify the taxpayer and the tax authority where the tax agent is registered of the impossibility of withholding tax and of the amount of tax not later than one month from the date on which the tax period in which those circumstances arose ended.

The form of the notice of the impossibility of withholding tax and the amount of tax and the procedure for the submission thereof to the tax authority shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.



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6. Tax agents shall be obliged to transfer amounts of tax which has been calculated and withheld no later than the day on which cash money is actually received from a bank for the payment of income or the day on which income is transferred from bank accounts of the tax agents to accounts of the taxpayer or, on the taxpayer's instructions, to bank accounts of third parties.

In other cases, tax agents shall transfer amounts of tax which has been calculated and withheld no later than the day following the day on which the taxpayer receives income - in the case of income which is paid in monetary form, or the day following the day on which the calculated amount of tax is actually withheld - in the case of income received by the taxpayer in kind or in the form of material gain.

7. The aggregate amount of tax calculated and withheld by a tax agent from a taxpayer for whom it is deemed to be the source of income shall be paid to the budget at the location where the tax agent is registered with a tax authority.

Tax agents which are Russian organizations as referred to in clause 1 of this Article and which have economically autonomous subdivisions shall be obliged to transfer calculated and withheld amounts of tax to the budget both at their location and at the location of each of their economically autonomous subdivisions.

The amount of tax payable to the budget at the location of an economically autonomous subdivision shall be determined on the basis of the amount of taxable income which is credited and paid to employees of those economically autonomous subdivisions.

8. Any aggregate amount of tax in excess of 100 roubles which is withheld by a tax agent from income of physical persons for whom that tax agent is deemed to be the source of income shall be transferred to the budget in accordance with the procedure which is established by this Article. If the aggregate amount of withheld income tax which is payable to the budget is less than 100 roubles, it shall be added to the amount of tax which is transferable to the budget in the following month, but no later than December of the current year.

9. Tax may not be paid out of the resources of tax agents. When concluding agreements and other transactions it shall be forbidden to include therein tax provisions in accordance with which tax agents which pay income assume obligations to bear expenses associated with the payment of tax on behalf of physical persons.

### **Article 227 Special Considerations Relating to the Calculation of Amounts of Tax by Certain Categories of Physical Persons. The Procedure and Time Limits for the Payment of Tax and the Procedure and Time Limits for the Payment of Advance Payments by Those Persons**

1. The following taxpayers shall calculate and pay tax in accordance with this Article:

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- 1) physical persons who have been registered in accordance with the procedure which is established by current legislation and carry out entrepreneurial activities without forming a legal entity - in respect of amounts of income received from carrying out such activities;
- 2) privately practising notaries, lawyers who have founded legal offices and other persons who engage in private practice in accordance with the procedure which is established by current legislation - in respect of amounts of income received from such activities.
2. The taxpayers referred to in clause 1 of this Article shall independently calculate amounts of tax which are payable to the appropriate budget in accordance with the procedure which is established by Article 225 of this Code.
3. The total amount of tax which is payable to the appropriate budget shall be calculated by the taxpayer with account taken of amounts of tax withheld by tax agents when paying income to the taxpayer and of amounts of advance tax payments which have actually been paid to the appropriate budget.
4. Prior year losses incurred by the physical person shall not reduce the tax base.
5. The taxpayers referred to in clause 1 of this Article shall be obliged to submit an appropriate tax declaration to the tax authority where they are registered within the time limits which are established by Article 229 of this Code.
6. The total amount of tax which is payable to the appropriate budget as calculated in accordance with the tax declaration with account taken of the provisions of this Article shall be paid at the taxpayer's place of registration no later than the 15th of July of the year following the tax period which has ended.
7. In the event that income received from carrying out entrepreneurial activities or from engaging in private practice arises for the taxpayers which are referred to in clause 1 of this Article during the year, taxpayers shall be obliged to submit a tax declaration indicating the amount of estimated income from those activities in the current tax period to the tax authority within five days after the lapse of a month from the day on which such income arose. In this respect, the amount of estimated income shall be determined by the taxpayer.
8. The amount of advance payments shall be calculated by the tax authority. Amounts of advance payments for the current tax period shall be computed by the tax authority on the basis of the amount of estimated income which is indicated in the tax declaration or the amount of income actually received from the types of activity which are referred to in clause 1 of this Article for the preceding tax period, with account taken of the tax deductions which are envisaged by Articles 218 and 221 of this Code.
9. Advance payments shall be paid by the taxpayer on the basis of tax notices:

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- 1) for January to June – no later than July 15 of the current year in the amount of one half of the annual amount of advance payments;
  - 2) for July to September – no later than October 15 of the current year in the amount of one quarter of the annual amount of advance payments;
  - 3) for October to December – no later than January 15 of the following year in the amount of one quarter of the annual amount of advance payments.
10. In the event that his income increases or decreases significantly (by more than 50 per cent) in the tax period, the taxpayer shall be obliged to submit a new tax declaration indicating the amount of estimated income from carrying out the activities referred to in clause 1 of this Article for the current year. In this case the tax authority shall recalculate amounts of advance payments for the current year in respect of payment deadlines which have not been reached.

The tax authority shall recalculate amounts of advance payments no later than five days after the new tax declaration is received.

#### **Article 227.1 Special Considerations Relating to the Calculation of the Amount of Tax and the Submission of a Tax Declaration by Foreign Citizens Who Carry Out Labour Activities in the Employment of Physical Persons on the Basis of an Employment Agreement or a Civil Contract for the Performance of Work (Rendering of Services) for Personal, Domestic and Other Similar Needs Not Connected with Entrepreneurial Activities. Procedure for the Payment of Tax**

1. Foreign citizens who carry out labour activities in the employment of physical persons on the basis of a licence issued in accordance with Federal Law No. 115-FZ of July 25, 2002 “Concerning the Legal Status of Foreign Citizens in the Russian Federation” (hereafter in this Article referred to as “licence”) shall calculate and pay tax on income received from carrying out those activities in accordance with the procedure established by this Article.
2. Tax shall be paid in the form of fixed advance payments equal to 1,000 roubles a month.
3. The level of fixed advance payments which is specified in clause 2 of this Article shall be indexed by a deflator coefficient which is established annually for each ensuing calendar year and takes account of changes in consumer prices for goods (work and services) in the Russian Federation for the preceding calendar year, and by deflator coefficients which have previously been applied in accordance with this clause. The deflator coefficient shall be subject to official publication in accordance with the procedure established by the Government of the Russian Federation.
4. A fixed advance payment shall be paid by a taxpayer at the taxpayer’s place of residence (place of stay) before the commencement date of the time period for which a licence is issued or the commencement date of the time period for which the period of validity of a licence is extended.

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In this respect, the taxpayer shall enter “Tax on income of physical persons in the form of a fixed advance payment” as the type of payment in a settlement document.

5. The total amount of tax payable to a particular budget shall be calculated by a taxpayer with account taken of fixed advance payments paid during the tax period. Should the amount of fixed advance payments paid during a tax period exceed the amount of tax calculated for a tax period on the basis of income actually received by the taxpayer, the amount of the excess shall not be an amount of overpaid tax and shall not be refunded to or credited for the taxpayer.
6. A taxpayer shall be exempt from submitting a tax declaration for tax to the tax authorities, except in cases where:
  - 1) the total amount of tax payable to a particular budget as calculated by the taxpayer on the basis of income actually received from activities referred to in clause 1 of this Article exceeds the amount of fixed advance payments paid for the tax period;
  - 2) the taxpayer departs from the Russian Federation before the end of the tax period and the total amount of tax payable to a particular budget as calculated by the taxpayer on the basis of income actually received from activities referred to in clause 1 of this Article exceeds the amount of fixed advance payments which have been paid;
  - 3) his licence has been annulled in accordance with Federal Law No. 115-FZ of July 25, 2002 “Concerning the Legal Status of Foreign Citizens in the Russian Federation”.

### **Article 228 Special Considerations Relating to the Calculation of Tax on Certain Types of Income. The Procedure for the Payment of Tax**

1. The following categories of taxpayers shall calculate and pay tax in accordance with this Article:
  - 1) physical persons – on the basis of amounts of remunerations received from physical persons and organizations who or which are not tax agents on the basis of employment agreements and civil-law agreements, including income under tenancy agreements or agreements on the rent of any property;
  - 2) physical persons – on the basis of amounts received from the sale of property which is owned by those persons, and of property rights, except in cases provided for in clause 17.1 of Article 217 of this Code where such income is not taxable;
  - 3) physical persons who are tax residents of the Russian Federation, with the exception of the Russian servicemen referred to in clause 3 of Article 207 of

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this Code, and receive income from sources located outside the Russian Federation – on the basis of amounts of such income;

- 4) physical persons who receive other income on which tax was not withheld by tax agents when it was received;
- 5) physical persons who receive winnings paid by organizers of lotteries, totalizators and other risk-based games (including with the use of gaming machines) – on the basis of the amounts of such winnings;
- 6) physical persons who receive income in the form of a remuneration which is payable to them as the heirs (legal successors) of authors of scientific, literary and artistic works and authors of inventions, utility models and industrial designs;
- 7) physical persons who receive income in monetary form and in kind by way of a gift from physical persons who are not private entrepreneurs, except in cases envisaged by clause 18.1 of Article 217 of this Code where such income is not taxable.

2. The taxpayers referred to in clause 1 of this Article shall independently calculate amounts of tax which are payable to the appropriate budget in accordance with the procedure which is established by Article 225 of this Code.

The total amount of tax which is payable to the appropriate budget shall be calculated by the taxpayer with account taken of amounts of tax withheld by tax agents when paying income to the taxpayer. In this respect, prior year losses incurred by the physical person shall not reduce the tax base.

3. The taxpayers referred to in clause 1 of this Article shall be obliged to submit an appropriate tax declaration to the tax authority where they are registered.
4. The total amount of tax which is payable to the appropriate budget as calculated on the basis of the tax declaration with account taken of the provisions of this Article shall be paid at the taxpayer's place of residence no later than the 15th of July of the year following the tax period which has ended.

### **Article 229 Tax Declaration**

1. A tax declaration shall be submitted by the taxpayers referred to in Articles 227, 227.1 and 228 of this Code.

A tax declaration shall be submitted no later than April 30 of the year following the tax period which has ended, unless otherwise provided by Article 227.1 of this Code.

2. Persons who are obliged to submit a tax declaration shall have the right to submit that declaration to the tax authority for their place of residence.

3. In the event that the activities which are referred to in Article 227 of this Code cease before the end of a tax period, taxpayers shall be obliged to submit a tax declaration concerning income actually received in the current tax period within five days from the day on which such activities or such payments cease.

In the event that a foreign physical person ceases during a calendar year to engage in activities income from which is taxable in accordance with Articles 227 and 228 of this Code and departs from the territory of the Russian Federation, he must submit a tax declaration on income actually received during the period of his stay in the territory of the Russian Federation in the current tax period no later than one month before he departs from the territory of the Russian Federation.

Tax which is additionally charged on the basis of tax declarations which are submitted according to the procedure which is laid down by this clause shall be paid no later than 15 calendar days after such declaration is submitted.

4. Physical persons shall indicate in tax declarations all income received by them in the tax period, except as otherwise provided by this clause, the sources from which it was paid, tax deductions, amounts of tax withheld by tax agents and amounts of advance payments actually paid during the tax period and amounts of tax which are payable (payable in addition) or refundable on the basis of the results of the tax period.

Taxpayers shall have the right not to include in a tax declaration items of income which are not taxable (are exempt from taxation) in accordance with Article 217 of this Code and income from which tax had been withheld in full by tax agents at the time when it was received, unless this impedes the receipt by the taxpayer of tax deductions such as are provided for in Articles 218 to 221 of this Code.

#### **Article 230 Ensuring Compliance With the Provisions of This Chapter**

1. Tax agents shall maintain records of income received from them by physical persons in a tax period, of tax deductions granted to physical persons and of taxes calculated and withheld in tax ledgers.

The standard forms of tax ledgers and the procedure for the reflection therein of analytical tax accounting data and data from primary accounting documents shall be developed by a tax agent independently and must contain particulars which make it possible to identify the taxpayer, the type of income paid to the taxpayer and tax deductions granted in accordance with codes approved by the federal executive body in charge of control and supervision in the area of taxes and levies, amounts of income and the dates on which they were paid, the dates on which tax was withheld and remitted to the budget system of the Russian Federation and the details of the relevant payment document.

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2. Tax agents shall present to the tax authority where they are registered information on income of physical persons for a tax period which has ended and amounts of taxes charged, withheld and remitted to the budget system of the Russian Federation for that tax period on an annual basis, not later than April 1 of the year following the tax period which has ended, using the standard form and formats and according to the procedure which have been approved by the federal executive body in charge of control and supervision in the area of taxes and levies.
3. Tax agents shall issue to physical persons upon their request statements of income received by physical persons and amounts of tax withheld in the form approved by the federal executive body in charge of taxes and levies.

### **Article 231 The Procedure for the Recovery and Refund of Tax**

1. An amount of tax which has been withheld in excess by a tax agent from a taxpayer's income must be refunded by the tax agent on the basis of a written application from the taxpayer.

A tax agent shall be obliged to inform a taxpayer of each instance which has become known to him of the excess withholding of tax and of the amount of tax withheld in excess within 10 days of discovering that fact.

The refund to a taxpayer of an amount of tax which was withheld in excess shall be effected by the tax agent out of amounts of that tax which are due to be remitted to the budget system of the Russian Federation towards future payments both in respect of the taxpayer in question and in respect of other taxpayers on whose income the tax agent withholds such tax, and shall take place within three months from the day on which the tax agent receives the relevant application from the taxpayer.

The refund to a taxpayer of amounts of tax which have been withheld in excess shall be effected by the tax agent without cash transfer by means of the remittance of monetary resources to a bank account of the taxpayer which is specified in its application.

Where the refund of an amount of tax withheld in excess is effected by a tax agent not in compliance with the time limit established by paragraph 3 of this clause, the tax agent shall assess interest on the amount of excess withheld tax not refunded to the taxpayer within the established time limit for each calendar day by which the refund time limit is exceeded. The interest rate shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation which was in effect on the days on which the refund time limit was exceeded.

Where the amount of tax due to be remitted by a tax agent to the budget system of the Russian Federation is not sufficient to enable an amount of tax withheld in excess and remitted to the budget system of the Russian Federation to be refunded to the taxpayer within the time limit established by this clause, the tax agent shall send to the tax authority where it is registered,

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within 10 days from the day on which the relevant application was submitted to it by the taxpayer, an application for the excess amount of tax withheld by the tax agent to be refunded to the tax agent.

The refund to a tax agent of an excess amount of tax remitted to the budget system of the Russian Federation shall be effected by a tax authority in accordance with the procedure established by Article 78 of this Code.

A tax agent shall present to a tax authority, together with an application for the refund of an excess amount of tax withheld and remitted to the budget system of the Russian Federation, an extract from the tax ledger for the relevant tax period and documents confirming the excess withholding and remittance of an amount of tax to the budget system of the Russian Federation.

Before a tax agent receives a refund from the budget system of the Russian Federation of an amount of tax which it withheld from a taxpayer in excess and remitted to the budget system of the Russian Federation, the taxpayer may refund the amount of tax in question out of its own resources.

Where a tax agent no longer exists, a taxpayer shall have the right to submit an application to a tax authority for a refund of an amount of tax which the tax agent previously withheld from the taxpayer in excess and remitted to the budget system of the Russian Federation at the same time as submitting a tax declaration after the end of a tax period.

- 1.1 The refund of an amount of tax to a taxpayer in connection with an adjustment made for a tax period in accordance with the status of tax resident of the Russian Federation which has been acquired by that taxpayer shall be effected by the tax authority with which the taxpayer has been registered at his place of residence (place of stay) in accordance with the procedure established by Article 78 of this Code upon the submission by the taxpayer after the end of that tax period of a tax declaration and documents confirming the status of tax resident of the Russian Federation in that tax period.
2. Amounts of tax not withheld from physical persons or not fully withheld by tax agents shall be recovered by them from those physical persons until those persons have fully settled their tax indebtedness in accordance with the procedure which is envisaged by Article 45 of this Code.

### **Article 232 Elimination of Double Taxation**

1. Amounts of tax actually paid by a taxpayer who is a tax resident of the Russian Federation outside the Russian Federation and in accordance with the legislation of other states on income received outside the Russian Federation shall not be allowed as a credit when they pay tax in the Russian Federation unless otherwise provided for by an appropriate double taxation agreement (treaty).
2. In order to obtain an exemption from the payment of tax, an offset, tax deductions or other tax privileges, the taxpayer must submit to the tax



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authorities official confirmation that he is a resident of a state with which the Russian Federation has concluded a double taxation agreement (treaty) which was in force during the relevant tax period (or a part thereof) and a document concerning income received and confirming that he has paid tax outside the Russian Federation, confirmed by the tax authority of the relevant foreign state. The confirmation may be presented either before tax or advance tax payments are paid or within one year after the end of the tax period in respect of which the taxpayer wishes to claim an exemption from the payment of tax, an offset, tax deductions or other tax privileges.

**CHAPTER 25. TAX ON THE PROFIT OF ORGANIZATIONS**

**Article 246 Taxpayers**

1. The taxpayers of tax on the profit of organizations (hereafter in this Chapter referred to as “taxpayers”) shall be:
  - Russian organizations;
  - foreign organizations which carry out their activities in the Russian Federation through permanent establishments and (or) receive income from sources in the Russian Federation.
  
2. Organizations which are foreign organizers of the Sochi 2014 XXII Olympic Games and XI Paralympic Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” or foreign marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law shall not be deemed to be taxpayers in relation to income received in connection with the organization and holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games.

Organizations which are official broadcasting companies in accordance with Article 3.1 of the above-mentioned Federal Law shall not be deemed to be taxpayers in relation to income from the following operations undertaken in accordance with an agreement concluded with the International Olympic Committee or an organization authorized by that Committee:

  - 1) the production of mass media products during the period of the organization of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 1 of Article 2 of the above-mentioned Federal Law;
  - 2) the production and dissemination of mass media products (including official television and radio broadcasting, including digital and other communications channels) during the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 2 of Article 2 of the above-mentioned Federal Law.
  
3. Organizations such as are referred to in clause 1 of Article 246.1 of this Code.

**Article 246.1 Exemption of an Organization Which Has Acquired the Status of Participant in a Project Involving the Conduct of Research and Development Activities and Commercialization of the Results of Those Activities from the Performance of Taxpayer Obligations**

1. Organizations which have acquired the status of participant in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” (hereafter in this Article referred to as “project participant”) shall have the right to an exemption from the performance of taxpayer obligations (hereafter in this Article referred to as “right to an exemption”) according to the procedure and subject to the conditions which are laid down in this Chapter for ten years from the day on which they acquired the status of project participants.
2. A project participant shall lose the right to an exemption from taxpayer obligations in following cases:
  - where project participant status has been lost – from the 1<sup>st</sup> day of the tax period in which that status was lost;
  - where the project participant’s annual receipts from the sale of goods (work, services, property rights) as calculated in accordance with Chapter 21 of this Code have exceeded one billion roubles – from the 1<sup>st</sup> day of the tax period in which that excess occurred.
3. The amount of tax for the tax period in which the loss of project participant status occurred or the excess referred to in clause 2 of this Article occurred must be restored and paid to the budget in accordance with the established procedure and appropriate amounts of penalties must be recovered from the project participant.
4. A project participant may exercise the right to an exemption from the 1<sup>st</sup> of the month following the month in which project participant status was acquired.

A project participant which has begun to exercise the right to an exemption must send a written notification and the documents referred to in paragraph 2 of clause 7 of this Article to the tax authority where it is registered not later than the 20<sup>th</sup> of the month following the month in which the project participant begun to exercise the right to an exemption.

The standard form of a notification of the exercise of the right to an exemption (of the extension of the period of validity of the right to an exemption) shall be approved by the Ministry of Finance of the Russian Federation.
5. A project participant which has sent a notification of the exercise of the right to an exemption (of the extension of the exemption period) to a tax authority shall have the right to renounce the exemption by sending an appropriate notification to the tax authority where it is registered as a project participant not later than the 1<sup>st</sup> day of the tax period commencing from which the project participant intends to renounce the exemption.

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A project participant which has renounced the exemption shall not be granted that exemption a second time.

6. After the end of a tax period and not later than the 20<sup>th</sup> of the following month, a project participant which has exercised the right to an exemption shall send to the tax authority:

- the documents referred to in clause 7 of this Article;
- a notification of continuation of the exercise of the right to an exemption for the ensuing tax period or of the renunciation of the exemption.

In the event that a project participant has not sent the documents referred to in clause 7 of this Article (or has presented documents containing false information), or in the event of one or more of the circumstances referred to in clause 2 of this Article, the amount of tax must be restored and paid to the budget in accordance with the established procedure and appropriate amounts of penalties must be recovered from the project participant.

7. Documents which confirm the right to an exemption (an extension of the exemption period) in accordance with clauses 4 and 6 of this Article shall be:

- documents confirming the possession of project participant status which are specified in the Federal Law “Concerning the “Skolkovo” Innovation Centre”;
- an extract from the project participant’s ledger of income and expenses confirming annual receipts from the sale of goods (work, services, property rights).

8. In the cases provided for in clauses 4 and 6 of this Article, a project participant shall have the right to send the notification and documents to the tax authority by registered mail. In that case the date of their submission to the tax authority shall be deemed to be the sixth day from the day on which the registered letter was sent.

9. Amounts of losses which a taxpayer made prior to exercising the right to an exemption in accordance with this Article may not be carried forward after the organization has been recognised as a taxpayer.

### **Article 247 Object of Taxation**

The object of taxation for tax on the profit of organizations (hereafter in this Chapter referred to as “tax”) shall be profit earned by a taxpayer.

For the purposes of this Chapter, profit shall be understood to mean:

- 1) in the case of Russian organizations - income received, reduced by the amount of expenses incurred, which shall be determined in accordance with this Chapter;

- 2) in the case of foreign organizations which carry out activities in the Russian Federation through permanent establishments - income received through those permanent establishments, reduced by the amount of expenses incurred by those permanent establishments, which shall be determined in accordance with this Chapter;
- 3) in the case of other foreign organizations - income received from sources in the Russian Federation. Income of such taxpayers shall be determined in accordance with Article 309 of this Code.

**Article 248 The Procedure for Determining Income. Classification of Income**

1. For the purposes of this Chapter, income shall include:
  - 1) income from the sale of goods (work and services) and property rights (hereinafter referred to as “sales income”).

For the purposes of this Chapter goods shall be defined in accordance with clause 3 of Article 38 of this Code;

- 2) non-sale income.

In determining income there shall be deducted therefrom amounts of taxes which are charged in accordance with this Code by a taxpayer to a purchaser (acquirer) of goods (work, services, property rights).

Income shall be determined on the basis of primary documents, other documents confirming income received by the taxpayer and tax accounting documents.

Sales income shall be determined in accordance with the procedure which is established by Article 249 of this Code with account taken of the provisions of this Chapter.

Non-sale income shall be determined in accordance with the procedure which is established by Article 250 of this Code with account taken of the provisions of this Chapter.

2. For the purposes of this Chapter, assets (work, services) or property rights shall be deemed to have been received without consideration if the receipt of those assets (work, services) or property rights does not give rise for the recipient to an obligation to transfer assets (property rights) to the transferring party (to perform work for the transferring party, to render services to the transferring party).
3. Income received by a taxpayer whose value is expressed in foreign currency shall be taken into account together with income whose value is expressed in roubles.

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Income received by a taxpayer whose value is expressed in nominal units shall be taken into account together with income whose value is expressed in roubles.

The translation of the above-mentioned income shall be carried out by the taxpayer depending on the method of recognising income which has been chosen in the accounting policies for taxation purposes in accordance with Articles 271 and 273 of this Code.

For the purposes of this Chapter, amounts which have been included in the composition of a taxpayer's income shall not be included in the composition of its income a second time.

### **Article 249 Sales Income**

1. For the purposes of this Chapter, sales income shall be understood to mean receipts from the sale of goods (work and services), whether of own production or previously acquired, and receipts from the sale of property rights.
2. Sales receipts shall be determined on the basis of all amounts received which are connected with settlements in respect of sold goods (work and services) or property rights and are expressed in monetary form and (or) in kind. Depending on the method of recognising income and expenses that has been chosen by the taxpayer, receipts associated with settlements in respect of goods (work and services) or property rights which have been sold shall be recognised for taxation purposes in accordance with Article 271 or Article 273 of this Code.
3. Special considerations relating to the determination of sales income for certain categories of taxpayers or sales income which is received in connection with particular circumstances are established by the provisions of this Chapter.

### **Article 250 Non-Sale Income**

For the purposes of this Chapter, non-sale income shall be types of income not referred to in Article 249 of this Code.

Non-sale income of a taxpayer shall include, in particular, income:

- 1) from a share participation in other organizations, with the exception of income which is used to pay for additional shares (share interests) which are distributed among shareholders (participants) of an organization;
- 2) in the form of a positive (negative) exchange rate difference arising as a result of the deviation of the exchange rate at which foreign currency is sold (purchased) from the official exchange rate established by the Central Bank of the Russian Federation as at the date of the transfer of ownership of the foreign currency (special considerations relating to the determination of the

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income of banks from such operations are established by Article 290 of this Code);

- 3) in the form of fines, penalties and (or) other sanctions for the violation of contractual obligations which have been acknowledged by the debtor or are payable by the debtor on the basis of a court decision which has entered into legal force, and amounts of compensation for losses or damage;
- 4) from the leasing (subleasing) of assets (including plots of land), unless such income is determined by the taxpayer in accordance with the procedure established by Article 249 of this Code;
- 5) from the granting for use of rights to results of intellectual activity and equated means of individualization (in particular, from the granting for use of rights arising from patents for inventions, industrial samples and other types of intellectual property), unless such income is determined by the taxpayer in accordance with the procedure established by Article 249 of this Code;
- 6) in the form of interest received under loan, credit, bank account and bank deposit agreements and on securities and other debt obligations (special considerations relating to the determination of income of banks in the form of interest are established by Article 290 of this Code);
- 7) in the form of amounts of restored reserves expenses for the formation of which were included in expenses in accordance with the procedure and subject to the conditions which are established by Articles 266, 267, 292, 294, 294.1, 300, 324 and 324.1 of this Code;
- 8) in the form of assets (work and services) or property rights which are received without consideration, except in the instances referred to in Article 251 of this Code.

Income arising from the receipt of assets (work and services) without consideration shall be measured on the basis of the market prices as determined with account taken of the provisions of Article 40 of this Code, but not lower than the net book value which is determined in accordance with this Chapter in the case of amortizable assets and not lower than production (acquisition) costs in the case of other assets (work performed, services rendered). Information concerning prices must be confirmed by the taxpayer which receives the assets (work and services) either by documents or by means of carrying out an independent valuation;

- 9) in the form of income which is distributed in favour of a taxpayer when it participates in a simple partnership, which is taken into account in accordance with the procedure which is envisaged by Article 278 of this Code;
- 10) in the form of income of prior years which is discovered in the accounting (tax) period;
- 11) in the form of a positive exchange rate difference arising from the revaluation of assets in the form of currency assets (with the exception of securities

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denominated in foreign currency) and claims (obligations) whose value is expressed in foreign currency (with the exception of advances issued (received)), including in respect of currency accounts held with banks, which is carried out in connection with a change in the official exchange rate of foreign currency to the Russian Federation rouble which is established by the Central Bank of the Russian Federation.

For the purposes of this Chapter, a positive exchange rate difference shall be understood to be an exchange rate difference which arises as a result of an increase in the value of assets in the form of currency assets (with the exception of securities denominated in foreign currency) and claims expressed in foreign currency or as a result of a decrease in the value of obligations expressed in foreign currency;

- 11.1) in the form of a value difference which arises for a taxpayer where the amount of obligations and claims that have arisen as calculated on the basis of the exchange rate of nominal monetary units which has been established by agreement between the parties as at the date of the sale (entry in accounting records) of goods (work and services) and property rights does not correspond to the amount actually received (paid) in roubles;
- 12) in the form of fixed assets and intangible assets which have been received without consideration in accordance with international agreements entered into by the Russian Federation or the legislation of the Russian Federation by atomic power stations for the purpose of increasing their safety and which are used other than for production purposes;
- 13) in the form of the value of materials or other assets which are obtained upon the liquidation of fixed assets which are removed from service when they are dismantled and disassembled (except in the instances envisaged by subsection 18 of clause 1 of Article 251 of this Code);
- 14) in the form of assets (including monetary resources), work and services used other than for their designated purpose which were received through charitable activities (including in the form of charitable assistance and donations), special-purpose receipts and special-purpose financing, with the exception of budgetary resources. In the case of budgetary resources which are used other than for their designated purpose, the norms of the budgetary legislation of the Russian Federation shall apply.

Taxpayers which have received assets (including monetary resources), work and services through charitable activities, special-purpose receipts or special-purpose financing shall, after the end of a tax period, submit to the appropriate tax authorities where they are registered a report on the purpose-oriented use of the resources received in a form to be approved by the Ministry of Finance of the Russian Federation;

- 15) in the form of resources intended for the formation of reserves for the maintenance of the safety of especially radiation-hazardous and nuclear-hazardous plants and facilities at all stages of their life cycle and development in accordance with the legislation of the Russian Federation concerning the



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use of atomic energy where such resources have been used other than for their designated purpose by enterprises and organizations of which such plants and facilities form part;

- 16) in the form of amounts by which an organization's charter (pooled) capital was reduced in the accounting (tax) period if such reduction was accompanied by a simultaneous refusal to refund the value of the appropriate portion of contributions (holdings) to the organization's shareholders (participants) (except in the instances envisaged by subsection 17 of clause 1 of Article 251 of this Code);
- 17) in the form of amounts of refunds from a non-commercial organization of previously paid fees (contributions) in the event that those fees (contributions) were previously included in the composition of expenses when determining the tax base;
- 18) in the form of amounts of accounts payable (obligations to creditors) which have been written off in connection with the expiry of the period of limitation or on other grounds, except in the instances which are envisaged by subsection 21 of clause 1 of Article 251 of this Code. The provisions of this clause shall not apply to the write-off by a mortgage agent of accounts payable in the form of obligations to holders of mortgage-backed bonds;
- 19) in the form of income received from operations involving term transaction financial instruments with account taken of the provisions of Articles 301 to 305 of this Code;
- 20) in the form of the value of surpluses of inventories and other assets which have been discovered as a result of making an inventory;
- 21) in the form of the value of mass media products and book products which are replaceable when returned or when such products are written off on the grounds envisaged by subsections 43 and 44 of clause 1 of Article 264 of this Code. The value of the products referred to in this clause shall be determined in accordance with the procedure for the valuation of finished products which is established by Article 319 of this Code.

### **Article 251 Income Which is Not Taken into Account in Determining the Tax Base**

1. The following types of income shall not be taken into account when determining the tax base:
  - 1) in the form of assets, property rights, work or services which have been received from other persons by way of advance payment for goods (work and services) by taxpayers which recognise income and expenses according to the accrual-basis method;
  - 2) in the form of assets and property rights which have been received in the form of a pledge or deposit as security for obligations;

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- 3) in the form of assets, property rights or non-property rights having a monetary value which have been received in the form of contributions (share contributions) to the charter (pooled) capital (fund) of an organization (including income in the form of the amount by which the price at which shares (shareholdings) are distributed exceeds the nominal value (initial amount) thereof);
- 3.1) in the form of amounts of value added tax which are tax-deductible for the receiving party in accordance with Chapter 21 of this Code when assets, intangible assets and property rights are transferred as a contribution to the charter (pooled) capital of business companies and partnerships or as share contributions to mutual funds of co-operatives;
- 3.2) in the form of an asset contribution of the Russian Federation to the assets of a State corporation, State company or fund which has been established by the Russian Federation on the basis of a federal law and for which the formation of a charter capital is not envisaged;
- 3.3) in the form of subsidies received from the federal budget by a State corporation which has been established by the Russian Federation on the basis of a federal law and for which the formation of a charter capital is not envisaged, to the extent of the amount of resources transferred by that State corporation into the ownership of the Russian Federation in 2009;
- 3.4) in the form of the monetary value of assets, property rights or non-property rights which have been transferred to a business company or partnership for the purpose of increasing net assets, including by means of the formation of capital surplus and (or) funds, by respective shareholders or participants. This rule shall also apply to cases where an increase in the net assets of a business company or partnership is accompanied by a simultaneous reduction or termination of an obligation of the business company or partnership to respective shareholders or participants where such increase in net assets occurs in accordance with provisions laid down in legislation of the Russian Federation or provisions of the foundation documents of the business company or partnership or was intentionally brought about by a shareholder or participant of the business company or partnership, and to cases where dividends or a portion of undistributed profit of a business company or partnership remaining unclaimed by shareholders or participants of the business company or partnership are restored as part of the undistributed profit of the business company or partnership;
- 4) in the form of assets and property rights which have been received within the limits of the investment (contribution) by a participant in a company or partnership (a legal successor or heir of such participant) when it withdraws (departs) from the company or partnership or when the assets of a company or partnership which is undergoing liquidation are divided among the participants therein;
- 5) in the form of assets, property rights and (or) non-property rights having a monetary value which have been received within the limits of the investment by a party to a simple partnership agreement (joint activity agreement) or a

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legal successor thereof in the event that its shareholding is apportioned from the assets which are jointly owned by the parties to the agreement or in the event that those assets are divided up;

- 6) in the form of resources and other assets which have been received in the form of aid (assistance) provided without consideration in accordance with the procedure which is established by the Federal Law “Concerning Aid (Assistance) Provided to the Russian Federation Without Consideration and the Introduction of Amendments and Additions to Certain Legislative Acts of the Russian Federation Concerning Taxes and Concerning the Establishment of Exemptions in Respect of Payments to State Non-Budgetary Funds in Connection With the Provision of Aid (Assistance) to the Russian Federation Without Consideration”;
- 7) in the form of fixed assets and intangible assets which have been received without consideration in accordance with international agreements entered into by the Russian Federation and in accordance with the legislation of the Russian Federation by atomic power stations for the purpose of increasing their safety and which are used for production purposes;
- 8) in the form of assets which have been received by State and municipal institutions by decision of executive bodies at all levels;
- 9) in the form of assets (including monetary resources) received by a commission agent, agent and (or) other proxy under a commission, agency or other similar agreement and by way of reimbursement for expenditures incurred by the commission agent, agent and (or) other proxy on behalf of the client or principal, unless such expenditures are included in the composition of the expenses of the commission agent, agent and (or) other proxy in accordance with the conditions of the agreements concluded. Such income shall not include the commission fee, agent’s fee or other similar fee;
- 10) in the form of resources or assets which have been received under credit or loan agreements (other similar resources or other assets, irrespective of the form in which borrowings are arranged, including securities for debt obligations), and resources or other assets which have been received in settlement of such borrowings;
- 11) in the form of assets received by a Russian organization without consideration:
  - from an organization, where more than 50 per cent of the charter (pooled) capital (fund) of the receiving party consists of a contribution (shareholding) of the transferring organization;
  - from an organization, where more than 50 per cent of the charter (pooled) capital (fund) of the transferring party consists of a contribution (shareholding) of the receiving organization;

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- from a physical person, where more than 50 per cent of the charter (pooled) capital (fund) of the receiving party consists of a contribution (shareholding) of that physical person.

In this respect, the assets received shall not be deemed to be income for taxation purposes only if those assets (with the exception of monetary resources) are not transferred to third parties within one year from the day on which they are received;

- 12) in the form of amounts of interest received in accordance with the requirements of Articles 78, 79, 176, 176.1 and 203 of this Code from the budget (a non-budgetary fund);
- 13) in the form of amounts of guarantee contributions to special funds created in accordance with the legislation of the Russian Federation and intended to reduce risks associated with the non-fulfilment of transaction obligations, which are received when carrying out clearing activities or activities involving the organization of trade on the securities market;
- 14) in the form of assets received by a taxpayer as special-purpose financing. In this respect, taxpayers which have received special-purpose financing resources shall be obliged to maintain separate records of income (expenses) received (incurred) within the framework of special-purpose financing. Where such records are not maintained by a taxpayer which has received special-purpose financing resources, those resources shall be regarded as taxable from the date on which they were received.

Special-purpose financing resources shall include assets received by a taxpayer and used by it according to their designated purpose as specified by the organization (or physical person) which is the source of the special-purpose financing or by federal laws:

- in the form of budget obligation (budget appropriation) limits assigned to State-owned institutions in accordance with the established procedure, and in the form of subsidies granted to budgetary institutions and autonomous institutions;

- in the form of budget resources which are allocated to housing owner partnerships, housing and housing construction co-operatives or other specialized consumer co-operatives which carry out the management of apartment blocks and to management organizations chosen by the owners of premises within apartment blocks for the participatory financing of capital repairs to apartment blocks in accordance with the Federal Law “Concerning the Housing and Utility Reform Foundation”;

- in the form of grants received. For the purposes of this Chapter, monetary resources or other assets shall be deemed to be grants if the transfer (receipt) thereof meets the following criteria:

the grants are provided on a non-chargeable and non-repayable basis by Russian physical persons, non-commercial organizations and foreign and

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international organizations and associations, according to a list of such organizations to be approved by the Government of the Russian Federation, for the implementation of specific programmes in the sphere of education, art, culture, the protection of public health (in the areas of AIDS, drug addiction, pediatric oncology, including oncohematology, pediatric endocrinology, hepatitis and tuberculosis), the protection of the environment, the protection of human and civil rights and freedoms envisaged by the legislation of the Russian Federation and the provision of social services to low-income and socially vulnerable categories of citizens, and for the conduct of specific scientific research;

the grants are provided subject to conditions determined by the grant donor with the obligatory provision to the grant donor of a report on the proper use of the grant;

- in the form of investments received when investment tenders (auctions) are held in accordance with the procedure established by the legislation of the Russian Federation;

- in the form of investments received from foreign investors for the financing of capital investments of a production nature provided that they are used within one calendar year after they are received;

- in the form of resources of interest holders and (or) investors which have been accumulated in accounts of a developer organization;

- in the form of resources received by a mutual insurance company from organizations which are members of the mutual insurance company;

- in the form of resources received from the Russian Fundamental Research Fund, the Russian Technological Development Fund, the Russian Humanitarian Scientific Fund, the Fund for the Promotion of the Development of Small Forms of Enterprises in the Scientific and Technical Sphere and the Federal Fund for Production Innovations, and from other funds for the support of scientific and (or) scientific and technical activities which have been registered in accordance with Federal Law No. 127-FZ of August 23, 1996 "Concerning Science and State Scientific and Technical Policy" (hereinafter referred to as "the Federal Law "Concerning Science and State Scientific and Technical Policy"") according to a list to be approved by the Government of the Russian Federation;

- in the form of resources received for the formation of the Russian Technological Development Fund and other sectoral and intersectoral funds for the financing of research and development work which have been registered in accordance with the procedure envisaged by the Federal Law "Concerning Science and State Scientific and Technical Policy";

- in the form of resources received by enterprises and organizations which have especially radiation-hazardous and nuclear-hazardous production units and facilities from reserves which are intended to maintain the safety of those production units and facilities at all stages of the life cycle and development

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thereof in accordance with the legislation of the Russian Federation concerning the use of atomic energy. Those resources shall be included in the composition of non-sale income in the event that the recipient has actually used such resources other than for their designated purpose or has not used them for their designated purpose within one year after the end of the tax period in which they were received;

- in the form of charges for air navigation services for aircraft flights in the airspace of the Russian Federation which are levied in accordance with the procedure established by the authorized body in charge of the use of airspace;

- in the form of insurance contributions made by banks to the deposit insurance fund in accordance with the federal law concerning the insurance of deposits of physical persons with banks of the Russian Federation;

- in the form of resources which are received by medical organizations which carry out medical activities within the compulsory medical insurance system for the rendering of medical services to insured persons from insurance organizations which provide compulsory medical insurance for those persons;

- 15) in the form of the value of shares additionally received by a shareholding organization which are distributed among shareholders by decision of the general meeting in proportion to the number of shares belonging to them, or the difference between the nominal value of new shares received in place of original shares and the nominal value of the original shares of a shareholder where shares are distributed among shareholders in connection with an increase in the charter capital of a joint stock company (without a change in the shareholder's proportional share in that joint stock company);
- 16) in the form of a positive difference arising as a result of the revaluation of precious stones when price lists of reference prices for precious stones are adjusted in accordance with the established procedure;
- 17) in the form of amounts by which the charter (pooled) capital of an organization was reduced in the accounting (tax) period in accordance with the requirements of the legislation of the Russian Federation;
- 18) in the form of the value of materials and other assets which have been obtained as a result of the dismantling and disassembly of decommissioned facilities upon their liquidation where such facilities are destroyed in accordance with Article 5 of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction and Part 5 of the Verification Annex to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction;
- 19) in the form of the value of land reclamation facilities and other facilities of an agricultural nature (including intra-organizational water pipes and gas and electricity systems) constructed at the expense of resources of budgets at all levels which have been received by agricultural goods producers;

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- 20) in the form of assets and (or) property rights which have been received by organizations of the State reserve of special (radioactive) raw materials and fissile materials of the Russian Federation from operations involving tangible assets of the State reserves of special (radioactive) raw materials and fissile materials and which have been used for the replacement and maintenance of those reserves;
- 21) in the form of amounts of accounts payable of a taxpayer with respect to the payment of taxes and levies, penalties and fines to budgets of various levels and with respect to the payment of contributions, penalties and fines to the budgets of State non-budgetary funds which have been written off and (or) otherwise reduced in accordance with the legislation of the Russian Federation or by decision of the Government of the Russian Federation;
- 22) in the form of assets which are received without consideration by State and municipal educational institutions and by non-State educational institutions which possess licences to engage in educational activities for the conduct of their statutory activities;
- 23) in the form of fixed assets received by organizations within the structure of the “Voluntary Society for Assistance to the Russian Army, Air Force and Navy” All-Russian Public State Organization (DOSAAF) (where they are transferred between two or more organizations within the structure of DOSAAF) which are used for the training of citizens in military specialities, for the military-patriotic education of young people and for the development of aviation, technical and applied military sports in accordance with the legislation of the Russian Federation;
- 24) in the form of a positive difference resulting from the revaluation of securities according to their market value;
- 25) in the form of amounts of restored reserves against the devaluation of securities (with the exception of reserves in respect to which expenses for the creation thereof previously reduced the tax base in accordance with Article 300 of this Code);
- 26) in the form of resources and other assets which have been received by unitary enterprises from the owner of the assets of that enterprise or from a body authorized by it;
- 27) in the form of assets (including monetary resources) and (or) property rights which have been received by a religious organization in connection with the performance of religious rites and ceremonies and from the sale of religious literature and articles of a religious nature;
- 28) in the form of amounts received by operators of universal services from the universal services reserve in accordance with the communications legislation of the Russian Federation;

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- 29) in the form of assets, including monetary resources, and (or) property rights which have been received by a mortgage agent in connection with its statutory activities;
- 30) in the form of assets (work, services) which are received by medical organizations which carry out medical activities within the compulsory medical insurance system from insurance organizations which provide compulsory medical insurance out of a reserve for the financing of preventive measures which is used in accordance with the established procedure;
- 31) in the form of amounts of income from the investment of pension assets which are intended for the financing of the funded component of a retirement pension, when received by organizations which act as insurers in respect of compulsory pension insurance;
- 32) in the form of capital investments in the form of inseparable improvements to leased assets which have been carried out by the lessee, and capital investments in fixed assets provided under an agreement on use without consideration in the form of inseparable improvements made by the borrower organization;
- 33) income of shipowners which is received from the operation of vessels registered in the Russian International Register of Vessels. For the purposes of this Article, the operation of vessels registered in the Russian International Register of Vessels shall be understood to mean the use of such vessels to transport cargoes, passengers and luggage and to render other services related to such transportation provided that the departure point and (or) the destination point are situated outside the territory of the Russian Federation, and the leasing of such vessels for the purpose of rendering such services;
- 33.1) in the form of resources received from the rendering by State-owned institutions of State (municipal) services (the performance of work) and from the performance by them of other State (municipal) functions;
- 34) income of a development bank / State corporation;
- 35) in the form of amounts of income from the investment of savings for housing provision which are intended to be allocated to individual savings accounts of participants in the savings and mortgage system of housing provision for servicemen;
- 36) income of taxpayers which are Russian organizers of the Olympic Games and Paralympic Games in accordance with Article 3 of the Federal Law “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” which has been received in connection with the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, including income from the placement of temporarily available monetary resources and the operation of Olympic facilities and other income, provided



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that the income received is used for the operational objectives which are envisaged for Russian organizers of the Olympic Games and Paralympic Games by the legislation of the Russian Federation and by their charter documents;

- 36.1) income of taxpayers which are Russian marketing partners of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” which has been received in connection with the fulfilment of the obligations of a marketing partner of the International Olympic Committee, including income from the sale of goods (work and services) and property rights and from the use of Olympic facilities without consideration and income in the form of exchange rate differences which has been received as a result of such activities;
  
- 37) in the form of assets and (or) property rights received under a concession agreement in accordance with the legislation of the Russian Federation;
  
- 38) income of a non-commercial organization which carries out functions involving the provision of financial support for capital repairs to apartment blocks and the relocation of citizens from unfit housing facilities in accordance with Federal Law No. 185-FZ of July 21, 2007 “Concerning the Support Fund for the Reform of the Housing and Utilities Sector” (hereinafter referred to as “the Federal Law “Concerning the Support Fund for the Reform of the Housing and Utilities Sector””) which that organization received as a result of the placement of temporarily disposable monetary resources;
  
- 39) monetary resources within the amount of the payment to an injured party which are received by an insurer which directly indemnified the injured party in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners from the insurer which insured the civil liability of the tortfeasor;
  
- 40) in the form of the value of air time and (or) print space received by taxpayers without consideration in accordance with the legislation of the Russian Federation concerning elections and referenda;
  
- 41) income received by an all-Russian social association which carries out its activities in accordance with the legislation of the Russian Federation concerning social associations and the Olympic Charter of the International Olympic Committee and on the basis of recognition by the International Olympic Committee, or by an all-Russian social association which carries out its activities in accordance with the legislation of the Russian Federation concerning social associations and the Constitution of the International Paralympic Committee and on the basis of recognition by the International Paralympic Committee, under agreements on the transfer of property rights by the Russian Olympic Committee and the Russian Paralympic Committee (including rights to use results of intellectual activity and (or) means of

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individualization), in monetary form and (or) in kind (in the form of sports gear or the provision of travel, accommodation and insurance services for members of the Olympic delegation of the Russian Federation and the Paralympic delegation of the Russian Federation), from Russian and foreign organizers of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007“Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” during the period of the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games.

2. Special-purpose receipts (with the exception of special-purpose receipts in the form of excisable goods) shall also not be taken into account in determining the tax base. These shall include special-purpose receipts for the maintenance of non-commercial organizations and for use by them in conducting their statutory activities which are received without consideration on the basis of decisions of State government bodies and local government bodies and decisions of management bodies of State non-budgetary funds and special-purpose receipts from other organizations and (or) physical persons and which are used by those recipients according to their designated purpose. In this respect, taxpayers which receive the above-mentioned special-purpose receipts shall be obliged to maintain separate records of income (expenses) received (incurred) by way of special-purpose receipts.

Special-purpose receipts for the maintenance of non-commercial organizations and the conduct by them of their statutory activities shall include:

- 1) admission fees, membership fees, share contributions and donations made in accordance with legislation concerning non-commercial organizations which are recognised as such in accordance with the civil legislation of the Russian Federation, and allocations for the formation in accordance with the procedure established by Article 324 of this Code of a reserve for repairs and capital repairs to common property which are made to a partnership of housing owners, a housing co-operative, a horticultural, market-gardening, garage construction or housing construction co-operative or another specialized consumer co-operative by members thereof;
- 1.1) special-purpose receipts for the formation of the Russian Technological Development Fund and other sectoral and intersectoral funds for the financing of research and development work which have been registered in accordance with the procedure envisaged by the Federal Law “Concerning Science and State Scientific and Technical Policy”;
- 2) assets which are bequeathed to non-commercial organizations;
- 3) resources granted from the federal budget, budgets of constituent entities of the Russian Federation, local budgets and budgets of State non-budgetary funds to provide for the statutory activities of non-commercial organizations;

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- 4) resources and other assets which have been received for the conduct of charitable activities;
- 5) the aggregate contribution of the founders of non-State pension funds;
- 6) pension contributions to non-State pension funds if they are used to the extent of not less than 97 per cent for the formation of pension reserves of a non-State pension fund;
- 6.1) pension assets, including insurance contributions for compulsory pension insurance, which are intended for the financing of the funded component of a retirement pension in accordance with the legislation of the Russian Federation;
- 7) amounts given by owners to institutions established by them which are used according to their designated purpose;
- 8) contributions of law chambers of constituent entities of the Russian Federation for the general requirements of the Federal Chamber of Lawyers in amounts and according to the procedure which are determined by the All-Russian Congress of Lawyers; contributions made by lawyers for the general requirements of the law chamber of the relevant constituent entity of the Russian Federation in amounts and according to the procedure which are determined by the annual meeting (conference) of lawyers of the law chamber of that constituent entity of the Russian Federation, and for the maintenance of the relevant legal office, Bar association or law bureau;
- 9) resources received by trade union organizations in accordance with collective agreements (accords) on the arrangement by trade union organizations of social and cultural events and other measures which are provided for by their statutory activities;
- 10) resources which were received by structural organizations of DOSAAF from the federal executive body in charge of defence and (or) another executive body under a general agreement and which have been used according to their designated purpose, and special-purpose contributions from organizations within the structure of DOSAAF which are used in accordance with the foundation documents for the training of citizens in military specialities in accordance with the legislation of the Russian Federation, for the military-patriotic education of young people and for the development of aviation, technical and applied military sports;
- 11) assets (including monetary resources) and (or) property rights which have been received by religious organizations for use in carrying out their statutory activities;
- 12) resources which have been received by a professional association of insurers established in accordance with Federal Law No. 40-FZ of April 25, 2002 “Concerning the Compulsory Insurance of the Civil Liability of Vehicle Owners” and which are intended for the financing of compensation payments envisaged by the legislation of the Russian Federation concerning the

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compulsory insurance of the civil liability of vehicle owners and for the formation of funds in accordance with the requirements of international systems of compulsory insurance of the civil liability of vehicle owners to which the Russian Federation has acceded, and resources received in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners by the above-mentioned professional association of insurers in the form of amounts of reimbursement for compensation payments and expenses incurred in connection with the consideration of victims' claims for compensation payments;

- 13) monetary resources which have been received by non-commercial organizations for the formation of special-purpose capital which is carried out in accordance with the procedure established by the Federal Law "Concerning the Procedure for the Formation and Use of Special-Purpose Capital of Non-Commercial Organizations";
  - 14) monetary resources which have been received by non-commercial organizations which are owners of special-purpose capital from management companies which carry out the fiduciary management of assets constituting special-purpose capital in accordance with the Federal Law "Concerning the Procedure for the Formation and Use of Special-Purpose Capital of Non-Commercial Organizations";
  - 15) monetary resources which have been received by non-commercial organizations from specialized organizations for the management of special-purpose capital in accordance with the Federal Law "Concerning the Procedure for the Formation and Use of Special-Purpose Capital of Non-Commercial Organizations";
  - 16) property rights in the form of the right to use State and municipal property without consideration which are received on the basis of decisions of State government bodies and local government bodies by non-commercial organizations for use in carrying out their statutory activities.
3. When organizations are re-organized, for the purpose of determining the tax base there shall not be included in the composition of income of organizations which have been newly established, are being re-organized or have been re-organized the value of assets, property and non-property rights possessing a monetary value and (or) obligations which are received (transferred) by way of legal succession upon the re-organization of legal entities where they were acquired (created) by the organizations being re-organized before the date of completion of the re-organization.

### **Article 252 Expenses. Classification of Expenses**

1. For the purposes of this Chapter, a taxpayer shall reduce income received by the amount of expenses incurred (with the exception of the expenses referred to in Article 270 of this Code).

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Expenses shall be understood to mean justified and documented expenditures (and, in the instances envisaged by Article 265 of this Code, losses) which are made (incurred) by a taxpayer.

Justified expenses shall be understood to mean economically justified expenditures measured in monetary form.

Documented expenses shall be understood to mean expenditures which are confirmed by documents drawn up in accordance with the legislation of the Russian Federation or documents drawn up in accordance with customary business practices applicable in the foreign state in whose territory the expenses in question were incurred, and (or) documents which indirectly confirm expenses incurred (including a customs declaration, business trip order, travel documents or a report on work performed in accordance with an agreement). Any expenditures shall be recognised as expenses provided that they were incurred for the purpose of carrying out activities which are aimed at receiving income.

2. Expenses shall be subdivided according to their nature, the conditions under which they are incurred and the areas of activity of the taxpayer into expenses associated with production and sales and non-sale expenses.

2.1 For the purposes of this Chapter, expenses of newly established and re-organized organizations shall be understood to be mean the value (net book value) of assets, property and non-property rights possessing a monetary value and (or) obligations which are received (transferred) by way of legal succession upon the re-organization of legal entities where they were acquired (created) by the organizations being re-organized before the date of completion of the re-organization. The value of assets and property and non-property rights possessing a monetary value shall be determined on the basis of the tax accounting data and documents of the transferring party as at the date on which ownership of those assets and property and non-property rights is transferred.

Expenses of newly established and re-organized organizations shall also be understood to include expenses (and, in instances envisaged by this Code, losses) envisaged by Articles 255, 260 to 268, 275, 275.1, 279, 280, 283, 304 and 318 to 320 of this Chapter which were incurred (borne) by the organizations being re-organized to the extent not taken into account by them in determining the tax base. For taxation purposes those expenses shall be taken into account by the successor organizations according to the procedure and subject to the conditions which are envisaged by this Chapter. The composition and amount of such expenses shall be determined on the basis of the tax accounting data and documents of the organizations being re-organized as at the date of completion of the re-organization (the date on which an entry is made concerning the cessation of activities of each acquired legal entity in the case of re-organization in the form of acquisition).

Additional expenses associated with the transfer (receipt) of assets (property and non-property rights) upon the re-organization of organizations shall be

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taken into account for taxation purposes according to the procedure established by this Chapter.

3. Special considerations relating to the determination of expenses which are recognised for taxation purposes for particular categories of taxpayers or expenses incurred in connection with particular circumstances are established by the provisions of this Chapter.
4. Where particular expenditures may with equal justification be assigned to more than one expense group, the taxpayer may independently decide to which group it will assign those expenditures.
5. Expenses incurred by a taxpayer whose value is expressed in foreign currency shall be taken into account together with expenses whose value is expressed in roubles.

Expenses incurred by a taxpayer whose value is expressed in nominal units shall be taken into account together with expenses whose value is expressed in roubles.

The translation of the above-mentioned expenses shall be carried out by the taxpayer depending on the method of recognising such expenses which has been chosen in the accounting policies for taxation purposes in accordance with Articles 272 and 273 of this Code.

For the purposes of this Chapter, amounts which have been included in the composition of taxpayers' expenses shall not be included in the composition of its expenses a second time.

### **Article 253 Expenses Associated with Production and Sales**

1. Expenses associated with production and sales shall include:
  - 1) expenses associated with the manufacture (production), storage and delivery of goods, the performance of work, the rendering of services and the acquisition and (or) sale of goods (work, services, property rights);
  - 2) expenses for the maintenance and operation, repair and technical servicing of fixed assets and other assets, and on keeping them in working order (up-to-date);
  - 3) expenses for the development of natural resources;
  - 4) expenses for research and development;
  - 5) expenses for compulsory and voluntary insurance;
  - 6) miscellaneous expenses associated with production and (or) sales.
2. Expenses associated with production and sales shall be subdivided into:

- 1) material expenses;
  - 2) labour payment expenses;
  - 3) amounts of amortization charged;
  - 4) miscellaneous expenses.
3. Special considerations relating to the determination of expenses of banks, insurance organizations, non-State pension funds, consumer co-operation organizations, clearing organizations, professional participants in the securities market and foreign organizations shall be established with account taken of the provisions of Articles 291, 292, 294, 296, 297, 299, 300 and 307 to 310 of this Code.

**Article 254 Material Expenses**

1. Material expenses shall include, in particular, the following expenditures of a taxpayer:
  - 1) expenditures on the acquisition of raw materials and (or) other materials which are used in the production of goods (performance of work, rendering of services) and (or) form the basis thereof or which are an essential component in the production of goods (performance of work, rendering of services);
  - 2) expenditures on the acquisition of materials which are used:
    - for the packing and other preparation of goods produced and (or) sold (including pre-sale preparation);
    - for other production and economic requirements (the conduct of tests and control, the maintenance, repair and operation of fixed assets and other similar purposes);
  - 3) expenditures on the acquisition of tools, appliances, instruments, devices, laboratory equipment, special clothing and other personal and collective protective equipment envisaged by the legislation of the Russian Federation, and other assets which are not amortizable assets. The value of such assets shall be included in the composition of material expenses in full as and when they are brought into use;
  - 4) expenditures on the acquisition of components which undergo assembly and (or) semi-finished products which undergo further processing by the taxpayer;
  - 5) expenditures on the acquisition of fuel, water and all kinds of energy used for technological purposes, the generation (including generation by the taxpayer itself for its own needs) of all kinds of energy and the heating of buildings, and expenses incurred for the production and (or) acquisition of power and for energy transformation and transmission;

- 6) expenditures on the acquisition of work and services of a production nature which are performed by outside organizations or private entrepreneurs and on the performance of such work (rendering of services) by structural subdivisions of a taxpayer.

Work (services) of a production nature shall include the performance of particular operations involving the production (manufacture) of products, the performance of work, the rendering of services and the processing of raw materials (other materials), monitoring of observance of prescribed technological processes, the technical servicing of fixed assets and other similar work.

Work (services) of a production nature shall also include transportation services of outside organizations (including private entrepreneurs) and (or) structural subdivisions of the taxpayer itself involving the transportation of loads within the organization, and in particular the transportation of raw materials (other materials), tools, components, intermediate products and other types of loads from a base (central) warehouse to production units (divisions), and the delivery of finished products in accordance with the conditions of agreements (contracts);

- 7) expenditures associated with the maintenance and operation of fixed assets and other assets intended for nature protection purposes (including expenses associated with the maintenance and operation of purification installations, ash traps, filters and other nature protection facilities, expenses for the burial of environmentally hazardous waste, expenses for the acquisition of services of outside organizations involving the acceptance, storage and destruction of environmentally hazardous waste, sewage purification, the formation of sanitary protection zones in accordance with current State sanitary and epidemiological rules and standards, payments for maximum permitted emissions (disposal) of pollutants into the environment and other similar expenses).

2. The value of inventories which are included in material expenses shall be determined on the basis of the prices at which they were acquired (excluding value added tax and excise duties, except in instances envisaged by this Code), including commission payable to intermediary organizations, import customs duties and fees, transportation expenses and other expenditures associated with the acquisition of inventories.

The value of inventories and other assets in the form of surpluses discovered as a result of an inventory count and (or) assets obtained as a result of the dismantling or disassembly of fixed assets which are removed from service and upon carrying out the repair, modernization, reconstruction, retooling and partial dismantling of fixed assets shall be determined as the amount of income which was recognised by the taxpayer in the manner prescribed by clauses 13 and 20 of part 2 of Article 250 of this Code

3. Where the cost of returnable containers received from a supplier together with inventories has been included in the price of those inventories, the total



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amount of expenses for the acquisition thereof shall be reduced by the cost of the returnable containers according to the price at which they could be used or sold. The cost of non-returnable containers and packaging received from a supplier together with inventories shall be included in the amount of expenses for the acquisition thereof.

Whether containers are classified as returnable or non-returnable shall be determined by the conditions of the agreement (contract) on the acquisition of the inventories.

4. Where a taxpayer uses products of own manufacture as raw materials, spare parts, components, semi-finished products and other material expenses and where a taxpayer includes the results of work or services of own production in the composition of material expenses, those products and results of work or services of own production shall be valued on the basis of the valuation of the finished products (work, services) in accordance with Article 319 of this Code.
5. The amount of material expenses for the current month shall be reduced by the value of balances of inventories which have been transferred for production use but have not been used in production as at the end of the month. The value attributed to those inventories must correspond to the value attributed to them when they were written off.
6. The amount of material expenses shall be reduced by the value of recyclable waste. For the purposes of this Chapter, recyclable waste shall be understood to mean residual raw materials (other materials), semi-finished products, heat-transfer agents and other types of material resources which are formed in the process of the production of goods (performance of work, rendering of services) and have partially lost the consumer attributes of the original resources (chemical or physical properties) with the result that their use entails increased expenditure (lower output) or they cannot be used directly for their designated purpose.

Recyclable waste shall not include residual inventories which, in accordance with the technological process, are transferred to other subdivisions as full-value raw materials (other materials) for the production of other kinds of goods (work and services), and concurrent (associated) products which are obtained as a result of the technological process.

Recyclable waste shall be valued as follows:

- 1) at the reduced price of the original material resource (at the price of possible use) if the waste can be used for the main or ancillary production activities but at a higher cost (with a lower output of finished products);
  - 2) at the selling price if the waste is sold to third parties.
7. The following shall be equated with material expenses for taxation purposes:

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- 1) expenses for the recultivation of lands and other nature protection measures unless otherwise established by Article 261 of this Code;
- 2) losses due to shortage and (or) impairment during storage and transportation of inventories within the limits of the norms of natural loss which have been approved in accordance with the procedure established by the Government of the Russian Federation;
- 3) process losses during production and (or) transportation. Process losses shall be understood to mean losses occurring in the process of the production and (or) transportation of goods (work and services) which are attributable to technological characteristics of the production cycle and (or) transportation process and to the physical and chemical characteristics of raw materials used;
- 4) expenses for mine preparation work for the extraction of commercial minerals, for quarry stripping and for cutting operations for underground mining within the boundaries of the mining allotment of mining enterprises.
8. For the purpose of determining the amount of material expenses when writing off raw materials and other materials which are used in the production (manufacture) of goods (performance of work, rendering of services), in accordance with the accounting policies adopted by an organization for taxation purposes one of the following methods of valuing those raw materials and other materials shall be applied:
  - the method of valuation on the basis of the value of a unit of reserves;
  - the method of valuation on the basis of the average value;
  - the method of valuation on the basis of the value of those first acquired (FIFO);
  - the method of valuation on the basis of the value of those last acquired (LIFO).

### **Article 255 Labour Payment Expenses**

A taxpayer's labour payment expenses shall include any accruals to workers in monetary form and (or) in kind, incentive accruals and increments, compensation accruals connected with the work schedule or working conditions, bonuses and one-time incentive accruals and expenses associated with the maintenance of those workers which are envisaged by norms of the legislation of the Russian Federation, labour agreements (contracts) and (or) collective agreements.

For the purposes of this Chapter, labour payment expenses shall include, in particular:

- 1) amounts accrued on the basis of tariff rates, official rates of pay or piece rates or as a percentage of receipts in accordance with the forms and systems of labour payment adopted by the taxpayer;

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- 2) accruals of an incentive nature, and in particular bonuses for production results, increments to tariff rates and rates of pay for professional skill, high achievements in work and other similar indicators;
- 3) accruals of an incentive and (or) compensatory nature associated with the work schedule or working conditions, including increments to tariff rates and rates of pay for night work and work in a multi-shift environment, for job combination and extension of service areas, for work under harsh, harmful or highly harmful working conditions and for overtime work and work on days of rest and public holidays, which are made in accordance with the legislation of the Russian Federation;
- 4) the value of utility services, meals and food products which are provided free of charge to employees in accordance with the legislation of the Russian Federation and of accommodation which is provided free of charge to employees of a taxpayer in accordance with the procedure which is established by the legislation of the Russian Federation (or amounts of monetary compensation for the non-provision of free housing and utility services and other similar services);
- 5) expenses associated with the acquisition (manufacture) of uniforms and outfits which are issued to employees free of charge in accordance with the legislation of the Russian Federation or are sold to employees at reduced prices (to the extent not compensated by the employees), and of which the employees retain permanent personal use. The same procedure shall apply to expenses associated with the acquisition or manufacture by an organization of clothing and footwear which identify employees as belonging to that organization;
- 6) the amount of accrued average earnings retained for employees for time taken to perform State and (or) social duties and in other instances envisaged by the labour legislation of the Russian Federation;
- 7) expenses for labour payments which are retained for employees for periods of leave envisaged by the legislation of the Russian Federation, actual expenses associated with payment for travel of employees and persons dependent on those employees to and from a holiday location in the territory of the Russian Federation (including expenses associated with payment for the transportation of luggage of employees of organizations located in regions of the Far North and equated localities) in accordance with the procedure which is envisaged by current legislation in the case of organizations which are financed from relevant budgets and in accordance with the procedure which is envisaged by the employer in the case of other organizations, expenses associated with payment for reduced working hours of adolescents, expenses associated with payment for nursing breaks taken by mothers and expenses associated with payment for time taken to undergo medical examinations;
- 8) monetary compensation for unused leave in accordance with the labour legislation of the Russian Federation;

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- 9) accruals to employees who are made redundant in connection with the re-organization or liquidation of a taxpayer or reductions in the number of employees or size of the staff of an organization;
- 10) one-time remunerations for long service (increments for length of service within a specialization) in accordance with the legislation of the Russian Federation;
- 11) increments based on the regional regulation of labour payments, including accruals based on regional coefficients and coefficients for work under harsh natural and climatic conditions;
- 12) increments for continuous service in regions of the Far North and equated localities, in regions of the European North and in other regions with harsh natural and climatic conditions;
- 12.1) the cost of travel according to actual expenses and the cost of transporting luggage calculated on the basis of no more than 5 tonnes per family according to actual expenses, but not higher than the tariffs envisaged for transportation by rail, for an employee of an organization which is located in areas of the Far North and equated localities (where there is no railway the expenses in question shall be recognised in an amount equal to the minimum cost of travel by air) and members of his family in the event that they move to another locality in connection with the termination of the employment agreement with the employee on any grounds, including as a result of his death, with the exception of dismissal for culpable acts;
- 13) expenses for labour payments which are retained in accordance with the legislation of the Russian Federation for the period of study leave granted to employees of a taxpayer, and expenses associated with payment for travel to and from the place of study;
- 14) expenses for labour payments for periods of forced leave or low-paid employment in instances envisaged by the legislation of the Russian Federation;
- 16) amounts of payments (contributions) made by employers under compulsory insurance agreements, amounts of employer contributions which are paid in accordance with the Federal Law “Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets” and amounts of payments (contributions) made by employers under voluntary insurance agreements (non-State pension agreements) which have been concluded for the benefit of employees with insurance organizations (non-State pension funds) which possess licences issued in accordance with current legislation to engage in the relevant types of activity in the Russian Federation.

In the case of voluntary insurance (non-State pension provision), the above-mentioned amounts shall be classified as labour payment expenses in the case of agreements:

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- on life insurance, if those agreements are concluded for a period of not less than five years with Russian insurance organizations which possess a licence to carry out the type of activity concerned and, during those five years, do not provide for any insurance payments to be made, including in the form of rents and (or) annuities, with the exception of insurance payments in the event of the death of and (or) damage to the health of the insured person;

- on non-State pension provision, provided that a pension scheme is used whereby pension contributions are recorded in individual accounts of members of non-State pension funds, and (or) on voluntary pension insurance when pensionable circumstances arise for a member and (or) insured person which are envisaged by the legislation of the Russian Federation and entitle him to the allocation of a State-provided pension and (or) a retirement pension, and while those pensionable circumstances remain in effect. In this respect, non-State pension agreements must provide for the payment of pensions until resources on the member's individual account are used up, but not for less than five years, or for life, while voluntary pension insurance agreements must provide for the payment of pensions for life;

- on voluntary personal insurance of employees (concluded for a period of not less than one year) which provide for the payment by the insurers of medical expenses for insured employees;

- on voluntary personal insurance which provide for payments to be made only in the event of the death of and (or) damage to the health of an insured person.

The aggregate amount of employer contributions paid in accordance with the Federal Law "Concerning Additional Insurance Contributions for the Funded Component of a Retirement Pension and State Support for the Accumulation of Pension Assets" and employers' payments (contributions) which is paid under agreements on long-term life insurance for employees, voluntary pension insurance for employees and non-State pension provision for employees shall be taken into account for taxation purposes in an amount not exceeding 12 per cent of the amount of labour payment expenses.

In the event that amendments are made to the conditions of a life insurance agreement or of a voluntary pension insurance agreement and (or) a non-State pension agreement in relation to some or all insured employees (members) and, as a result of those amendments, the conditions of the agreement cease to conform to the requirements of this clause, or in the event that such agreements are cancelled in relation to some or all insured employees (members), employer contributions under those agreements in relation to the employees in question which were previously included in the composition of expenses shall be deemed taxable from the date on which such amendments were made to the conditions of those agreements and (or) the term of the agreements was reduced or the agreements were cancelled (except where an agreement is cancelled early as a result of force majeure circumstances, i.e. extreme and unavoidable circumstances).

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Contributions under voluntary personal insurance agreements which provide for the payment by insurers of medical expenses for insured employees and expenses incurred by employers in connection with agreements on the rendering of medical services which are concluded for the benefit of employees for a period of not less than one year with medical organizations which have relevant licences to carry out medical activities which have been issued in accordance with the legislation of the Russian Federation shall be included in the composition of expenses in an amount not exceeding 6 per cent of the amount of labour payment expenses.

Contributions under voluntary personal insurance agreements which provide for payments to be made only in the event of the death of and (or) damage to the health of an insured person shall be included in the composition of expenses in an amount not exceeding 15,000 roubles per year calculated as the ratio of the total amount of contributions payable under such agreements to the number of insured employees.

For the purpose of computing the maximum amounts of payments (contributions) which are calculated in accordance with this subsection, amounts of payments (contributions) which are envisaged by this subsection shall not be included in labour payment expenses;

- 17) amounts which are accrued on the basis of a tariff rate or official rate of pay (where work is performed on a rotational basis) and are provided for by collective agreements for calendar days spent in travel from the location of an organization (assembly point) to the place of work and back which are envisaged by the rotation work schedule and for days during which workers' travel is delayed owing to weather conditions;
- 18) amounts accrued for work performed to physical persons engaged to work for a taxpayer under special agreements on the provision of labour with State organizations;
- 19) in instances provided for by the legislation of the Russian Federation, accruals made at the main place of work to workers, managers or specialists of a taxpayer while they study without continuing normal work within the system of the improvement of the qualifications or retraining of staff;
- 20) expenses associated with labour payments for workers who are donors for days of examination, blood donation and rest which are granted after each day of blood donation;
- 21) expenses associated with payment for the labour of workers who are not on a taxpaying organization's staff for the performance of work by them under civil-law agreements (including contractual agreements), with the exception of payments made for labour under civil-law agreements concluded with private entrepreneurs;
- 22) accruals envisaged by the legislation of the Russian Federation to servicemen doing military service at State unitary enterprises and construction organizations of federal executive bodies in which military service is

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envisaged by the legislation of the Russian Federation and to members of the rank and file and commanding officers of internal affairs bodies and the State Fire-Fighting Service which are provided for by federal laws and laws concerning the status of servicemen and concerning institutions and bodies which carry out criminal punishments in the form of imprisonment;

- 23) supplementary payments to disabled persons which are provided for by the legislation of the Russian Federation;
- 24) expenses in the form of allocations to the reserve for future vacation pay for employees and (or) to the reserve for the payment of the annual bonus for long service which are made in accordance with Article 324.1 of this Code;
- 24.1) expenses associated with the reimbursement of employees' expenditures on the payment of interest on loans (credits) for the acquisition and (or) construction of a dwelling. Such expenses shall be recognised for taxation purposes in an amount not exceeding 3 per cent of the amount of labour payment expenses;
- 25) other types of expenses incurred on behalf of an employee which are provided for by a labour agreement and (or) a collective agreement.

### **Article 256 Amortizable Assets**

1. For the purposes of this Chapter, amortizable assets shall be understood to mean assets, results of intellectual activity and other intellectual property assets which are possessed by a taxpayer as its property (unless otherwise envisaged by this Chapter) and are used by it for the purpose of deriving income and the value of which is written off by means of charging amortization. Amortizable assets shall be assets with a service life of more than 12 months and a historical cost of more than 40,000 roubles.

Amortizable assets received by a unitary enterprise from the owner of the assets of the unitary enterprise for operational management or economic jurisdiction shall be amortizable for that unitary enterprise in accordance with the procedure which is established by this Chapter.

Amortizable assets which have been received by an investor organization from the owner of the assets in accordance with the legislation of the Russian Federation concerning investment agreements in the sphere of activities involving the provision of utility services shall be amortized by the organization concerned during the period of validity of the investment agreement in accordance with the procedure which is established by this Chapter.

There shall be recognised as amortizable assets capital investments in leased fixed assets in the form of inseparable improvements carried out by the lessee with the lessor's consent and capital investments in fixed assets provided under an agreement on use without consideration in the form of inseparable

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improvements carried out by the borrower organization with the consent of the lender organization.

Amortizable assets which are received by an organization from the owner of the assets or created in accordance with the legislation of the Russian Federation concerning investment agreements in the sphere of activities involving the provision of utility services or the legislation of the Russian Federation concerning concession agreements shall be amortized by that organization during the period of validity of the investment agreement or concession agreement in accordance with the procedure established by this Chapter.

2. Land and other natural resource sites (water, subsurface resources and other natural resources) and inventory, goods, incomplete capital construction projects, securities and term transaction financial instruments (including forward and futures contracts and option contracts) shall not be subject to amortization.

The following types of amortizable assets shall not be subject to amortization:

- 1) assets of budgetary organizations, with the exception of assets which were acquired as a result of carrying out entrepreneurial activities and are used for the purpose of carrying out such activities;
- 2) assets of non-commercial organizations which have been received as special-purpose receipts or acquired using resources received as special-purpose receipts and are used for the purpose of carrying out non-commercial activities;
- 3) assets which have been acquired (created) using budgetary special-purpose financing resources. This norm shall not apply to assets received by a taxpayer as a result of privatization;
- 4) outside facilities and improvements (forest facilities, road facilities which were constructed using sources of budgetary or other similar special-purpose financing, specialized navigation facilities) and other similar facilities;
- 6) acquired publications (books, brochures and other similar items) and works of art. In this respect, the value of acquired publications and other similar items, with the exception of works of art, shall be included in the composition of miscellaneous expenses associated with production and sales in the full amount at the time of the acquisition of those items;
- 7) assets which have been acquired (created) using resources received in accordance with subsections 14, 19, 22, 23 and 30 of clause 1 of Article 251 of this Code, and the assets referred to in subsection 6 and 7 of clause 1 of Article 251 of this Code;
- 8) acquired rights to results of intellectual activity and other items of intellectual property where, under the agreement on the acquisition of those rights,



payment must be made by means of periodic payments during the period of validity of that agreement.

3. The following fixed assets shall be excluded from the composition of amortizable assets for the purposes of this Chapter:
- those which were transferred (received) under agreements for use without consideration;
  - those which, by decision of the management of an organization, have been temporarily removed from service for a period of over three months;
  - those which, by decision of the management of an organization, are undergoing reconstruction and modernization for a period of over 12 months.

When an item of fixed assets is put back into service, amortization shall be charged on that item in accordance with the procedure which was in force before it was temporarily removed from service, and the useful life shall be extended by the period for which the item of fixed assets was temporarily removed from service.

**Article 257 The Procedure for Determining the Value of Amortizable Assets**

1. For the purposes of this Chapter, fixed assets shall be understood to mean assets which are used as instruments of labour in the production and sale of goods (the performance of work, the rendering of services) or for the management of an organization and have a historical cost of more than 40,000 roubles.

The historical cost of a fixed asset shall be determined as the amount of expenditure on its acquisition (or, in the event that the fixed asset was received by the taxpayer without consideration or was discovered as a result of an inventory, as the amount at which those assets have been valued in accordance with clauses 8 and 20 of Article 250 of this Code), erection, manufacture and delivery and on rendering it fit for use, excluding value added tax and excise duties, except in instances envisaged by this Code.

The historical cost of assets which are the subject of a lease shall be the amount of the lessor's expenditure on their acquisition, erection, delivery and manufacture and on rendering them fit for use, excluding amounts of taxes which are deductible or are included in the composition of expenses in accordance with this Code.

The replacement value of amortizable fixed assets which were acquired (created) prior to the entry into force of this Chapter shall be determined as their historical cost with account taken of revaluations carried out before the date of entry into force of this Chapter.

In determining the replacement value of amortizable fixed assets for the purposes of this Chapter account shall be taken of a revaluation of fixed assets

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which was carried out by decision of the taxpayer as at January 1, 2002 and reflected in the taxpayer's accounting records after January 1, 2002. That revaluation shall be taken into account for taxation purposes in an amount not exceeding 30 per cent of the replacement value of the items of fixed assets in question as reflected in the taxpayer's accounting records as at January 1, 2001 (with account taken of a revaluation as at January 1, 2001 which was carried out by decision of the taxpayer and reflected in accounting records in 2001). In this respect, the amount of the revaluation (reduction in value) as at January 1, 2002 which has been reflected by the taxpayer in 2002 shall not be recognised as income (an expense) of the taxpayer for taxation purposes. The corresponding revaluation of amounts of amortization shall be taken into account for taxation purposes according to a similar procedure.

In the event that, in subsequent accounting (tax) periods after the entry into force of this Chapter, the taxpayer makes a revaluation (reduction of the value) of items of fixed assets according to the market value, the positive (negative) amount of such revaluation shall not be recognised as income (an expense) which is taken into account for taxation purposes, and shall not be taken into account for the purpose of determining the replacement value of amortizable assets and for the purpose of charging amortization which is taken into account for taxation purposes in accordance with this Chapter.

The net book value of fixed assets which were commissioned prior to the entry into force of this Chapter shall be determined as the difference between the replacement value of such fixed assets and the amount of amortization as determined in accordance with the procedure which is established in paragraph 5 of this clause.

The net book value of fixed assets which were brought into use after the entry into force of this Chapter shall be determined as the difference between their historical cost and the amount of amortization charged over the period of use.

Where a taxpayer uses items of fixed assets of own production, the historical cost of those items shall be determined as the value of the finished products as calculated in accordance with clause 2 of Article 319 of this Code, increased by the amount of applicable excise duties in the case of fixed assets which are excisable goods.

The historical cost of assets received as a concession facility shall be determined as the market value of the assets which is determined at the time of the receipt of the assets, increased by the amount expended on the extension, further equipping, reconstruction, modernization and retooling of the assets and on rendering them fit for use, excluding amounts of taxes which are deductible or are included in expenses in accordance with this Code.

The net book value of items of amortizable assets on which amortization is charged using the non-linear method shall, unless otherwise established by this Chapter, be determined according to the formula:

$$S_n = S \times (1 - 0.01 \times k)^n,$$

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where “ $S_n$ ” is the net book value of the items concerned upon the lapse of  $n$  months after they were included in a particular amortization group (subgroup);

“ $S$ ” is the historical (replacement) cost of the items concerned;

“ $n$ ” is the number of full months which elapsed from the day on which the items concerned were included in a particular amortization group (subgroup) up to the day of their exclusion from that group (subgroup), not counting the period of time measured in full months during which those items were not included in the composition of amortizable assets in accordance with clause 3 of Article 256 of this Code;

“ $k$ ” is the amortization norm (with account taken of any increase (reduction) coefficient) applicable to the relevant amortization group (subgroup).

2. The historical cost of fixed assets shall be adjusted in the event that the assets in question are extended, further equipped, reconstructed, modernized, retooled or partially dismantled and on other similar grounds.

Work involving extension, further equipping and modernization shall include work necessitated by changes in the technological or business function of equipment, a building, a structure or any other item of amortizable fixed assets or by increased loads and (or) other new attributes.

For the purposes of this Chapter, reconstruction shall include the rebuilding of existing items of fixed assets which is aimed at enhancing production and increasing the technical and economic indicators thereof and is carried out on the basis of a plan for the reconstruction of fixed assets with a view to increasing production capacities and improving the quality and altering the range of products.

Retooling shall include a set of measures to enhance the technical and economic characteristics of fixed assets or of individual parts thereof through the introduction of advanced techniques and technology, the mechanization and automation of production, modernization and the replacement of obsolete and physically worn equipment with new and more productive equipment and (or) software.

3. For the purposes of this Chapter, intangible assets shall be understood to mean results of intellectual activity and other items of intellectual property (exclusive rights thereto) which have been acquired and (or) created by a taxpayer and are used in the production of goods (the performance of work, the rendering of services) or for the management requirements of an organization over a prolonged period of time (more than 12 months).

In order for an intangible asset to be recognised it must be capable of bringing the taxpayer economic benefits (income) and there must be properly executed documents which confirm the existence of the intangible asset itself and (or) the possession by the taxpayer of exclusive rights to results of intellectual activity (including patents, certificates, other protective documents, an agreement on the cession (acquisition) of a patent or trademark).

Intangible assets shall include, in particular:

- 1) the exclusive right of a patent-holder to an invention, industrial sample or working model;
- 2) the exclusive right of an author or other possessor of rights to the use of a computer programme or database;
- 3) the exclusive right of an author or other possessor of rights to the use of an integrated microcircuit topology;
- 4) exclusive rights to a trademark, service mark, appellation of origin of goods and company name;
- 5) exclusive rights of a patent-holder to selection achievements;
- 6) possession of “know-how”, a secret formula or process or information concerning industrial, commercial or scientific experience.

The historical cost of amortizable intangible assets shall be determined as the amount of expenditure on acquiring (creating) them and rendering them fit for use, excluding value added tax and excise duties, except in instances envisaged by this Code.

The value of intangible assets created by an organization itself shall be determined as the amount of actual expenditures on creating and manufacturing them (including material expenses, labour payment expenses, expenses for the services of outside organizations, patent fees associated with the receipt of patents and certificates), excluding amounts of taxes which are included in the composition of expenses in accordance with this Code.

The following shall not be classified as intangible assets:

- 1) research, development and technological work which has not yielded a positive result;
- 2) the intellectual and business qualities, qualifications and capacity for work of the employees of an organization.

**Article 258 Amortization Groups (Subgroups). Special Considerations Relating to the Inclusion of Amortizable Assets in the Composition of Amortization Groups (Subgroups)**

1. Amortizable assets shall be allocated to amortization groups in accordance with their useful life. The useful life shall be understood to be the period during which an item of fixed assets or an item of intangible assets can be used in achieving the goals of a taxpayer’s activities. The useful life shall be determined by a taxpayer independently as at the date on which an item of amortizable assets is brought into use in accordance with the provisions of this

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Article and with account taken of the classification of fixed assets which is approved by the Government of the Russian Federation.

A taxpayer shall have the right to increase the useful life of an item of fixed assets after the date on which it is brought into use in the event that its useful life has increased following the reconstruction, modernization or retooling of the asset. In this respect, the useful life of fixed assets may be increased within the limits of the periods established for the amortization group in which the fixed asset in question was previously included.

If the useful life of an item of fixed assets has not increased as a result of reconstruction, modernization or retooling, the taxpayer shall take the residual useful life into account for the purpose of calculating amortization.

Capital investments in leased fixed assets such as are referred to in paragraph 1 of clause 1 of Article 256 of this Chapter shall be amortized according to the following procedure:

- capital investments for which reimbursement is made to the lessee by the lessor shall be amortized by the lessor according to the procedure established by this Chapter;
- capital investments which have been made by the lessee with the lessor's consent and for which reimbursement is not made by the lessor shall be amortized by the lessee during the term of the lease agreement on the basis of amortization amounts calculated with account taken of the useful life which is determined for the leased fixed assets or for capital investments in those assets in accordance with the classification of fixed assets which is approved by the Government of the Russian Federation.

Capital investments in fixed assets received under an agreement on use without consideration such as are referred to in paragraph 1 of clause 1 of Article 256 of this Code shall be amortized according to the following procedure:

- capital investments for which reimbursement is made to the borrower organization by the lender organization shall be amortized by the lender organization according to the procedure established by this Chapter;
- capital investments which have been made by the borrower organization with the consent of the lender organization and for which reimbursement is not made by the lender organization shall be amortized by the borrower organization during the term of the agreement on use without consideration on the basis of amortization amounts calculated with account taken of the useful life which is determined for the fixed assets received or for capital investments in those assets in accordance with the classification of fixed assets which is approved by the Government of the Russian Federation.

2. The useful life of an intangible asset shall be determined on the basis of the period of validity of a patent or certificate and (or) other limits on the periods of use of items of intellectual property in accordance with the legislation of

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the Russian Federation or applicable legislation of a foreign state, and on the basis of the useful life of intangible assets which is stipulated by relevant agreements. In the case of intangible assets for which the useful life of an item of intangible assets cannot be determined, amortization norms shall be established on the basis of a useful life equal to 10 years (but no more than the period of activity of the taxpayer).

In the case of intangible assets such as are referred to in subsections 1 to 3, 5 and 6 of paragraph 3 of clause 3 of Article 257 of this Code, the taxpayer may independently determine the useful life, which may not be less than two years.

3. Amortizable assets shall be organized into the following amortization groups:

- first group – all short-life assets with a useful life of from 1 year to 2 years inclusively;

- second group – assets with a useful life of over 2 years and up to 3 years inclusively;

- third group – assets with a useful life of over 3 years and up to 5 years inclusively;

- fourth group – assets with a useful life of over 5 years and up to 7 years inclusively;

- fifth group – assets with a useful life of over 7 years and up to 10 years inclusively;

- sixth group – assets with a useful life of over 10 years and up to 15 years inclusively;

- seventh group – assets with a useful life of over 15 years and up to 20 years inclusively;

- eighth group – assets with a useful life of over 20 years and up to 25 years inclusively;

- ninth group – assets with a useful life of over 25 years and up to 30 years inclusively;

- tenth group – assets with a useful life of over 30 years.

4. The classification of fixed assets which are included in amortization groups shall be approved by the Government of the Russian Federation.

5. Intangible assets shall be included in amortization groups on the basis of the useful life determined in accordance with clause 2 of this Article.

6. For those types of fixed assets which are not specified in amortization groups, the useful life shall be established by the taxpayer in accordance with manufacturers' specifications or recommendations.

7. An organization which acquires previously used fixed assets (including in the form of a charter (pooled) capital contribution or by way of legal succession in connection with the re-organization of legal entities) may, for the purposes of applying the linear method of charging amortization on those assets, determine the amortization norm for those assets on the basis of the useful life reduced by the number of years (months) for which the assets in question were used by previous owners. In this respect, the useful life of the fixed assets in question may be determined as the useful life established by the preceding owner of the fixed assets, reduced by the number of years (months) for which the assets in question were used by the preceding owner.

If the actual period for which a particular fixed asset was used by previous owners proves to be equal to or greater than its useful life as determined by the classification of fixed assets approved by the Government of the Russian Federation in accordance with this Chapter, the taxpayer may independently determine the useful life of the fixed asset concerned with account taken of safety requirements and other factors.

8. In the case of amortizable assets such as are referred to in paragraph 1 of clause 3 of Article 259 of this Code, amortization shall be charged separately for each asset in accordance with its useful life according to the procedure established by this Chapter.

9. For the purposes of this Chapter, amortizable assets shall be entered in accounting records at historical cost as determined in accordance with Article 257 of this Code, unless otherwise stipulated by this Chapter.

A taxpayer shall have the right to include in expenses for an accounting (tax) period capital investment expenses in an amount not exceeding 10 per cent (not exceeding 30 per cent in the case of fixed assets belonging to the third to the seventh amortization groups) of the historical cost of fixed assets (with the exception of fixed assets received without consideration) and not more than 10 per cent (not more than 30 per cent in the case of fixed assets belonging to the third to the seventh amortization groups) of expenses incurred in connection with the extension, further equipping, reconstruction, modernization, retooling and partial dismantling of fixed assets, the amounts of which shall be determined in accordance with Article 257 of this Code.

Where a taxpayer exercises this right, the fixed assets in question shall, after they have been brought into use, be included in amortization groups (subgroups) at their historical cost less the amount of not more than 10 per cent (not more than 30 per cent in the case of fixed assets belonging to the third to the seventh amortization groups) of the historical cost which was included in expenses for the accounting (tax) period, while amounts by which the historical cost of the assets is adjusted in connection with the extension, further equipping, reconstruction, modernization, retooling and partial dismantling of the assets shall be included in the aggregate balance of amortization groups (subgroups) (shall adjust the historical cost of assets on which amortization is charged using the linear method in accordance with Article 259 of this Code) less not more than 10 per cent (not more than 30 per

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cent in the case of fixed assets belonging to the third to the seventh amortization groups) of those amounts.

In the event that fixed assets to which the provisions of paragraph 2 of this clause have been applied are sold less than five years after being brought into use, amounts of expenses included in expenses for the ensuing accounting (tax) period in accordance with paragraph 2 of this clause must be restored and included in the tax base for tax.

10. Assets received (transferred) on finance lease under a finance lease agreement (leasing agreement) shall be included in the appropriate amortization group (subgroup) by the party by which the assets in question are to be recorded in accordance with the conditions of the finance lease agreement (leasing agreement).
11. Where rights in fixed assets are subject to State registration in accordance with the legislation of the Russian Federation, those fixed assets shall be included in the appropriate amortization group from the moment of the documentarily confirmed submission of documents for the registration of those rights.
12. Previously used amortizable assets which have been acquired by an organization shall be included in the amortization group (subgroup) in which they were included by the preceding owner.
13. Where an organization which has prescribed the use of the non-linear amortization method in its accounting policies applies increase (reduction) coefficients to amortization norms in accordance with Article 259.3 of this Code, the items of amortizable assets to which those coefficients are applied shall form a subgroup within an amortization group, and separate records shall be maintained of such amortization groups and subgroups. All rules governing the creation or elimination of a group and the increasing or reduction of the aggregate balance of a group shall apply to such subgroups, and they shall be subject to an amortization norm adjusted with the aid of an increase (reduction) coefficient.

The application of increase (reduction) coefficients to amortization norms for amortizable assets shall cause the useful life of those assets to be reduced (increased) accordingly. In this respect, amortization subgroups for items of amortizable assets in relation to which increase (reduction) coefficients are applied to the relevant amortization norms shall be formed within an amortization group on the basis of the useful life specified by the classification of fixed assets approved by the Government of the Russian Federation without taking that increase (decrease) into account.

### **Article 259 Methods and Procedure for the Calculation of Amortization Amounts**

1. For the purposes of this Chapter taxpayers shall have the right to choose one of the following methods of charging amortization with account taken of the special considerations which are laid down in this Chapter:



- 1) the linear method;
- 2) the non-linear method.

The method of charging amortization shall be established by the taxpayer independently in relation to all items of amortizable assets (with the exception of items on which amortization is charged using the linear method in accordance with clause 3 of this Article) and shall be stated in accounting policies for taxation purposes. The method of charging of amortization may be changed from the beginning of the next successive tax period. In this respect, a taxpayer shall have the right to transfer from the non-linear method to the linear method of charging amortization no more frequently than once every five years.

The amortization methods which are established by this clause shall apply to all fixed assets irrespective of the date on which they were acquired.

2. The amount of amortization for taxation purposes shall be determined by taxpayers on a monthly basis in accordance with the procedure established by this Chapter. Amortization shall be charged separately for each amortization group (subgroup) where the non-linear method of charging amortization is used or separately for each item of amortizable assets where the linear method of charging amortization is used.
3. Irrespective of the method of charging amortization which is established by a taxpayer in its accounting policies for taxation purposes, the linear method of charging amortization shall be applied in relation to buildings, installations, transmitters and intangible assets belonging to the eighth to tenth amortization groups, irrespective of when the assets in question are brought into use.

For other items of amortizable assets, irrespective of when the assets are brought into use, only the amortization method established by the taxpayer in its accounting policies for taxation purposes shall be applied.

4. The charging of amortization on items of amortizable assets shall commence from the 1<sup>st</sup> of the month following the month in which the item was brought into use.
5. If, during a particular calendar month, an organization was founded, liquidated, re-organized or otherwise transformed so that, in accordance with Article 55 of this Code, the tax period for that organization begins or ends before the end of the calendar month, amortization shall be charged with account taken of the following special considerations:
  - 1) amortization shall be charged by an organization undergoing liquidation up to (and including) the month in which liquidation is completed, and shall be charged by an organization undergoing re-organization up to (and including) the month in which the re-organization is completed in accordance with the established procedure;

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- 2) amortization shall be charged by an organization which is founded or formed as a result of a re-organization from the 1<sup>st</sup> of the month following the month in which its State registration took place.

The provisions of this clause shall not apply to organizations which change their organizational-legal form.

6. Organizations which carry out activities in the field of information technology shall have the right not to apply the amortization procedure established by this Article in relation to computer equipment. In this case, expenses incurred by such organizations for the acquisition of computer equipment shall be recognised as material expenses of a taxpayer according to the procedure established by subsection 3 of clause 1 of Article 254 of this Code. For the purposes of this clause, organizations which carry out activities in the field of information technology shall be taken to mean Russian organizations which develop and sell computer programmes and databases on magnetic storage media or in electronic form via communications channels, irrespective of the type of agreement, and (or) render services (perform work) involving the development, adaptation and modification of computer programmes and databases (computer software and information products) and the installation and testing of and provision of support for computer programmes and databases.

The organizations referred to in this clause must meet the following conditions:

- the organization has received a document concerning the State accreditation of an organization which carries out activities in the field of information technology in accordance with the procedure established by the Government of the Russian Federation;
- income from the sale of copies of computer programmes and databases, the transfer of property rights in computer programmes and databases and the rendering of services (performance of work) involving the development, adaptation and modification of computer programmes and databases (computer software and information products) and services (work) involving the installation and testing of and provision of support for those computer programmes and databases according to the results of activity for an accounting (tax) period accounts for not less than 90 per cent of all income of the organization for that period, including not less than 70 per cent from foreign entities;
- the average number of employees for the accounting (tax) period is not less than 50 persons.

For the purpose of determining the proportion of income from purchasers which are foreign entities, account shall be taken of income from foreign entities whose place of activity is not the territory of the Russian Federation. The place of activity of a purchaser shall be defined as the place at which a purchaser has an actual presence in the territory of a foreign state on the basis of the State registration of an organization or, in the absence of such

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registration, according to the place specified in the foundation documents of an organization, the place of management of an organization, the location of a permanent executive body, the location of a permanent establishment if the computer programmes and databases, services (work) and property rights which are envisaged by this clause were acquired through that permanent establishment, and the place of residence of a physical person.

The documents which confirm the receipt of income from purchasers which are foreign entities shall be the agreement (a copy of the agreement) with a foreign entity and documents confirming the rendering of services (the performance of work) or a customs declaration (a copy thereof) marked by the Russian customs authority which effected the release of the goods under the export customs procedure and the Russian exit customs authority through which the goods were removed from the customs territory of the Customs Union.

### **Article 259.1 Procedure for the Calculation of Amortization Amounts Where the Linear Method of Charging Amortization is Applied**

1. Where a taxpayer establishes the linear method of charging amortization in its accounting policies for taxation purposes, and where the linear method of charging amortization is applied in relation to items of amortizable assets in accordance with clause 3 of Article 259 of this Code, the procedure for the charging of amortization which is established by this Article shall be applied.
2. The amount of amortization charged on an item of amortizable assets for one month shall be determined as the product of its historical (replacement) cost and the amortization norm determined for that item.

The amortization norm for each item of amortizable assets shall be determined according to the formula:

$$K = \frac{1}{n} \times 100\%,$$

where “K” is the amortization norm as a percentage of the historical (replacement) cost of the item of amortizable assets;

“n” is the useful life of the item of amortizable assets in question expressed in months (without taking into account the reduction of (increase in) the useful life in accordance with paragraph 2 of clause 13 of Article 258 of this Code).

3. The charging of amortization on amortizable assets in the form of capital investments in fixed assets which are amortizable in accordance with this Chapter and on which amortization is charged using the linear method shall commence for the lessor from the 1<sup>st</sup> of the month following the month in which the assets concerned were brought into use, and shall commence for the lessee from the 1<sup>st</sup> of the month following the month in which the assets concerned were brought into use.

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4. The charging of amortization on amortizable assets in the form of capital investments in items of fixed assets received under an agreement on use without consideration which are amortizable in accordance with this Chapter and on which amortization is charged using the linear method shall commence for the lender organization from the 1<sup>st</sup> of the month following the month in which the assets concerned were brought into use, and shall commence for the borrower organization from the 1<sup>st</sup> of the month following the month in which the assets concerned were brought into use.
5. The charging of amortization shall cease from the 1<sup>st</sup> of the month following the month in which the value of an item of amortizable assets was written off in full or in which, for whatever reason, the item in question ceased to be in the composition of the taxpayer's amortizable assets.
6. The charging of amortization on items which have been excluded from the composition of amortizable assets in accordance with clause 3 of Article 256 of this Code shall cease from the 1<sup>st</sup> of the month following the month in which the item in question was excluded from the composition of amortizable assets.
7. When an agreement on use without consideration is terminated and items of amortizable assets are returned to the taxpayer, and when an item of fixed assets is put back into service or the reconstruction (modernization) of an item of fixed assets is completed, amortization shall be charged thereon concerned from the 1<sup>st</sup> of the month following the month in which the items were returned to the taxpayer, the reconstruction (modernization) was completed or the fixed asset was put back into service.

### **Article 259.2 Procedure for the Calculation of Amortization Amounts Where the Non-Linear Method of Charging Amortization is Applied**

1. Where a taxpayer establishes the non-linear method of charging amortization in its accounting policies for taxation purposes, the procedure for charging amortization which is established by this Article shall be applied.
2. As at the 1<sup>st</sup> day of a tax period from the beginning of which the accounting policies for taxation purposes prescribe that the non-linear method of charging amortization is to be applied, the aggregate balance of each amortization group (subgroup), which is calculated as the aggregate value of all items of amortizable assets assigned to the amortization group (subgroup), shall be determined according to the procedure established by Article 322 of this Code with account taken of the provisions of this Article.

The aggregate balance of each amortization group (subgroup) shall subsequently be determined according to the procedure established by this Article as at the 1<sup>st</sup> of each month for which the amount of amortization charged is determined.

The aggregate balance for amortization groups and their component subgroups shall be determined without taking into account items of amortizable assets on

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which amortization is charged using the linear method in accordance with clause 3 of Article 259 of this Code.

3. As items of amortizable assets are brought into use, the historical cost of those items shall increase the aggregate balance of the relevant amortization group (subgroup). In this respect, the historical cost of the items concerned shall be included in the aggregate balance of the relevant amortization group (subgroup) from the 1<sup>st</sup> of the month following the month in which they were brought into use.

Where the historical cost of fixed assets is adjusted in accordance with clause 2 of Article 257 of the Code in connection with the extension, further equipping, reconstruction, modernization, retooling and partial dismantling of the assets, amounts by which the historical cost of the assets is adjusted shall be included in the aggregate balance of the relevant amortization group (subgroup).

4. The aggregate balance of each amortization group (subgroup) shall be reduced monthly by amounts of amortization charged on that group (subgroup).

The amount of amortization charged for one month for each amortization group (subgroup) shall be determined on the basis of the product of the aggregate balance of a particular amortization group (subgroup) as at the beginning of a month and the amortization norms established by this Article according to the following formula:

$$A = B \times k/100,$$

where “A” is the amount of amortization charged for one month for the amortization group (subgroup) in question;

“B” is the aggregate balance of the amortization group (subgroup) in question;

“k” is the amortization norm for the amortization group (subgroup) in question.

5. The following norms shall be used for the purposes of applying the non-linear method of charging amortization:

Amortization group	Amortization norm (monthly)
First	14.3
Second	8.8
Third	5.6
Fourth	3.8
Fifth	2.7
Sixth	1.8
Seventh	1.3
Eighth	1.0
Ninth	0.8
Tenth	0.7

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6. The charging of amortization on amortizable assets in the form of capital investments in leased fixed assets which are amortizable in accordance with this Chapter and on which amortization is charged using the non-linear method in accordance with Article 259 of this Code shall commence for the lessor from the 1<sup>st</sup> of the month following the month in which the assets were brought into use, and shall commence for the lessee from the 1<sup>st</sup> of the month following the month in which the assets were brought into use.
7. The charging of amortization on amortizable assets in the form of capital investments in items of fixed assets received under an agreement on use without consideration which are amortizable in accordance with this Chapter and on which amortization is charged using the non-linear method in accordance with Article 259 of this Code shall commence for the lender organization from the 1<sup>st</sup> of the month following the month in which the assets concerned were brought into use, and shall commence for the borrower organization from the 1<sup>st</sup> of the month following the month in which the assets concerned were brought into use.
8. Where items on which amortization is charged using the non-linear method have been excluded from the composition of amortizable assets in accordance with clause 3 of Article 256 of this Code, the charging of amortization on those items shall cease from the 1<sup>st</sup> of the month following the month in which the item in question was excluded from the composition of amortizable assets. In this respect, the aggregate balance of the relevant amortization group (subgroup) shall be reduced by the net book value of those items.
9. When an agreement on use without consideration is terminated and items of amortizable assets are returned to the taxpayer, and when an item of fixed assets on which amortization is charged using the non-linear method is put back into service or the reconstruction (modernization) of such an item of fixed assets is completed, amortization shall be charged on that item from the 1<sup>st</sup> of the month following the month in which the items were returned to the taxpayer, the reconstruction (modernization) of the fixed asset was completed or the fixed asset was put back into service, and the aggregate balance of the amortization group (subgroup) shall be increased by the net book value of the items in question with account taken of the provisions of clause 9 of Article 258 of this Code.
10. When items of amortizable assets are disposed of, the aggregate balance of the relevant amortization group (subgroup) shall be reduced by the net book value of those items.
11. Where, as a result of the disposal of amortizable assets, the aggregate balance of the relevant amortization group (subgroup) has decreased so that the aggregate balance has reached zero, that amortization group (subgroup) shall be eliminated.
12. Where the aggregate balance of an amortization group (subgroup) falls below 20,000 roubles, in the month following the month in which that value was reached, unless the aggregate balance of the amortization group (subgroup) in question has increased during that time as a result of items of amortizable

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assets being brought into use, the taxpayer shall have the right to eliminate that group (subgroup), with the amount of the aggregate balance being taken to non-sale expenses for the current period.

13. Upon the expiry of the useful life of an item of amortizable assets as determined in accordance with Article 258 of this Code, a taxpayer may exclude the item in question from the composition of the amortization group (subgroup) without adjusting the aggregate balance of the amortization group (subgroup) as at the date of the removal of the item of amortizable assets therefrom. In this respect, amortization shall continue to be charged on the basis of the aggregate balance of the amortization group (subgroup) in accordance with the procedure established by this Article.

For the purposes of this clause, the useful life of items of amortizable assets which were brought into use before the 1<sup>st</sup> day of the tax period from the beginning of which the accounting policies for taxation purposes prescribe that the non-linear method of charging amortization is to be applied shall be determined with account taken of the period for which the items in question were used before that date.

### **Article 259.3 Application of Increase (Reduction) Coefficients to an Amortization Norm**

1. Taxpayers shall have the right to apply a special coefficient, but not higher than 2, to the basic amortization norm:
- 1) in relation to amortizable fixed assets which are used for work under conditions of an aggressive environment and (or) on a multi-shift basis.

Taxpayers which use amortizable fixed assets for work under conditions of an aggressive environment and (or) on a multi-shift basis shall have the right to use the special coefficient which is referred to in this clause only when charging amortization in relation to those fixed assets.

For the purposes of this Chapter, an aggressive environment shall be understood to mean the totality of natural and (or) artificial factors whose influence causes increased depreciation (aging) of fixed assets in the process of their use. The location of fixed assets in contact with an explosion-hazardous, fire-hazardous, toxic or other aggressive technological environment which may be the cause (source) of an emergency situation shall also be equated with operation in an aggressive environment.

Where the non-linear method of charging amortization is applied, the above-mentioned special coefficient shall not be applied to fixed assets belonging to the first to third amortization groups;

- 2) in relation to own amortizable fixed assets of taxpayers which are industrial-type agricultural organizations (poultry plants, cattle-breeding complexes, State fur farms, greenhouse complexes);

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- 3) in relation to own amortizable fixed assets of taxpayers which are organizations with the status of resident of an industrial production special economic zone or a tourism and recreation special economic zone;
- 4) in relation to amortizable fixed assets which are classified as highly energy-efficient facilities in accordance with the list of such facilities approved by the Government of the Russian Federation, or as facilities having the highest energy efficiency rating where energy efficiency ratings are determined in relation to such facilities in accordance with the legislation of the Russian Federation.

2. Taxpayers shall have the right to apply a special coefficient, but not higher than 3, to the basic amortization norm:

- 1) in relation to amortizable fixed assets which are the subject of a finance lease agreement (leasing agreement) for the taxpayers by whom the fixed assets in question must be recorded in accordance with the conditions of the finance lease agreement (leasing agreement).

The above-mentioned special coefficient shall not be applied to fixed assets belonging to the first to third amortization groups;

- 2) in relation to amortizable fixed assets which are used only in carrying out scientific and technical activities.
3. Taxpayers which apply the non-linear method of charging amortization and have transferred (received) fixed assets which are the subject of a lease in accordance with agreements which were concluded by the parties to the leasing transaction prior to the implementation of this Chapter shall assign the assets in question to a separate subgroup within the appropriate amortization groups. Amortization shall be charged on those assets in accordance with the method and norms existing at the time of the transfer (receipt) of the assets and using a special coefficient not higher than 3.
4. Amortization may be charged on the basis of amortization norms which are lower than those established by this Chapter in accordance with a decision of the director of a taxpaying organization which has been laid down in the accounting policies for taxation purposes in accordance with the procedure established for selecting the method of charging amortization that is to be applied.

Where amortizable assets are sold by taxpayers which use reduced amortization norms, the net book value of the items of amortizable assets which are sold shall be determined on the basis of the amortization norm which is actually applied.

### **Article 260 Expenses for the Repair of Fixed Assets**

1. Expenses for the repair of fixed assets which are incurred by a taxpayer shall be regarded as miscellaneous expenses and shall be recognised for taxation



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purposes in the accounting (tax) period in which they were incurred in the amount of actual expenditures.

2. The provisions of this Article shall also apply to expenses incurred by a lessee of amortizable fixed assets unless the contract (agreement) between the lessee and the lessor envisages that the lessor shall reimburse those expenses.
3. In order to provide for the even inclusion of expenses for the repair of fixed assets over two or more tax periods, taxpayers shall have the right to create reserves against future repairs of fixed assets in accordance with the procedure established by Article 324 of this Code.

### **Article 261 Expenses for the Development of Natural Resources**

1. For the purposes of this Chapter, expenses for the development of natural resources shall mean expenditures of a taxpayer on the geological study of subsurface resources, on prospecting for commercial minerals and on the performance of work of a preparatory nature.

Expenses for the development of natural resources shall include, in particular:

- expenses for the exploration and appraisal of deposits of commercial minerals (including audits of reserves), including expenses associated with the construction (drilling) and (or) abandonment (temporary shutdown) of wells (with the exception of those recognised as amortizable assets), prospecting for commercial minerals and (or) hydrogeological surveys which are carried out on a site of subsurface resources in accordance with licences or other permits issued by authorized bodies which have been received in accordance with the established procedure, and expenses for the acquisition of necessary geological and other information from third parties, including State bodies;
- expenses for the preparation of an area for the conduct of mining, construction and other work in accordance with established requirements relating to safety and the protection of lands, subsurface resources and other natural resources and the environment, including the construction of temporary approach paths and roads for the removal of extracted rocks, commercial minerals and waste, the preparation of sites for the construction of appropriate facilities, the preservation of the fertile layer of soil which is intended for subsequent land recultivation and the storage of extracted rocks, commercial minerals and waste;
- expenses for the payment of compensation for complex damage inflicted on natural resources by taxpayers in the process of the construction and operation of facilities, for relocation and the payment of compensation awards for the demolition of housing in the process of the development of deposits. Such expenses shall also include expenses envisaged in contracts (agreements) which have been concluded by such taxpayers with State government bodies of constituent entities of the Russian Federation, local government bodies and (or) clan and family communities of small indigenous peoples.

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2. Expenses for the development of natural resources which are incurred after the implementation of this Chapter shall be included in the composition of miscellaneous expenses in accordance with this Chapter unless they are financed by resources of the budget and (or) resources of State non-budgetary funds.

The expenses for the development of natural resources which are referred to in clause 1 of this Article shall be taken into account in accordance with the procedure which is envisaged by Article 325 of this Code. Where expenses incurred for the development of natural resources relate to two or more sites of subsurface resources, those expenses shall be recorded separately for each site of subsurface resources in a proportion to be determined by the taxpayer in accordance with the accounting policies adopted by it for taxation purposes. The above-mentioned expenses shall be recognised for taxation purposes from the first of the month following the month in which the work (stages of work) in question was (were) completed, and shall be included in the composition of miscellaneous expenses according to the following procedure:

- the expenses which are envisaged in paragraph 3 of clause 1 of this Article shall be included in the composition of expenses evenly over 12 months;

- the expenses which are envisaged in paragraphs 4 and 5 of clause 1 of this Article shall be included in the composition of expenses evenly over two years, but not more than the period of service.

4. The procedure for the recognition of expenses for the development of natural resources for taxation purposes which is envisaged by this Article shall also apply to expenses for the construction (drilling) of an exploratory well on raw hydrocarbon deposits which has proved unproductive, the performance of a range of geological work and tests using that well and the subsequent abandonment of the well. This procedure shall be applied by the taxpayer irrespective of whether further work is continued or terminated on the site of subsurface resources in question after the abandonment of the unproductive well, provided that separate records are maintained of expenses relating to that well. Expenses relating to an unproductive well shall be recognised for taxation purposes evenly over 12 months from the first day of the month following the month in which that well was abandoned in accordance with the established procedure as having fulfilled its purpose.

The decision to recognise a particular well as unproductive shall be adopted by a taxpayer once and may not subsequently be changed. In this respect, the taxpayer shall inform the tax authority with which it is registered of the decision adopted in relation to each well no later than the deadline which is established by this Chapter for the submission of a tax declaration for the accounting (tax) period in which it actually included expenses (or a part of such expenses) relating to the well in the composition of miscellaneous expenses.

6. Expenses for the acquisition of work (services) and geological and other information from third parties, and expenses for the independent performance

of work associated with the development of natural resources shall be taken into account for taxation purposes in the amount of actual expenditures.

**Article 262 Expenses for Research and Development**

1. Expenses for research and (or) development shall be taken to mean expenses associated with the creation of new or improvement of already manufactured products (goods, work and services), and in particular expenses associated with inventive activity and expenses for the formation of the Russian Technological Development Fund and other sectoral and intersectoral funds for the financing of research and development work which have been registered in accordance with the procedure envisaged by the Federal Law “Concerning Science and State Scientific and Technical Policy”.
2. A taxpayer’s expenses for research and (or) development associated with the creation of new products (goods, work and services) or the improvement of those already produced, and in particular expenses associated with inventive activity, which are incurred by the taxpayer independently or jointly with other organizations (in the amount corresponding to its portion of the expenditure) as well as on the basis of agreements under which the taxpayer is the customer for such research or development shall be recognised for taxation purposes after that research or development has been completed (after the completion of individual stages of work) and the parties have signed a delivery acceptance certificate in accordance with the procedure which is envisaged by this Article.

The above-mentioned expenses shall be included by the taxpayer in the composition of miscellaneous expenses evenly over one year provided that the above-mentioned research and development is used in the production and (or) sale of goods (performance of work, rendering of services) from the first of the month following the month in which such research is completed (individual stages of the research are completed).

Expenses of a taxpayer for research and (or) development aimed at creating new or improving existing technologies and creating new types of raw materials or other materials with respect to which the research has failed to yield a positive result shall also be included in the composition of miscellaneous expenses evenly over one year in the amount of the expenses actually incurred in accordance with the procedure which is envisaged by this clause.

Research and development expenses (including those which have not yielded a positive result) incurred by taxpayers which are organizations that are registered and operate in the territories of special economic zones created in accordance with the legislation of the Russian Federation shall be recognised in the accounting (tax) period in which they were incurred in the amount actually expended.

Expenses incurred by a taxpayer for research and development activities (including activities which have not yielded a positive result) included in the

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list established by the Government of the Russian Federation shall be recognised in the accounting (tax) period in which they were incurred and shall be included in the composition of miscellaneous expenses in the amount of actual expenditures with a coefficient of 1.5.

3. Expenses of a taxpayer for research and (or) development which are incurred in the form of allocations for the formation of the Russian Technological Development Fund and other sectoral and intersectoral funds for the financing of research and development work which have been registered in accordance with the procedure envisaged by the Federal Law “Concerning Science and State Scientific and Technical Policy” shall be recognised for taxation purposes within a limit of 1.5 per cent of the taxpayer’s income (gross receipts).

Paragraph 1 of this clause shall not apply to expenses of sectoral and intersectoral funds for the financing of research and development work which are incurred in the form of allocations for the formation of the Russian Technological Development Fund.

4. The provisions of clause 2 of this Article shall not apply to expenses for research and (or) development at organizations which carry out research and (or) development as the performer (contractor or subcontractor). Those expenses shall be regarded as expenses associated with activities carried out by those organizations which are aimed at receiving income.
5. Where, as a result of expenses incurred for research and (or) development activities, a taxpaying organization receives exclusive rights in results of intellectual activity such as are referred to in clause 3 of Article 257 of this Code, those rights shall be recognised as intangible assets which are subject to amortization in accordance with clauses 2 and 5 of Article 258 of this Code, with account taken of the provisions of clause 3 of Article 259 of this Code.

### **Article 263 Expenses for Compulsory and Voluntary Property Insurance**

1. Expenses for compulsory and voluntary property insurance shall include insurance premiums for all types of compulsory insurance and the following types of voluntary property insurance:
  - 1) voluntary insurance of means of transport (water, air, land, pipeline), including rented transport, expenses for the maintenance of which are included in expenses associated with production and sales;
  - 2) voluntary insurance of freight;
  - 3) voluntary insurance of fixed assets of a production nature (including leased fixed assets), intangible assets and incomplete capital construction projects (including leased projects);
  - 4) voluntary insurance of risks associated with the performance of construction and installation work;

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- 5) voluntary insurance of inventory;
  - 6) voluntary insurance of crop harvests and animals;
  - 7) voluntary insurance of other assets used by a taxpayer in carrying out activities aimed at receiving income;
  - 8) voluntary insurance of liability for injury or liability under an agreement if such insurance is a condition of the carrying out of activities by the taxpayer in accordance with international obligations of the Russian Federation or generally accepted international requirements;
  - 9) voluntary insurance of the risk of liability for the non-fulfilment or improper fulfilment of obligations associated with the financing of the construction and (or) the construction of Olympic facilities which is undertaken in accordance with Article 14 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”;
  - 9.1) voluntary insurance of property interests associated with the circulation of bank cards issued by a taxpayer in case of losses suffered by the insurance holder as a result of the performance of transactions by third parties using counterfeit or lost bank cards or bank cards which have been stolen from the card holders, the withdrawal of monetary resources on the basis of forged electronic terminal slips or receipts confirming transactions performed by a bank card holder, or the performance of other illegal operations with bank cards;
  - 10) other types of voluntary property insurance where, in accordance with the legislation of the Russian Federation, such insurance is a condition of the carrying out of activity by a taxpayer.
2. Expenses for compulsory types of insurance (established by the legislation of the Russian Federation) shall be included in the composition of miscellaneous expenses within the limits of the insurance rates approved in accordance with the legislation of the Russian Federation and the requirements of international conventions. In the event that those rates have not been approved, expenses for compulsory insurance shall be included in the composition of miscellaneous expenses in the amount of actual expenditures.
  3. Expenses for the voluntary types of insurance which are referred to in this Article shall be included in the composition of miscellaneous expenses in the amount of actual expenditures.

**Article 264    Miscellaneous Expenses Associated With Production and Sales**

1. Miscellaneous expenses associated with production and sales shall include the following expenses of a taxpayer:
  - 1) amounts of taxes and levies, customs duties and fees and insurance contributions to the Pension Fund of the Russian Federation for compulsory pension insurance, to the Social Insurance Fund of the Russian Federation for compulsory social insurance against temporary incapacity for work and in connection with maternity and to the Federal Compulsory Medical Insurance Fund and territorial compulsory medical insurance funds for compulsory medical insurance which are charged in accordance with the procedure established by the legislation of the Russian Federation, with the exception of those enumerated in Article 270 of this Code;
  - 2) expenses for the certification of products and services, and for the declaration of conformity with the participation of a third party;
  - 3) amounts of commission fees and other similar expenses for work performed (services provided) by outside organizations;
  - 4) amounts of port and aerodrome fees, expenses for pilotage services and other similar expenses;
  - 5) amounts of removal expenses paid within the limits of the norms established in accordance with the legislation of the Russian Federation;
  - 6) expenses associated with ensuring the fire safety of a taxpayer in accordance with the legislation of the Russian Federation, expenses for the maintenance of a gas rescue service, expenses for services associated with property protection and the servicing of security and fire alarms, expenses for the acquisition of fire safety and other security services, including services rendered by non-departmental security forces attached to internal affairs bodies of the Russian Federation in accordance with the legislation of the Russian Federation, and expenses for the maintenance of a security department to perform functions associated with the economic protection of banking and economic operations and the safekeeping of tangible assets (other than expenses for the provision of equipment and acquisition of weapons and other special means of protection);
  - 7) expenses associated with ensuring normal working conditions and safety measures which are envisaged by the legislation of the Russian Federation, expenditures on civil defence in accordance with the legislation of the Russian Federation, expenses for the treatment of occupational illnesses of workers engaged in work under harmful or difficult working conditions and expenses associated with the maintenance of the premises and equipment of first-aid stations which are situated directly on the premises of an organization;
  - 8) expenses for the recruitment of staff, including expenses for the services of specialized recruitment organizations;

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- 9) expenses for the rendering of services involving warranty repair and servicing, including allocations to the reserve for future expenses associated with warranty repair and warranty servicing (with account taken of the provisions of Article 267 of this Code);
- 10) rental (lease) payments for rented (leased) assets (including plots of land), and expenses associated with the acquisition of leased assets. Where assets received under a leasing agreement are recorded by the lessee, the following shall be recognised as expenses which are taken into account in accordance with this subsection:
- for the lessee – rental (lease) payments less the amount of amortization on those assets which is charged in accordance with Articles 259 to 259.2 of this Code;
  - for the lessor – expenses associated with the acquisition of the leased assets;
- 10.1) the fee which is payable by a concessionaire to a concession grantor during the period of use (operation) of a concession facility (the concession fee);
- 11) expenses for the maintenance of transport for business use (motor, rail, air and other forms of transport). Expenses for the payment of compensation for the use of private motor cars and motorcycles for business travel within the limits of the norms established by the Government of the Russian Federation;
- 12) business trip expenses, and in particular expenses for:
- travel by an employee to a business trip destination and back to the place of permanent work;
  - the rent of residential accommodation. This expense item shall also include reimbursement of an employee's expenses for additional services provided in hotels (excluding expenses for bar and restaurant services, expenses for room service and expenses for the use of recreational and leisure facilities);
  - per diem subsistence allowances or field allowances;
  - the processing and issue of visas, passports, vouchers, invitations and other similar documents;
  - consular and aerodrome fees, fees for right of entry, passage and transit of motor vehicles and other means of transport and for the use of sea canals and other similar facilities, and other charges and fees;
- 12.1) expenses for the transportation from a place of residence (assembly point) to a place of work of workers employed in organizations which carry out their activities under a rotation system or under field (expedition) conditions. The above-mentioned expenses must be provided for by collective agreements;

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- 13) expenses for meal allowances for the crews of sea-going and river vessels and aircraft within the limits of the norms approved by the Government of the Russian Federation;
- 14) expenses for legal and information services;
- 15) expenses for consulting and other similar services;
- 16) charges payable to a State and (or) private notary for notarization. In this respect, such expenses shall be taken into account within the limits of the tariffs which have been approved in accordance with the established procedure;
- 17) expenses for auditing services;
- 18) expenses associated with the management of an organization or of individual subdivisions thereof, and expenses for the acquisition of services involving the management of an organization or of individual subdivisions thereof;
- 19) expenses for services involving the provision of workers (technical and managerial staff) by outside organizations for participation in the production process or production management or for the performance of other functions associated with production and (or) sales;
- 20) expenses for the publication of accounting reports and the publication and other disclosure of other information where the taxpayer is obliged by legislation to publish (disclose) them;
- 21) expenses associated with the presentation of State statistical forms and information where the taxpayer is obliged by the legislation of the Russian Federation to present such information;
- 22) representational expenses associated with the official reception of and provision of services to representatives of other organizations who participate in negotiations with a view to establishing and maintaining co-operation in accordance with the procedure which is envisaged by clause 2 of this Article;
- 23) expenses associated with the tuition on basic and supplementary vocational education courses and professional training and retraining of employees of the taxpayer according to the procedure laid down in clause 3 of this Article;
- 24) expenses for stationery;
- 25) expenses for postal, telephone, telegraph and other similar services, expenses associated with payment for communications services and services of computer centres and banks, including expenses for facsimile and satellite communication services, electronic mail services and services of information systems (SWIFT, Internet and other similar systems);
- 26) expenses associated with the acquisition of the right to use computer programmes and databases under agreements with a possessor of rights (under



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licence agreements). The above-mentioned expenses shall also include expenses associated with the acquisition of exclusive rights to computer programmes and databases valued at less than 20,000 roubles and for the updating of computer programmes and databases;

- 27) expenses associated with the day-to-day study (examination) of the state of the market and the gathering of information which is directly related to the production and sale of goods (work and services);
- 28) expenses for the advertising of goods (work and services) which are produced (acquired) and (or) sold, of the taxpayer's activities, trademarks and service marks, including participation in exhibitions and fairs, with account taken of the provisions of clause 4 of this Article;
- 29) fees, contributions and other compulsory payments which are paid to non-commercial organizations if the payment of such fees, contributions and other compulsory payments is a condition of the carrying-out of activities by the taxpayers which pay those fees, contributions or other compulsory payments;
- 30) fees which are paid to international organizations and organizations which provide payment systems and electronic data transfer systems if the payment of such fees is a mandatory condition of the carrying-out of activities by the taxpayers which pay those fees or is a condition of the provision by the international organization of services which the taxpayers which pay those fees require in order to engage in such activities;
- 31) expenses associated with payments to outside organizations for services associated with the maintenance and sale in accordance with the procedure which is established by the legislation of the Russian Federation of items which are pledged or deposited for the time during which those items are in the possession of the pledgee after they have been transferred by the pledgor;
- 32) expenses for the maintenance of rotation workers' and temporary settlements, including all housing and utilities, social and cultural facilities, ancillary holdings and other similar services, at organizations which carry out their activities under a rotation system or operate under field (expedition) conditions. The above-mentioned expenses shall be recognised for taxation purposes within the limits of the norms for the maintenance of similar facilities and services which have been approved by local government bodies at the place of activity of the taxpayer. Where such norms have not been approved by local government bodies, the taxpayer shall have the right to apply the procedure for the determination of expenses for the maintenance of those facilities which is in force for similar facilities situated in the territory in question which are under the jurisdiction of the above-mentioned bodies;
- 33) allocations of enterprises and organizations which operate especially radiation-hazardous and nuclear-hazardous production units and facilities for the formation of reserves which are intended to maintain the safety of those production units and facilities at all stages of the life cycle and development thereof in accordance with the legislation of the Russian Federation

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concerning the use of atomic energy and in accordance with the procedure which is established by the Government of the Russian Federation;

- 34) expenses for the preparation and assimilation of new production units, departments and hardware;
- 35) non-capital expenses associated with the improvement of production and management techniques and organization;
- 36) expenses for accounting services rendered by outside organizations or private entrepreneurs;
- 37) periodic (current) payments for the use of rights to results of intellectual activity and means of individualization (in particular, rights arising from patents for inventions, industrial samples and other types of intellectual property);
- 38) expenses incurred by a taxpaying organization which uses the labour of disabled persons in the form of resources used for purposes associated with the social protection of disabled persons if disabled persons account for not less than 50 per cent of the total number of employees of the taxpayer and expenses associated with payment for the labour of disabled persons account for not less than 25 per cent of labour payment expenses.

In accordance with the legislation of the Russian Federation concerning the social protection of disabled persons, purposes associated with the social protection of disabled persons shall be understood to mean:

- the improvement of working conditions and labour protection for disabled persons;
- the creation and preservation of jobs for disabled persons (the purchase and assembly of equipment, including the organization of the labour of homeworkers);
- the training (including training in new occupations and work practices) and job placement of disabled persons;
- the manufacture and repair of prosthetic appliances;
- the acquisition and maintenance of rehabilitation equipment (including the acquisition of guide dogs);
- health resort services for disabled persons and persons accompanying Group I disabled persons and disabled children;
- the protection of the rights and legitimate interests of disabled persons;
- measures aimed at integrating disabled persons into society (including cultural, sporting and other similar activities);

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- ensuring that disabled persons have opportunities equal to those of other citizens (including transport services for persons accompanying Group I disabled persons and disabled children);
- the acquisition and distribution among disabled persons of printed publications of social organizations of disabled persons;
- the acquisition and distribution among disabled persons of video materials with subtitles or sign-language translation;
- contributions made by the above-mentioned organizations to social organizations of disabled persons for the maintenance of those organizations.

For purposes of determining the total number of disabled persons, disabled persons working by way of secondary employment or under contractual agreements and other civil-law agreements shall not be included in the average number of employees;

- 39) expenses of taxpaying social organizations of disabled persons and of taxpaying institutions whose assets are solely owned by social organizations of disabled persons in the form of resources which are used for activities carried out by those social organizations of disabled persons and for the purposes referred to in subsection 38 of this clause.

Recipients of resources which are intended for the conduct of the activities of a social organization of disabled persons and for purposes associated with the social protection of disabled persons shall, after a tax period has ended, submit to the appropriate tax authorities where they are registered a report on the purpose-oriented use of the resources received.

Where such resources are used other than for their designated purpose, from the moment when the recipient actually used those resources other than for their designated purpose (violated the conditions under which the resources were granted) those resources shall be deemed to be income for the taxpayer which received those resources.

The expenses which are referred to in subsection 38 of this clause and in this subsection may not be included in expenses associated with the production and (or) sale of excisable goods, mineral raw materials, other commercial minerals and other goods according to a list to be determined by the Government of the Russian Federation in consultation with all-Russian organizations of disabled persons and with the rendering of intermediary services associated with the sale of such goods, mineral raw materials and commercial minerals;

- 39.1) expenses of taxpaying organizations whose charter (pooled) capital consists entirely of a contribution made by religious organizations in the form of amounts of profit earned from the sale of religious literature and articles of a religious nature, provided that those amounts are transferred for the conduct of the statutory activities of those religious organizations;

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- 39.2) expenses associated with the formation in accordance with the procedure established by Article 267.1 of this Code of reserves for future expenses for purposes associated with the social protection of disabled persons as envisaged by subsection 38 of this clause, where incurred by a taxpayer which is a social organization of disabled persons or a taxpayer – organization which uses the labour of disabled persons where disabled persons account for not less than 50 per cent of the total number of employees of that taxpayer and expenses associated with payment for the labour of disabled persons account for not less than 25 per cent of labour payment expenses;
- 40) payments for the registration of rights to immovable property and land and of transactions involving such items, payments for the provision of information on registered rights, and payments for the services of authorized bodies and specialized organizations involving the valuation of property and the preparation of cadastral and technical records (inventorying) of items of immovable property;
- 41) expenses under civil-law agreements (including contractual agreements) concluded with private entrepreneurs who are not on the organization's staff;
- 42) expenses of taxpayers which are agricultural organizations for the provision of meals for workers engaged in agricultural work;
- 43) expenses for the replacement of copies of periodical printed publications in packs which are defective, have become unsaleable in the process of transportation and (or) sale or are missing, but not more than 7 per cent of the cost of circulation of a particular issue of a periodical printed publication;
- 44) losses in the form of the value of mass media products and book products which are defective, have become unsaleable or are not sold within the time periods specified in this subsection (are obsolete) and are written off by taxpayers which produce and issue mass media products and book products within a limit of not more than 10 per cent of the cost of circulation of a particular issue of a periodical printed publication or a particular edition of a book product, and expenses for the writing-off and utilization of defective, unsaleable and unsold mass media products and book products.

The value of mass media products and book products not sold within the following time periods shall be deemed an expense:

- in the case of periodical printed publications - within the period up to the publication of the next issue of the periodical printed publication in question;
- in the case of books and other non-periodical printed publications - within a period of 24 months after publication;
- in the case of calendars (irrespective of the type thereof) - by the first of April of the year to which they relate;

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- 45) contributions for compulsory social insurance against industrial accidents and occupational illnesses which are made in accordance with the legislation of the Russian Federation;
- 46) allocations made by taxpayers to provide for supervisory activities envisaged by the legislation of the Russian Federation which are carried out by specialized institutions for the purpose of monitoring compliance by such taxpayers with appropriate requirements and conditions, and allocations made by taxpayers to reserves which are created in accordance with legislation of the Russian Federation which regulates activities in the field of communications;
- 47) losses due to spoilage;
- 48) expenses associated with the maintenance of the premises of catering facilities which serve work collectives (including amounts of amortization charged, expenses for repairs to premises and expenses for lighting, heating, water supply and electricity supply and for fuel used in preparing food), unless such expenses are taken into account in accordance with Article 275.1 of this Code;
- 48.1) expenses incurred by an employer in connection with the payment in accordance with the legislation of the Russian Federation of a temporary incapacity allowance (excluding industrial accidents and occupational illnesses) for days of an employee's temporary incapacity for work which are paid out of the employer's resources, the number of which is established by Federal Law No. 255-FZ of December 29, 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity", to the extent not covered by insurance payments made to employees by insurance organizations which possess licences issued in accordance with the legislation of the Russian Federation to carry out the type of activity in question under agreements with employers on behalf of employees against their temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of temporary incapacity for work which are paid out of the employer's resources, the number of which is established by Federal Law No. 255-FZ of December 29, 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity";
- 48.2) payments (contributions) made by employers under voluntary personal insurance agreements concluded with insurance organizations possessing licences issued in accordance with the legislation of the Russian Federation to carry out the type of activity in question on behalf of employees against their temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of temporary incapacity for work which are paid out of the employer's resources, the number of which is established by Federal Law No. 255-FZ of December 29, 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity". The above-mentioned payments (contributions) shall be included in the composition of expenses if the amount of the insurance payment under such agreements does not exceed the level determined in accordance with the legislation of the Russian Federation of the temporary

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incapacity allowance (excluding industrial accidents and occupational illnesses) for days of an employee's temporary incapacity for work which are paid out of the employer's resources, the number of which is established by Federal Law No. 255-FZ of December 29, 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity". In this respect, the aggregate amount of such employers' payments (contributions) and the contributions referred to in paragraph 10 of clause 16 of the second part of Article 255 of this Code shall be included in the composition of expenses in an amount not exceeding 3 per cent of the amount of labour payment expenses;

48.3) expenses incurred by taxpayers in connection with the provision of air time and (or) print space without consideration in accordance with the legislation of the Russian Federation concerning elections and referenda;

49) other expenses associated with production and (or) sales.

2. Representational expenses shall include expenses incurred by a taxpayer for the official reception of and (or) provision of services to representatives of other organizations who participate in negotiations with a view to establishing and (or) maintaining mutual co-operation and participants who arrive to attend meetings of the board of directors (board of management) or other management body of the taxpayer, irrespective of where those events take place. Representational expenses shall include expenses for the holding of an official reception (luncheon, dinner or other similar function) for such persons and for officials of the taxpaying organization who are participating in the negotiations, the provision of transport to take such persons to and from the place at which the representational function and (or) meeting of the management body is to take place, buffet services provided during negotiations and payments for the services of interpreters who are not on the staff of the taxpayer for interpreting during representational functions.

Representational expenses shall not include expenses for the organization of entertainment, recreation, preventive treatment or treatment of illnesses.

Representational expenses shall be included in the composition of miscellaneous expenses during an accounting (tax) period in an amount not exceeding 4 per cent of the taxpayer's labour payment expenses for that accounting (tax) period.

3. Expenses incurred by a taxpayer for the tuition on basic and supplementary vocational education courses and professional training and retraining of employees of the taxpayer shall be included in the composition of miscellaneous expenses if:

1) the tuition on basic and supplementary vocational education courses and professional training and retraining of the taxpayer's employees takes place on the basis of an agreement with Russian educational institutions possessing an appropriate licence or foreign educational institutions possessing appropriate status;

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- 2) the persons undergoing tuition on basic and supplementary vocational education courses and professional training and retraining are employees of the taxpayer who have concluded an employment agreement with the taxpayer according to which the physical person is obliged, not later than three months after completing the above-mentioned tuition, professional training or retraining paid for by the taxpayer, to conclude an employment agreement with the taxpayer and to work for the taxpayer for not less than one year. In the event that the employment agreement between the physical person and the taxpayer is terminated before the lapse of one year from its commencement date, except where an employment agreement is terminated for reasons beyond the parties' control (Article 83 of the Labour Code of the Russian Federation), the taxpayer shall be obliged to include in non-sale income for the accounting (tax) period in which the employment agreement ceased to have effect the amount of fees for the education and professional training and retraining of the physical person concerned which was previously taken into account in calculating the tax base. In the event that an employment agreement has not been concluded between the physical person and the taxpayer three months after the completion of the tuition or professional training or retraining paid for by the taxpayer, the expenses in question shall likewise be included in non-sale income for the accounting (tax) period in which the time limit for the conclusion of an employment agreement expired.

A taxpayer shall be obliged to retain documents confirming tuition expenses for the entire term of the relevant tuition agreement and one year of the employment of the physical person whose tuition or professional training or retraining fees were paid for by the taxpayer in accordance with the employment agreement concluded with the taxpayer, but not less than four years.

Expenses for the tuition of a taxpayer's employees or physical persons such as are envisaged by this clause shall not include expenses associated with the organization of entertainment, recreation or medical treatment or expenses associated with the maintenance of educational institutions or the performance of work for or rendering of services to those institutions free of charge.

4. For the purposes of this Chapter, advertising expenses of an organization shall include:
- expenses for advertising through mass media (including press advertisements, radio and television broadcasts) and telecommunication networks;
  - expenses for illuminated signs and other exterior advertising, including the manufacture of advertising stands and billboards;
  - expenses for participation in exhibitions, fairs and expositions, for the designing of display windows, exhibition-sales, sample rooms and showrooms, for the preparation of advertising brochures and catalogues containing information about goods sold, work performed, services rendered, trademarks and service marks and (or) about the organization itself, for the

reduction of the prices of goods which have lost all or part of their original attributes as a result of having been displayed.

Expenses of a taxpayer for the acquisition (manufacture) of prizes awarded to winners of prize draws during mass advertising campaigns and expenses for other types of advertising not referred to in paragraphs 2 to 4 of this clause which were incurred by the taxpayer during the accounting (tax) period shall be recognised for taxation purposes in an amount not exceeding 1 per cent of sales receipts as determined in accordance with Article 249 of this Code.

**Article 264.1 Expenses Associated With the Acquisition of a Right in Plots of Land**

1. For the purposes of this Chapter, expenses associated with the acquisition of a right in plots of land shall mean expenses associated with the acquisition of plots of land from among lands in State or municipal ownership on which buildings, structures or installations are situated or which are acquired for the purpose of the capital construction of fixed assets on those plots.
2. Expenses associated with the acquisition of a right in plots of land shall also be deemed to include expenses associated with the acquisition of a right to conclude an agreement on the lease of plots of land provided that such a lease agreement is concluded.
3. Expenses associated with the acquisition of a right in the plots of land which are referred to in clause 1 of this Article shall be included in the composition of miscellaneous production- and (or) sale-related expenses according to the following procedure:
  - 1) at the taxpayer's choice, the amount of expenses associated with the acquisition of a right in plots of land shall be recognised as expenses of an accounting (tax) period on an even basis over a period which is to be determined by the taxpayer independently and must not be less than five years, or shall be recognised as expenses of an accounting (tax) period to the extent of an amount not exceeding 30 per cent of the tax base of the preceding tax period as calculated in accordance with Article 274 of this Code until the entire amount of the expenses in question has been fully recognised, unless otherwise provided by this Article.

The procedure for the recognition of expenses associated with the acquisition of a right in plots of land shall be applied in accordance with the accounting policies for taxation purposes which have been adopted by an organization.

For the purpose of computing the limits of expenses which are calculated in accordance with this Article, the tax base for the preceding tax period shall be determined without taking into account the amount of expenses associated with the acquisition of a right in plots of land for that tax period.

Where plots of land are acquired on the basis of an instalment plan the period of which exceeds the period referred to in paragraph 1 of this subsection, such



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expenses shall be recognised as expenses of the accounting (tax) period on an even basis over the period established by the agreement;

- 2) the amount of expenses associated with the acquisition of a right in plots of land should be included in the composition of miscellaneous expenses from the moment of the documentarily confirmed filing of documents for the State registration of that right.

For the purposes of this Article, documentary confirmation of the filing of documents for the State registration of rights shall be understood to mean an acknowledgement of the receipt by a body which carries out the State registration of rights in immovable property and transactions involving such property of documents required for the State registration of those rights.

4. The rules established by clause 3 of this Article shall also apply with respect to the recognition of the expenses referred to in clause 2 of this Article, unless otherwise provided by this clause.

Where, in accordance with the legislation of the Russian Federation, an agreement on the lease of a plot of land is not subject to State registration, expenses associated with the acquisition of a right to conclude such a lease agreement shall be recognised as expenses on an even basis over the period of validity of that lease agreement.

5. Upon the sale of a plot of land and buildings (structures, installations) situated thereon, profit (loss) shall be determined as follows:

- 1) profit (loss) from the sale of buildings (structures, installations) shall be recognised for taxation purposes in accordance with the procedure established by this Chapter;
- 2) profit (loss) from the sale of the right in the plot of land shall be determined as the difference between the sale price and expenditures associated with the acquisition of the right in that plot which have not been recovered by the taxpayer. For the purposes of this Article, non-recovered expenditures shall be understood to mean the difference between the taxpayer's expenditures on acquiring the right in the plot of land and the amount of expenses which were taken into account for taxation purposes prior to the sale of that right in accordance with the procedure established by this Article;
- 3) a loss from the sale of the right in the plot of land shall be included in the composition of miscellaneous expenses of the taxpayer in equal portions over the period established in accordance with subsection 1 of clause 3 of this Article and the actual period of possession of the plot.

### **Article 265 Non-Sale Expenses**

1. Non-sale expenses not associated with production and sales shall include justified expenditures on carrying out activities which are not directly

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associated with production and (or) sales. Such expenses shall include, in particular:

- 1) expenses for the maintenance of assets transferred under a rental (leasing) agreement (including amortization on such assets).

For organizations which, on a systematic basis, provide their own assets and (or) exclusive rights arising from patents for inventions, industrial samples and other types of intellectual property, for temporary use and (or) temporary possession and use at a charge, expenses associated with those activities shall be considered expenses associated with production and sales;

- 2) expenses in the form of interest on debt obligations of any kind, including interest accrued on securities and other obligations issued by the taxpayer with account taken of the special considerations which are envisaged by Article 269 of this Code (special considerations relating to the determination of interest expenses for banks shall be determined in accordance with Articles 269 and 291 of this Code), and interest payable in connection with the restructuring of tax and levy indebtedness in accordance with the procedure established by the Government of the Russian Federation.

In this respect, interest on debt obligations of any kind shall be deemed an expense irrespective of the nature of the credit or loan provided (current and (or) investment). Only the amount of interest accrued for the actual time of use of the borrowed resources (the actual time for which the securities are held by third parties) and the original rate of return established by the issuer (lender) in the conditions of issuance (issue conditions, agreement conditions), but not higher than the actual rate of return, shall be deemed an expense;

- 3) expenses associated with the organization of an issue of securities, and in particular the preparation of an issue prospectus for securities, the manufacture or acquisition of blank forms and the registration of securities, expenses associated with the servicing of own securities, including expenses for the services of a registrar, depository and payment agent in respect of interest (dividend) payments, expenses associated with the maintenance of a register and the provision of information to shareholders in accordance with the legislation of the Russian Federation, and other similar expenses;
- 4) expenses associated with the servicing of securities acquired by the taxpayer, including payment for the services of a registrar and depository, expenses associated with the receipt of information in accordance with the legislation of the Russian Federation and other similar expenses;
- 5) expenses in the form of a negative exchange rate difference arising from the revaluation of assets in the form of currency assets (with the exception of securities denominated in foreign currency) and claims (obligations) whose value is expressed in foreign currency, with the exception of advances issued (received), including in respect of currency bank accounts, which is carried out in connection with changes in the official exchange rate of foreign currency to the Russian Federation rouble which is established by the Central Bank of the Russian Federation.

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For the purposes of this Chapter a negative exchange rate difference shall be understood to be an exchange rate difference which arises as a result of a decrease in the value of assets in the form of currency assets (with the exception of securities denominated in foreign currency) and claims expressed in foreign currency or as a result of an increase in the value of obligations expressed in foreign currency;

- 5.1) expenses in the form of a value difference which arises for a taxpayer where the amount of obligations and claims that have arisen as calculated on the basis of the exchange rate of nominal monetary units which has been established by agreement between the parties as at the date of the sale (entry in accounting records) of goods (work and services) and property rights does not correspond to the amount actually received (paid) in roubles;
- 6) expenses in the form of a negative (positive) difference which arises as a result of the deviation of the exchange rate at which foreign currency is sold (purchased) from the official exchange rate of the Central Bank of the Russian Federation which is established as at the date of the transfer of ownership of the foreign currency (special considerations relating to the determination of the expenses of banks are established by Article 291 of this Code);
- 7) expenses of a taxpayer which uses the accrual-basis method for the formation of doubtful debt reserves (in accordance with the procedure which is established by Article 266 of this Code);
- 8) expenses for the liquidation of fixed assets which are taken out of operation and the write-off of intangible assets, including amounts of amortization remaining to be charged in accordance with the established useful life, and expenses for the liquidation of incomplete construction projects and other assets which have not been fully assembled (expenses for the dismantling, disassembly and removal of disassembled assets), the protection of the subsurface and other similar work.  
  
Expenses in the form of amounts of amortization remaining to be charged in accordance with the established useful life shall be included in non-sale expenses not connected with production and sale only in relation to amortizable assets on which amortization is charged using the linear method. Amortizable assets on which amortization is charged using the non-linear method shall be removed from service in accordance with the procedure established by clause 13 of Article 259.2 of this Code;
- 9) expenses associated with the temporary removal from service and restoration to service of production capacities and facilities, including expenditures on the maintenance of production capacities and facilities which have been temporarily removed from service;
- 10) court costs and arbitration fees;
- 11) expenditures on cancelled production orders and expenditures on production activity which has not yielded products. Expenses associated with cancelled

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orders and expenditures on production activity which has not yielded products shall be recognised on the basis of certificates of the taxpayer which have been approved by the director or by a person authorized by him in the amount of direct expenditures as determined in accordance with Articles 318 and 319 of this Code;

- 12) expenses for packaging operations, unless otherwise envisaged by the provisions of clause 3 of Article 254 of this Code;
- 13) expenses in the form of fines, penalties and (or) other sanctions for the violation of contractual or debt obligations which have been acknowledged by the debtor or are payable by the debtor on the basis of a court decision which has entered into legal force, and expenses for the payment of compensation for damage caused;
- 14) expenses in the form of amounts of taxes relating to supplied inventories, work and services, where accounts payable (obligations to creditors) in respect of such supplies have been written off in the accounting period in accordance with clause 18 of Article 250 of this Code;
- 15) expenses for bank services, including services associated with the sale of foreign currency in connection with the recovery of tax, a levy, penalties and a fine in accordance with the procedure envisaged by Article 46 of this Code and with the installation and operation of electronic systems of document flow between a bank and clients, including “client-bank” systems;
- 16) expenses for the holding of meetings of shareholders (participants, stockholders), and in particular, expenses associated with the renting of premises, the preparation and distribution of information required for the holding of meetings and other expenses directly associated with the holding of a meeting;
- 17) in the form of expenses for the performance of mobilization preparation work which are not compensable from the budget, including expenditures on the maintenance of production capacities and facilities which are only partially loaded (used) but which are necessary for the fulfilment of the mobilization plan;
- 18) expenses for operations involving term transaction financial instruments, with account taken of the provisions of Articles 301 to 305 of this Code;
- 19) expenses in the form of allocations of organizations within the structure of DOSAAF for the accumulation and redistribution of resources to organizations within the structure of DOSAAF to provide for the training of citizens in military registration specialties in accordance with the legislation of the Russian Federation, for the military-patriotic education of young people and for the development of aviation, technical and applied military sports;
- 19.1) expenses in the form of a bonus (discount) paid (granted) by a seller to a purchaser as a result of the fulfilment of certain conditions of an agreement, in particular conditions relating to the volume of purchases;

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- 19.2) expenses in the form of special-purpose allocations from lotteries which are made in the amount and according to the procedure envisaged by the legislation of the Russian Federation;
- 20) other justified expenses.
- 2. For the purposes of this Chapter, losses incurred by a taxpayer in an accounting (tax) period shall be equated with non-sale expenses, and in particular:
  - 1) in the form of losses of prior tax (accounting) periods which are revealed in the current accounting (tax) period;
  - 2) amounts of bad debts or, in the event that the taxpayer has adopted a decision to create a doubtful debt reserve, amounts of bad debts which are not covered by the resources of the reserve;
  - 3) losses from downtime due to internal causes;
  - 4) losses from stoppages due to external causes for which compensation is not received from the guilty parties;
  - 5) expenses in the form of shortages of tangible assets in production and in storage and at trade enterprises in the absence of guilty parties, and losses due to thefts where the guilty parties have not been established. In such cases documentary confirmation of the absence of the guilty parties must be obtained from a competent State authority;
  - 6) losses due to natural disasters, fires, accidents and other emergencies, including expenditures associated with the prevention or rectification of the consequences of natural disasters or emergencies;
  - 7) losses arising from a transaction involving the cession of a claim in accordance with the procedure which is established by Article 279 of this Code.

### **Article 266 Expenses for the Formation of Doubtful Debt Reserves**

- 1. Any indebtedness to a taxpayer that arose in connection with the sale of goods, the performance of work or the rendering of services shall be deemed to be a doubtful debt in the event that the indebtedness has not been settled within the time limits established by an agreement and is not secured by a pledge, warranty or bank guarantee.

For taxpayers which are banks, indebtedness for which the creation of a reserve against possible losses on loans is provided for in accordance with Article 292 of this Code shall not be regarded as doubtful indebtedness.

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For taxpayers which are insurance organizations and which recognise income and expenses according to the accrual-basis method with respect to insurance, co-insurance and re-insurance agreements for which insurance reserves have been formed, a doubtful debt reserve shall not be formed for accounts receivable associated with the payment of insurance premiums (contributions).

2. Bad debts (debts which are unlikely to be recovered) shall be those debts to a taxpayer for which the established period of limitation has expired and those debts in relation to which the obligation has been terminated in accordance with civil legislation owing to the impossibility of its fulfilment, on the basis of an act issued by a State authority or owing to the liquidation of the organization.
3. A taxpayer shall have the right to create doubtful debt reserves in accordance with the procedure which is envisaged by this Article. Amounts of allocations to those reserves shall be included in the composition of non-sale expenses as at the last day of the accounting (tax) period. This provision shall not apply to expenses associated with the formation of reserves against debts which have arisen in connection with the non-payment of interest, with the exception of banks. Banks shall have the right to form doubtful debt reserves for indebtedness arising in connection with the non-payment of interest on debt obligations and for other indebtedness, with the exception of loan and equated indebtedness.
4. The amount of a doubtful debt reserve shall be determined on the basis of the results of an inventory of accounts receivable made as at the last day of the accounting period and shall be calculated as follows:
  - 1) in the case of doubtful indebtedness over 90 calendar days outstanding (inclusively) - the full amount of the indebtedness discovered on the basis of the inventory shall be included in the amount of the reserve which is created;
  - 2) in the case of doubtful indebtedness from 45 to 90 calendar days outstanding (inclusively) - 50 per cent of the amount of the indebtedness discovered on the basis of the inventory shall be included in the amount of the reserve;
  - 3) doubtful indebtedness less than 45 days outstanding shall not increase the amount of the reserve which is created.

In this respect, the amount of the doubtful debt reserve which is created may not exceed 10 per cent of receipts for the accounting (tax) period as determined in accordance with Article 249 of this Code (or, in the case of banks, of the amount of income which is determined in accordance with this Chapter, excluding income in the form of restored reserves).

A doubtful debt reserve may be used by an organization only to cover losses from bad debts which have been recognised as such in accordance with the procedure which is established by this Article.

5. The amount of a doubtful debt reserve which is not fully used by a taxpayer in an accounting period to cover losses from bad debts may be carried over by

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that taxpayer to the following accounting (tax) period. In this respect, the amount of a reserve which is newly created on the basis of an inventory must be adjusted for the amount of the balance of the reserve for the preceding accounting (tax) period. In the event that the amount of a reserve which is newly created on the basis of an inventory is less than the amount of the balance of the reserve for the preceding accounting (tax) period, the difference must be included in the composition of the taxpayer's non-sale income in the current accounting (tax) period. In the event that the amount of a reserve which is newly created on the basis of an inventory is greater than the amount of the balance of the reserve for the preceding accounting (tax) period, the difference must be included in non-sale expenses in the current accounting (tax) period.

In the event that a taxpayer has decided to create a doubtful debt reserve, debts which are deemed to be bad debts in accordance with this Article shall be charged to the amount of the reserve which has been created. In the event that the amount of the reserve which has been created is less than the amount of bad debts which are to be written off, the difference (loss) must be included in the composition of non-sale expenses.

### **Article 267 Expenses for the Formation of a Reserve for Warranty Repair and Warranty Servicing**

1. Taxpayers which sell goods (work) shall have the right to create reserves against future expenses associated with warranty repair and warranty servicing, and allocations for the formation of such reserves shall be taken into account for taxation purposes in accordance with the procedure which is envisaged by this Article.
2. A taxpayer shall independently adopt a decision on the creation of such a reserve and shall specify the maximum amount of allocations to that reserve in its accounting policies for taxation purposes. In this respect, a reserve shall be created for goods (work) in relation to which servicing and repairs are provided for in accordance with the conditions of the agreement concluded with the purchaser during the guarantee period.
3. Amounts of allocations to the reserve shall be deemed to be expenses as at the date on which the above-mentioned goods (work) are sold. In this respect, the amount of a created reserve may not exceed a limit determined as the proportion of expenses actually incurred by a taxpayer for warranty repair and servicing to the volume of receipts from the sale of those goods (work) over the last three years, multiplied by the amount of receipts from the sale of those goods (work) for the accounting (tax) period. Where a taxpayer has been selling goods (work) with warranty repair and servicing for less than three years, the volume of receipts from the sale of those goods (work) for the actual period of such sales shall be taken into account for the purpose of computing the maximum amount of the reserve which may be created.
4. A taxpayer which has not previously sold goods (work) with warranty repair and servicing shall have the right to create a reserve for the warranty repair

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and servicing of goods (work) in an amount not exceeding estimated expenses for those expenditures. Estimated expenses shall be understood to mean expenses which are envisaged in the plan for the fulfilment of guarantee obligations with account taken of the guarantee period.

After a tax period has ended the taxpayer must adjust the amount of the created reserve on the basis of the proportion of expenses actually incurred for warranty repair and servicing to the volume of receipts from the sale of the above-mentioned goods (work) over the period which has ended.

5. The amount of the reserve for the warranty repair and servicing of goods (work) which was not fully used by the taxpayer in the tax period to carry out repairs in relation to goods (work) sold under guarantee may be carried forward by the taxpayer to the following tax period. In this respect, the amount of the reserve which is newly created in the following tax period must be adjusted for the amount of the balance of the reserve for the preceding tax period. In the event that the amount of the newly created reserve is less than the amount of the balance of the reserve created in the preceding tax period, the difference between them should be included in the composition of the taxpayer's non-sale income for the current tax period.

Where a taxpayer has adopted a decision to create a reserve for the warranty repair and servicing of goods (work), expenses for warranty repairs shall be charged to the amount of the created reserve. In the event that the amount of the created reserve is less than the amount of repair expenses incurred by the taxpayer, the difference between them should be included in the composition of miscellaneous expenses.

6. In the event that a taxpayer adopts a decision to cease selling goods (carrying out work) with warranty repair and warranty servicing, the amount of the previously created reserve which remains unused should be included in the composition of the taxpayer's income after the expiry of the warranty repair and warranty servicing agreements.

### **Article 267.1 Expenses Associated With the Formation of Reserves for Future Expenses to be Allocated for Purposes Associated With the Social Protection of Disabled Persons**

1. Taxpayers which are social organizations of disabled persons and the organizations referred to in paragraph 1 of subsection 38 of clause 1 of Article 264 of this Code may create a reserve for future expenses to be allocated for purposes associated with the social protection of disabled persons. Such reserves may be created for a period not exceeding five years.
2. A taxpayer shall, on the basis of programmes which it has developed and approved, independently adopt a decision regarding the creation of the reserve which is referred to in clause 1 of this Article, which shall be reflected in accounting policies for taxation purposes. In this respect, expenses incurred by a taxpayer in connection with the implementation of those programmes shall be incurred from the reserve referred to in clause 1 of this Article.



3. The size of a reserve which is created shall be determined by projected expenses (the expense estimate) for the implementation of the programmes approved by the taxpayer. The amount of allocations to the reserve shall be included in the composition of non-sale expenses as at the last day of an accounting (tax) period. In this respect, the maximum amount of allocations to the reserve referred to in clause 1 of this Article may not exceed 30 per cent of taxable profit earned in the current period when calculated without taking that reserve into account.

4. If the amount of the created reserve referred to in clause 1 of this Article proves to be less than the amount of actual expenditure on the implementation of the programmes referred to in clause 2 of this Article, the difference between those amounts shall be included in the composition of non-sale expenses.

Any amount of a reserve which is not fully used by the taxpayer during the planned period must be included in the composition of the taxpayer's non-sale income for the current accounting (tax) period.

5. Taxpayers which form reserves for future expenses to be allocated for purposes associated with the social protection of disabled persons shall be obliged to present a report to the tax authorities concerning the purpose-oriented use of those resources after a tax period has ended.

In the event that the resources referred to in paragraph 1 of this clause have been used other than for their intended purpose, they must be included in the tax base for the tax period in which that improper use occurred.

**Article 268 Special Considerations Relating to the Determination of Expenses Upon the Sale of Goods and (or) Property Rights**

1. Upon selling goods and (or) property rights a taxpayer shall have the right to reduce income from such operations by the value of the goods and (or) property rights sold, determined as follows:

1) in the case of the sale of amortizable assets – by the net book value of the amortizable assets as determined in accordance with clause 1 of Article 257 of this Code;

2) in the case of the sale of other assets (with the exception of securities, products of own manufacture and bought-in goods) – by the acquisition price (price of creation) of those assets and by the amount of expenses referred to in paragraph 2 of clause 2 of Article 254 of this Code;

2.1) in the case of the sale of property rights (share interests, stock units) – by the acquisition price of those property rights (share interests, stock units) and by the amount of expenses associated with the acquisition and sale thereof.

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In the case of the sale of share interests and stock units received by participants and stockholders upon the re-organization of organizations, the acquisition price of such share interests and stock units shall be considered to be their value as determined in accordance with clauses 4 to 6 of Article 277 of this Code.

In the case of the sale of a property right which consists of a debt claim, the tax base shall be determined with account taken of the provisions established by Article 279 of this Code;

- 3) in the case of the sale of bought-in goods – by the cost of acquisition of those goods as determined in accordance with the accounting policies adopted by the organization for taxation purposes using one of the following methods of valuing the bought-in goods:
- based on the value of those first acquired (FIFO);
  - based on the value of those last acquired (LIFO);
  - based on average value;
  - based on the value of a unit of goods.

Upon selling the assets and (or) property rights which are referred to in this Article, the taxpayer shall also have the right to reduce income from such operations by the amount of expenses which are directly associated with such sale, and in particular by expenses for the valuation, storage, maintenance and transportation of the assets which are sold. In this respect, in the case of the sale of bought-in goods, expenses associated with the purchase and sale thereof shall be determined with account taken of the provisions of Article 320 of this Code.

2. If the acquisition price (price of creation) of the assets (property rights) referred to in subsections 2, 2.1 and 3 of clause 1 of this Article, with account taken of expenses associated with the sale thereof, exceeds receipts from the sale of those assets (property rights), the difference between those values shall be deemed to be a loss of the taxpayer which is taken into account for taxation purposes.
3. If the net book value of the amortizable assets referred to in subsection 1 of clause 1 of this Article, with account taken of expenses associated with the sale thereof, exceeds receipts from the sale of those assets, the difference between those values shall be deemed to be a loss of the taxpayer which is taken into account for taxation purposes as follows. The resulting loss shall be included in the composition of miscellaneous expenses of the taxpayer in equal portions over a period of time determined as the difference between the useful life of those assets and the actual period for which they were used prior to sale.

**Article 268.1 Special Considerations Relating to the Recognition of Income and Expenses in the Case of the Acquisition of an Enterprise as an Asset Complex**

1. For the purposes of this Chapter the difference between the acquisition price of an enterprise as an asset complex and the value of the net assets of the enterprise as an asset complex (assets minus liabilities) shall be recognised as an expense (as income) of a taxpayer in accordance with the procedure established by this Article.

The amount by which the purchase price of an enterprise as an asset complex exceeds the value of its net assets should be regarded as a price mark-up which is paid by the purchaser in the expectation of future economic benefits.

The amount by which the value of the net assets of an enterprise as an asset complex exceeds the purchase price thereof should be regarded as a price discount which is granted to the purchaser in view of the absence of such factors as stable customers, a quality reputation, marketing and selling skills, business contacts, management experience and skilled staff and with account taken of other factors.

2. The amount of the mark-up which is paid (the discount which is received) upon the acquisition of an enterprise as an asset complex shall be determined as the difference between the purchase price and the value of the net assets of the enterprise as an asset complex as determined on the basis of the transfer deed.

Where an enterprise as an asset complex is acquired through privatization by auction or on the basis of a competitive tender, the amount of the mark-up which is paid (the discount which is received) by the purchaser shall be determined as the difference between the purchase price and the appraised (starting) value of the enterprise as an asset complex.

3. The amount of the mark-up which is paid (the discount which is received) by a purchaser shall be taken into account for taxation purposes according to the following procedure:
  - 1) a mark-up which is paid by the purchaser of an enterprise as an asset complex shall be recognised as an expense evenly over a period of five years commencing from the month following the month in which the State registration of the purchaser's ownership of the enterprise as an asset complex takes place;
  - 2) a discount which is received by the purchaser of an enterprise as an asset complex shall be recognised as income in the month in which the State registration of the transfer of ownership of the enterprise as an asset complex took place.
4. A loss resulting for the seller from the sale of an enterprise as an asset complex shall be recognised as an expense which shall be taken into account

for taxation purposes in accordance with the procedure established by Article 283 of this Code.

5. For the purposes of this Chapter, expenses incurred by a purchaser for the acquisition of assets and property rights forming part of an enterprise as an asset complex shall be deemed to be the value thereof as determined on the basis of the transfer deed.

**Article 269 Special Considerations Relating to the Classification of Interest on Debt Obligations as Expenses**

1. For the purposes of this Chapter, debt obligations shall be understood to mean credits, credit against goods and commercial credits, loans, bank deposits, bank accounts or other borrowings, irrespective of the form in which they are arranged.

In this respect, interest charged on any kind of debt obligation shall be deemed an expense provided that the amount of interest incurred by the taxpayer in respect of the debt obligation does not deviate significantly from the average level of interest charged on debt obligations issued in the same quarter (month - for taxpayers which have transferred to the calculation of monthly advance payments on the basis of profit actually earned) under comparable conditions. Debt obligations issued under comparable conditions shall be understood to mean debt obligations issued in the same currency for the same periods in comparable amounts against similar collateral. For purposes of determining the average level of interest for interbank credits, only information on interbank credits shall be taken into consideration. This provision shall apply equally to interest in the form of a discount which arises for the drawer of a bill as the difference between the repurchase (redemption) price and the selling price of the bill.

In this respect, a significant deviation of the amount of interest charged on a debt obligation shall be understood to mean an upward or downward deviation of more than 20 per cent against the average level of interest charged on similar debt obligations issued in the same quarter under comparable conditions.

If there were no debt obligations to Russian organizations issued in the same quarter under comparable conditions, or at the taxpayer's choice, the maximum amount of interest which may be recognised as an expense (including interest and value differences in respect of obligations expressed in notional monetary units on the basis of the exchange rate of notional monetary units established by an agreement between the parties) shall be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation increased by a factor of 1.1 in the case of a debt obligation arranged in roubles and equal to 15 per cent in the case of debt obligations in foreign currency, except as otherwise provided by clause 1.1 of this Article.

For the purposes of this clause, the refinancing rate of the Central Bank of the Russian Federation shall be understood to mean:

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- in relation to debt obligations which do not contain conditions concerning the variation of the interest rate during the entire term of the debt obligation – the refinancing rate of the Central Bank of the Russian Federation which was in effect as at the date of attraction of monetary resources;

- in relation to other debt obligations – the refinancing rate of the Central Bank of the Russian Federation in effect as at the date of recognition of expenses in the form of interest.

1.1 If there were no debt obligations to Russian organizations issued in the same quarter under comparable conditions, or at the taxpayer's choice, the maximum amount of interest which may be recognised as an expense (including interest and value differences in respect of obligations expressed in notional monetary units on the basis of the exchange rate of notional monetary units established by an agreement between the parties) shall be taken to be:

- from January 1 to December 31, 2010 inclusively – equal to the rate of interest established by agreement between the parties but not greater than the refinancing rate of the Central Bank of the Russian Federation multiplied by 1.8 in the case of a debt obligation arranged in roubles, and equal to 15 per cent in the case of debt obligations in foreign currency, except as otherwise provided by this clause;

- from January 1, 2011 to December 31, 2012 inclusively – equal to the rate of interest established by agreement between the parties but not greater than the refinancing rate of the Central Bank of the Russian Federation multiplied by 1.8 in the case of a debt obligation arranged in roubles, and equal to the product of the refinancing rate of the Central Bank of the Russian Federation and a coefficient of 0.8 in the case of debt obligations in foreign currency.

In the case of interest expenses relating to debt obligations which arose before November 1, 2009, if there were no debt obligations to Russian organizations issued in the same quarter under comparable conditions, or at the taxpayer's choice, the maximum amount of interest which may be recognised as an expense (including interest and value differences in respect of obligations expressed in notional monetary units on the basis of the exchange rate of notional monetary units established by an agreement between the parties) shall, from January 1 to June 30, 2010, be taken to be equal to the refinancing rate of the Central Bank of the Russian Federation multiplied by two in the case of a debt obligation arranged in roubles and equal to 15 per cent for debt obligations in foreign currency.

2. Where a taxpayer which is a Russian organization has outstanding indebtedness in respect of a debt obligation to a foreign organization which directly or indirectly owns more than 20 per cent of the charter (pooled) capital (fund) of that Russian organization, or in respect of a debt obligation to a Russian organization which is recognised in accordance with the legislation of the Russian Federation as a related party of that foreign organization, or in respect of a debt obligation in relation to which the related party and (or) the foreign organization itself act as a surety or guarantor or otherwise undertake

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to guarantee the fulfilment of the Russian organization's debt obligation (hereafter in this Article referred to as "controlled indebtedness to a foreign organization"), and where the amount of controlled indebtedness to a foreign organization is more than 3 times (or, in the case of banks and organizations which engage exclusively in leasing activities, more than 12.5 times) greater than the difference between the amount of the assets and the amount of the obligations of the taxpayer – Russian organization (hereafter for the purposes of the application of this clause referred to as "internal capital") as at the last day of the accounting (tax) period, the following rules shall apply for the purpose of determining the maximum amount of interest which may be included in the composition of expenses, with account taken of the provisions of clause 1 of this Article.

The taxpayer shall be obliged to calculate, as at the last day of each accounting (tax) period, the maximum amount of interest on controlled indebtedness that may be recognised as an expense by means of dividing the amount of interest incurred by the taxpayer in each accounting (tax) period in respect of the controlled indebtedness by the capitalization coefficient which is calculated as at the last accounting date of the relevant accounting (tax) period.

In this respect, the capitalization coefficient shall be determined by means of dividing the amount of the relevant outstanding controlled indebtedness by the amount of internal capital corresponding to the share of that foreign organization's direct or indirect interest in the Russian organization's charter (pooled) capital (fund), and dividing the result obtained by three (or, in the case of banks and organizations which engage in leasing activities, by twelve and a half).

For the purposes of this clause, amounts of debt obligations in the form of tax and levy indebtedness, including current tax and levy indebtedness and amounts of deferrals, instalment plans and investment tax credit, shall not be included in the computation when determining the size of internal capital.

3. There shall be included in the composition of expenses interest on controlled indebtedness which is calculated in accordance with clause 2 of this Article, but not more than interest actually charged.

In this respect, the rules which are established by clause 2 of this Article shall not apply to interest on borrowed resources where the outstanding indebtedness is not controlled.

4. Any positive difference between interest charged and maximum interest calculated in accordance with the procedure which is established by clause 2 of this Article shall be equated for taxation purposes with dividends paid to the foreign organization in relation to which controlled indebtedness exists and shall be taxed in accordance with clause 3 of Article 284 of this Code.

**Article 270 Expenses Which Are Not Taken into Account for Taxation Purposes**

The following expenses shall not be taken into account in determining the tax base:

- 1) in the form of amounts of dividends and other amounts of post-tax profit which are accrued by a taxpayer;
- 2) in the form of penalties, fines and other sanctions which are paid to the budget (to State non-budgetary funds), interest payable to the budget in accordance with Article 176.1 of this Code and fines and other sanctions which are collected by State organizations upon whom the right to impose such sanctions is conferred by the legislation of the Russian Federation;
- 3) in the form of a contribution to charter (pooled) capital or a contribution to a simple partnership;
- 4) in the form of the amount of tax and the amount of payments for excess emissions of pollutants into the environment;
- 5) in the form of expenses for the acquisition and (or) creation of amortizable assets, and expenses incurred in connection with the extension, further equipping, reconstruction, modernization and retooling of fixed assets, with the exception of the expenses referred to in clause 9 of Article 258 of this Code;
- 6) in the form of voluntary insurance contributions other than the contributions referred to in Articles 255, 263 and 291 of this Code;
- 7) in the form of contributions for non-State pension provision, except for the contributions which are referred to in Article 255 of this Code;
- 8) in the form of interest which is payable by a taxpayer-borrower to a creditor in excess of the amounts which are recognised as expenses for taxation purposes in accordance with Article 269 of this Code;
- 9) in the form of assets (including monetary resources) which have been transferred by a commission agent, agent and (or) other proxy in connection with the performance of obligations under a commission agreement, an agency agreement or another similar agreement and by way of payment of expenditures by a commission agent, agent and (or) other proxy on behalf of a client or principal where such expenditures are not included in the composition of the expenses of the commission agent, other agent and (or) other proxy in accordance with the conditions of the agreements concluded;
- 10) in the form of amounts of allocations to reserves against the devaluation of investments in securities which are created by organizations in accordance with the legislation of the Russian Federation, with the exception of amounts of allocations to reserves against the devaluation of securities which are made by professional participants in the securities market in accordance with Article 300 of this Code;

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- 11) in the form of guarantee contributions transferred to special funds which are created in accordance with the requirements of the legislation of the Russian Federation and are intended to reduce risks associated with the non-fulfilment of transaction obligations when carrying out clearing activities or activities involving the organization of trade on the securities market;
- 12) in the form of resources or other assets which have been transferred under credit or loan agreements (other similar resources or other assets, irrespective of the form which in which borrowings are arranged, including debt securities), and in the form of resources or other assets which have been used to settle such borrowings;
- 13) in the form of amounts of losses attributable to facilities of service plants and holdings, including housing facilities and social and cultural facilities, insofar as they exceed the maximum amount which is determined in accordance with Article 275.1 of this Code;
- 14) in the form of assets, work, services and property rights which are transferred by way of advance payment by taxpayers which recognise income and expenses according to the accrual-basis method;
- 15) in the form of amounts of voluntary membership fees (including admission fees) for social organizations, amounts of voluntary contributions of members of unions, associations and organizations (amalgamations) for the maintenance of those unions, associations and organizations (amalgamations);
- 16) in the form of the value of assets (work, services, property rights) which are transferred free of charge and expenses associated with such transfer, unless otherwise provided by this Chapter;
- 17) in the form of the value of assets transferred within the framework of special-purpose financing in accordance with subsection 14 of clause 1 of Article 251 of this Code;
- 18) in the form of a negative difference arising as a result of the revaluation of precious stones when price lists are adjusted in accordance with the established procedure;
- 19) in the form of amounts of taxes which are charged in accordance with this Code by a taxpayer to a purchaser (acquirer) of goods (work, services, property rights), unless otherwise stipulated by this Code;
- 20) in the form of resources transferred to trade union organizations;
- 21) in the form of expenses for any kinds of remunerations provided to management or workers in addition to remunerations which are payable on the basis of labour agreements (contracts);
- 22) in the form of bonuses which are paid to workers out of special-purpose resources or special-purpose receipts;



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- 23) in the form of amounts of material assistance for workers;
- 24) associated with payment for supplementary leave (over and above leave envisaged by current legislation) which is granted under a collective agreement to employees, including child-rearing women;
- 25) in the form of pension increments, one-time benefits payable to retiring labour veterans, income (dividends, interest) payable on shares or deposits of the work collective of an organization, compensation accruals in connection with price increases which are made over and above the indexation of income in accordance with decisions of the Government of the Russian Federation, compensation for increases in the cost of meals in canteens, buffets or dispensaries or the provision of such meals at concessionary prices or free of charge (except for special meals for certain categories of workers in the instances envisaged by current legislation and except where the provision of free or subsidized meals is envisaged by labour agreements (contracts)) and (or) collective agreements;
- 26) associated with payment for travel to and from a place of work by public transport, by special fixed-route taxis or by departmental transport, with the exception of amounts which may be included in the composition of expenses for the production and sale of goods (work and services) owing to particular technological aspects of the production process and except where expenses associated with payment for travel to and from the place of work are provided for by labour agreements (contracts) and (or) collective agreements;
- 27) associated with the payment of price differences when goods (work and services) are sold to workers at preferential (lower than market) prices (tariffs);
- 28) associated with the payment of price differences when products of ancillary holdings are sold at preferential prices for the purpose of organizing catering;
- 29) associated with payment for booking documents for treatment or recreation, excursions or travel, activities at sports clubs, study groups or arts clubs, attendance of cultural and entertainment or athletic (sporting) events and subscriptions not classified as subscriptions to normative and technical literature and other literature which is used for production purposes, and payment for goods for workers' personal use and other similar expenses incurred for the benefit of workers;
- 30) in the form of expenses of taxpayers which are organizations of the State reserve of special (radioactive) raw materials and fissile materials of the Russian Federation arising from operations involving tangible assets of the State reserve of special (radioactive) raw materials and fissile materials and associated with the replacement and maintenance of that reserve;
- 31) in the form of the value of shares transferred by a taxpayer - issuer which are distributed among shareholders by decision of the general meeting of shareholders in proportion to the number of shares belonging to them, or the difference between the nominal value of new shares transferred in place of

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original shares and the nominal value of the original shares of a shareholder where shares are distributed among shareholders in connection with an increase in the issuer's charter capital;

- 32) in the form of assets or property rights which are transferred as a deposit or security;
- 33) in the form of amounts of taxes assessed for payment to budgets at various levels where such taxes were previously included by the taxpayer in the composition of expenses in the event that the taxpayer's accounts payable in respect of those taxes are written off in accordance with subsection 21 of clause 1 of Article 251 of this Code;
- 34) in the form of amounts of special-purpose contributions which are made by a taxpayer for the purposes specified in clause 2 of Article 251 of this Code;
- 37) in the form of amounts of removal expenses paid over and above the norms established by the legislation of the Russian Federation;
- 38) associated with compensation for the use of private motor cars and motorcycles for business travel and the payment of meal allowances for the crews of sea-going and river vessels and aircraft over and above the norms of such expenses which have been established by the Government of the Russian Federation;
- 39) in the form of charges payable to a State and (or) private notary for notarization over and above the tariffs which have been approved in accordance with the established procedure;
- 40) in the form of fees, contributions and other compulsory payments which are paid to non-commercial organizations and international organizations other than those which are referred to in subsections 29 and 30 of clause 1 of Article 264 of this Code;
- 41) for the replacement of copies of periodical printed publications which are defective, have become unsaleable or are missing and losses in the form of the value of unsaleable, defective and unsold mass media products and book products, other than the expenses and losses which are referred to in subsections 43 and 44 of clause 1 of Article 264 of this Code;
- 42) in the form of representational expenses insofar as they exceed the amounts envisaged by clause 2 of Article 264 of this Code;
- 43) in the form of the expenses which are envisaged by paragraph 6 of clause 3 of Article 264 of this Code;
- 44) for the acquisition (manufacture) of prizes awarded to winners of prize draws during mass advertising campaigns and for other types of advertising not envisaged by paragraphs 2 to 4 of clause 4 of Article 264 of this Code over and above the maximum norms which are established by paragraph 5 of clause 4 of Article 264 of this Code;

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- 45) in the form of amounts of allocations to the Russian Fundamental Research Fund, the Russian Humanitarian Scientific Fund, the Fund for the Promotion of the Development of Small Forms of Enterprises in the Scientific and Technical Sphere, the Federal Fund for Production Innovations, the Russian Technological Development Fund and other sectoral and intersectoral funds for the financing of research and development work which have been registered in accordance with the procedure envisaged by the Federal Law “Concerning Science and State Scientific and Technical Policy”, over and above the amounts of allocations which are provided for by clause 3 of Article 262 of this Code;
- 46) a negative difference arising from the revaluation of securities according to their market value;
- 47) in the form of expenses of a principal which are associated with the performance of a fiduciary agreement in the event that the fiduciary agreement stipulates that the principal is not the beneficiary;
- 48) in the form of expenses which are incurred by religious organizations in connection with the performance of religious rites and ceremonies and in connection with the sale of religious literature and articles of a religious nature;
- 48.1) in the form of the value of assets (work, services) received in accordance with subsection 30 of clause 1 of Article 251 of this Code, and the value of assets which are acquired (created) using such resources, including as a result of the subsequent sale of those assets;
- 48.2) in the form of expenses, including fees payable to a managing company and a specialized depository, which are incurred out of the resources of organizations which act as insurers in respect of compulsory pension insurance in connection with the investment of pension assets which are intended for the financing of the funded component of a retirement pension;
- 48.3) in the form of amounts which have been used by organizations which act as insurers in respect of compulsory pension insurance to replenish pension assets that are intended for the financing of the funded component of a retirement pension, and which are recorded in pension accounts for the funded component of a retirement pension;
- 48.4) in the form of pension assets for the financing of the funded component of a retirement pension which are transferred in accordance with the legislation of the Russian Federation by non-State pension funds to the Pension Fund of the Russian Federation and (or) another non-State pension fund which act as the insurer in respect of compulsory pension insurance;
- 48.5) expenses incurred by shipowners for servicing, repairs and other purposes associated with the maintenance and operation of vessels which are registered in the Russian International Register of Vessels;

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- 48.6) expenses of a development bank / State corporation;
- 48.7) expenses incurred by taxpayers which are Russian organizers of the Olympic Games and Paralympic Games in accordance with Article 3 of the Federal Law “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”, including expenses associated with engineering surveys for construction and the architectural design, construction, reconstruction and organization of the operation of Olympic facilities;
- 48.8) in the form of amounts of fees and other payments made to members of a board of directors;
- 48.9) expenses of a non-commercial organization which carries out functions involving the provision of financial support for capital repairs to apartment blocks and the relocation of citizens from unfit housing facilities in accordance with the Federal Law “Concerning the Support Fund for the Reform of the Housing and Utilities Sector” which that organization incurred in connection with the placement of temporarily disposable monetary resources;
- 48.10) in the form of payments made to an injured party by way of direct indemnification in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners by the insurer which insured the civil liability of the injured party;
- 48.11) expenses incurred by State-owned institutions in connection with the performance of State (municipal) functions, including the rendering of State (municipal) services (performance of work);
- 48.12) expenses incurred by taxpayers which are Russian marketing partners of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” in connection with participation in the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games during the period of the organization of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 1 of Article 2 of the above-mentioned Federal Law;
- 48.13) expenses associated with the ensuring of safe working conditions and occupational protection in connection with coal mining which a taxpayer has incurred and has taken as a deduction in accordance with Article 343.1 of this Code, with the exception of expenses such as are provided for in clause 5 of Article 325.1 of this Code.

- 49) other expenses which do not meet the criteria specified in clause 1 of Article 252 of this Code.

**Article 271 The Procedure for the Recognition of Income Where the Accrual-Basis Method is Used**

1. For the purposes of this Chapter income shall be recognised in the accounting (tax) period in which it arose, irrespective of whether or not monetary resources or other assets (work, services) and (or) property rights have actually been received (accrual-basis method).
  
2. In the case of income which relates to two or more accounting (tax) periods and where the link between income and expenditure cannot be clearly defined or is defined indirectly, the taxpayer shall independently allocate income taking into account the principle of evenness in the recognition of income and expenditure.

In the case of production operations with a prolonged (more than one tax period) technological cycle where the conditions of agreements concluded do not provide for the phased handover of work (services), the taxpayer shall independently allocate income from the sale of that work (those services) in accordance with the principle governing the formation of expenses associated with that work (those services).

3. In the case of sales income, unless otherwise stipulated by this Chapter the date of receipt of income shall be deemed to be the date on which the sale of goods (work, services, property rights) as defined in accordance with clause 1 of Article 39 of this Code occurs, irrespective of whether or not monetary resources (other assets (work, services) and (or) property rights) have actually been received in payment therefor. Where goods (work and services) are sold under a commission agreement (agency agreement), the taxpayer which is the client (principal) shall take the date of receipt of sales income to be the date of sale of the assets (property rights) belonging to the client (principal) which is specified in the commission agent's (agent's) notification of sale and (or) in the commission agent's (agent's) report.

The date of sale of securities belonging to a taxpayer may also be deemed to be the date on which obligations to transfer securities are terminated by offsetting homogeneous counter-claims.

For the purposes of this Chapter homogeneous claims shall be claims for the transfer of securities of one issuer, of one class, of one category (type) or of one mutual investment fund (in the case of investment units in mutual investment funds) which bear an equal extent of rights.

In this respect, the offsetting of homogeneous counter-claims must be confirmed in accordance with the legislation of the Russian Federation by documents concerning the termination of obligations to transfer (accept) securities, including statements issued by a clearing organization, persons who carry out brokerage activities or managers who, in accordance with the

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legislation of the Russian Federation, render clearing and brokerage services to the taxpayer or carry out fiduciary management in the taxpayer's interests.

4. In the case of non-sale income the date of receipt of income shall be deemed to be:
  - 1) the date on which the parties sign a delivery acceptance report for assets (acceptance report for work, services) - for income:
    - in the form of assets (work, services) received without consideration;
    - for other similar income;
  - 2) the date on which monetary resources are received in a taxpayer's settlement account (in cash) - for income:
    - in the form of dividends from a share participation in the activities of other organizations;
    - in the form of monetary resources received without consideration;
    - in the form of amounts of refunds of contributions previously paid to non-commercial organizations which were included in the composition of expenses;
    - in the form of other similar income;
  - 3) the date on which settlements are carried out in accordance with the conditions of agreements concluded or documents constituting a basis for the carrying-out of settlements are presented to the taxpayer, or the last day of the accounting (tax) period - for income:
    - from the leasing of assets;
    - in the form of licence payments (including royalties) for the use of intellectual property;
    - in the form of other similar income;
  - 4) the date of acknowledgement by the debtor or the date of entry into legal force of a court decision - for income in the form of fines, penalties and (or) other sanctions for the violation of contractual or debt obligations and in the form of amounts of compensation for losses (damage);
  - 5) the last day of the accounting (tax) period - for income:
    - in the form of amounts of restored reserves and for other similar income;
    - in the form of income distributed in a taxpayer's favour when it participates in a simple partnership;

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- for income from the fiduciary management of assets;
  - for other similar income;
  - 6) the date on which income is revealed (documents confirming the existence of income are received and (or) discovered) - for income of prior years;
  - 7) the date of the transfer of ownership of foreign currency and precious metals where operations are carried out involving foreign currency and precious metals, and the last day of the current month - for income in the form of a positive exchange rate difference arising in respect of assets and claims (obligations) whose value is expressed in foreign currency (with the exception of advance payments) and a positive revaluation of precious metals;
  - 8) the date of compilation of a report on the liquidation of amortizable assets which is drawn up in accordance with accounting requirements - for income in the form of materials or other assets which are received upon the liquidation of amortizable assets which are taken out of service;
  - 9) the date on which the recipient of assets (including monetary resources) actually used those assets (including monetary resources) other than for their designated purpose or violated the conditions under which they were granted - for income in the form of the assets (including monetary resources) referred to in clauses 14 and 15 of Article 250 of this Code;
  - 10) the date of the transfer of ownership of foreign currency in the case of income from the sale (purchase) of foreign currency.
- 4.1 Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant State government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments.
- In the event that the conditions of receipt of payments such as are envisaged by this clause are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 1 of this clause exceeds the amount of expenses taken into account in accordance with this clause, the remaining amounts which were not taken into account shall be wholly included in income for that tax period.
- 4.2 Resources which are received by cinematography organizations from the Federal Fund for the Social and Economic Support of Domestic Cinematography for the production, hiring, exhibition and promotion of a national film and are derived from budget appropriations shall be included in

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non-sale income in proportion to amounts actually expended from that source in accordance with the conditions of receipt of the resources in question, but not for more than three tax periods from the time when those resources were received.

This treatment of the above-mentioned resources shall not apply in cases where amortizable assets are acquired using the source in question. Where amortizable assets are acquired using the above-mentioned resources, the resources in question shall be included in income as and when expenses associated with the acquisition of the amortizable assets are recognised.

In the event that the conditions of receipt of resources such as are mentioned in this clause are violated, resources received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of resources received which are referred to in paragraph 1 of this clause exceeds the amount of expenses taken into account in accordance with this clause which were actually incurred from that source, the difference between those amounts shall be wholly included in non-sale income for that tax period.

- 4.3 Financial support resources in the form of subsidies which have been received in accordance with the Federal Law “Concerning the Development of Small and Medium-Sized Business in the Russian Federation” shall be included in non-sale income in proportion to expenses actually incurred from that source, but not for more than two tax periods from the date of receipt. If, after the end of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in non-sale income for that tax period. This treatment of financial support resources shall not apply to cases where amortizable assets are acquired from the above-mentioned source.

Where amortizable assets are acquired from financial support resources such as are referred to in this clause, those financial support resources shall be included in income as and when expenses for the acquisition of amortizable assets are recognised.

5. In the case of the sale by a financial agent of services involving financing against the cession of a claim, and in the case of the sale of financial services by the new creditor which received that claim, the date of receipt of income shall be defined as the day on which the claim in question is further ceded or on which the claim in question is settled by the debtor. Where a taxpayer which sells goods (work and services) cedes a debt claim to a third party, the date of receipt of income from the cession of the claim shall be determined as the day on which the parties sign the deed of cession of the claim.
6. In the case of loan agreements and other similar agreements (other debt obligations, including securities) whose period of validity spans more than one accounting period, for the purposes of this Chapter income shall be deemed to have been received and shall be included in the composition of the relevant income as at the end of a month of the accounting period in question.



In the event that the agreement ceases to have force (the debt obligation is settled) before the accounting period ends, income shall be deemed to have been received and shall be included in the composition of the relevant income as at the date on which the agreement ceases to have force (the debt obligation is settled).

7. A value difference shall be recognised as income:
  - 1) by a taxpayer - seller - as at the date of the settlement of accounts receivable in respect of sold goods (work and services) and property rights or, where payment is made in advance, as at the date of sale of goods (work and services) and property rights;
  - 2) by a taxpayer - purchaser - as at the date of the settlement of accounts payable in respect of acquired goods (work and services), assets, property rights or other rights or, where payment is made in advance, as at the date of acquisition of goods (work and services), assets, property rights and other rights.
8. Income expressed in foreign currency shall be translated into roubles for taxation purposes on the basis of the official exchange rate which is established by the Central Bank of the Russian Federation as at the date on which the income in question is recognised. Obligations and claims which are expressed in foreign currency and assets in the form of currency assets shall be translated into roubles on the basis of the official exchange rate which is established by the Central Bank of the Russian Federation as at the date of the transfer of ownership under operations involving those assets and the termination (fulfilment) of obligations and claims and (or) as at the last day of the accounting (tax) period, whichever is the earlier.

Where an advance payment or deposit is received, income expressed in foreign currency shall be translated into roubles on the basis of the official exchange rate established by the Central Bank of the Russian Federation as at the date of receipt of the advance payment or deposit (insofar as the amount of the advance payment or deposit is concerned).

**Article 272    The Procedure for the Recognition of Expenses Where the Accrual-Basis Method is Used**

1. Expenses which are recognised for taxation purposes with account taken of the provisions of this Chapter shall be recognised as such in the accounting (tax) period to which they relate, irrespective of when monetary resources were actually paid and (or) some other form of payment was made, and shall be determined with account taken of the provisions of Articles 318 to 320 of this Code.

Expenses shall be recognised in the accounting (tax) period in which those expenses arise according to the conditions of transactions. Where a transaction does not contain such conditions and the relationship between

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income and expenses cannot be clearly determined or is determined indirectly, expenses shall be allocated by the taxpayer independently.

Where the conditions of an agreement provide for income to be received over more than one accounting period and do not provide for the phased delivery of goods (work and services), the taxpayer shall allocate the expenses independently with account taken of the principle of evenness in the recognition of income and expenses.

Expenses of a taxpayer which cannot be directly attributed to expenditures relating to a particular type of activity shall be allocated according to the proportion of the corresponding income to the overall amount of all income of the taxpayer.

2. The date on which material expenses are incurred shall be deemed to be:
  - the date on which raw materials and other materials are transferred for use in production - insofar as raw materials and other materials used in goods (work and services) produced are concerned;
  - the date on which the taxpayer signs an acceptance report for services (work)
  - in the case of services (work) of a production nature.
3. Amortization shall be recognised as an expense monthly on the basis of the amount of amortization charged as calculated in accordance with the procedure which is established by Articles 259, 259.1, 259.2 and 322 of this Code.

The expenses in the form of capital investments which are envisaged by clause 9 of Article 258 of this Code shall be recognised as indirect expenses for the accounting (tax) period in which the date of commencement of amortization (the date of adjustment of the historical cost) of the fixed assets in relation to which the capital investments were made falls in accordance with this Chapter.
4. Labour payment expenses shall be recognised as an expense monthly on the basis of the amount of labour payment expenses accrued in accordance with Article 255 of this Code.
5. Expenses for the repair of fixed assets shall be recognised as an expense in the accounting period in which they were incurred, irrespective of whether or not they have been paid, with account taken of the special considerations which are envisaged by Article 260 of this Code.
6. Expenses for compulsory and voluntary insurance (non-State pension provision) shall be recognised as an expense in the accounting (tax) period in which, in accordance with the conditions of an agreement, the taxpayer transferred (issued from cash) monetary resources for the payment of insurance (pension) contributions. If the conditions of an insurance (non-State pension) agreement require an insurance (pension) contribution to be paid as a lumpsum payment, then, in the case of agreements which have been

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concluded for a period of more than one accounting period, expenses shall be recognised evenly over the period of validity of the agreement in proportion to the number of calendar days for which the agreement is in effect in an accounting period. Where the conditions of an insurance (non-State pension) agreement provide for the insurance premium (pension contribution) to be paid on an instalment basis, in the case of agreements concluded for more than one accounting period expenses for each payment shall be recognised evenly over a period corresponding to the period of payment of contributions (year, six months, quarter, month) in proportion to the number of calendar days for which the agreement is in effect in the accounting period.

7. The date on which non-sale and miscellaneous expenses are incurred shall be deemed to be, unless otherwise established by Articles 261, 262, 266 and 267 of this Code:
  - 1) the date on which taxes (levies) are charged - in the case of expenses in the form of amounts of taxes (advance tax payments), levies and other compulsory payments;
  - 2) the date of accrual in accordance with the requirements of this Chapter - in the case of expenses in the form of amounts of contributions to reserves which are deemed an expense in accordance with this Chapter;
  - 3) the date of settlements in accordance with the conditions of agreements concluded or the date on which documents which constitute a basis for the carrying-out of settlements are presented to the taxpayer, or the last day of the accounting (tax) period - in the case of expenses:
    - in the form of amounts of commission fees;
    - in the form of expenses associated with payments made to outside organizations for work performed (services provided) by them;
    - in the form of rental (leasing) payments for rented (leased) assets;
    - in the form of other similar expenses;
  - 4) the date on which monetary resources are transferred from the taxpayer's settlement account (paid from cash) - in the case of expenses:
    - in the form of amounts of removal expenses paid;
    - in the form of compensation for the use of private motor cars and motorcycles for business travel;
  - 5) the date of the approval of an advance report - in the case of expenses:
    - for business trips;
    - for the maintenance of transport for business use;

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- for representational expenses;
- for other similar expenses;
- 6) the date of the transfer of ownership of foreign currency and precious metals in the case of the execution of operations involving foreign currency and precious metals, and the last day of the current month - for expenses in the form of a negative exchange rate difference arising in respect of assets and claims (obligations) whose value is expressed in foreign currency (with the exception of advance payments) and a negative revaluation of precious metals;
- 7) the date of the sale or other disposal of securities, including the date on which obligations to transfer securities are terminated by the offsetting of homogeneous counter-claims – for expenses associated with the acquisition of securities, including their cost;
- 8) the date of acknowledgement by the debtor or the entry into legal force of a court decision - for expenses in the form of amounts of fines, penalties and (or) other sanctions for the violation of contractual or debt obligations, and in the form of amounts of compensation for losses (damage);
- 9) the date of the transfer of ownership of foreign currency - for expenses associated with the sale (purchase) of foreign currency;
- 10) the date of sale of share interests and stock units – for expenses in the form of the acquisition cost of share interests and stock units.
- 8. In the case of loan agreements and other similar agreements (other debt obligations, including securities) whose period of validity spans more than one accounting period, for the purposes of this Chapter an expense shall be deemed to have been incurred and shall be included in the composition of the relevant expenses as at the end of a month of the accounting period in question.  
  
In the event that the agreement ceases to have force (the debt obligation is settled) before the accounting period ends, an expense shall be deemed to have been incurred and shall be included in the composition of the relevant expenses as at the date on which the agreement ceases to have force (the debt obligation is settled).
- 8.1 The expenses associated with the acquisition of leased assets which are referred to in subsection 10 of clause 1 of Article 264 of this Code shall be recognised as an expense in the accounting (tax) periods in which rental (lease) payments are envisaged in accordance with the conditions of the agreement. In this respect, the above-mentioned expenses shall be taken into account in an amount proportional to the amount of rental (lease) payments.
- 9. A value difference shall be recognised as an expense:
  - by a taxpayer - seller - as at the date of the settlement of accounts receivable in respect of sold goods (work and services) and property rights or, where

payment is made in advance, as at the date of sale of goods (work and services) and property rights;

- by a taxpayer - purchaser - as at the date of the settlement of accounts payable in respect of acquired goods (work and services), assets, property rights or other rights or, where payment is made in advance, as at the date of acquisition of goods (work and services), assets, property rights and other rights.

10. Expenses expressed in foreign currency shall be translated into roubles for taxation purposes on the basis of the official exchange rate which is established by the Central Bank of the Russian Federation as at the date on which the expense in question is recognised. Obligations and claims which are expressed in foreign currency and assets in the form of currency assets shall be translated into roubles on the basis of the official exchange rate which is established by the Central Bank of the Russian Federation as at the date of the transfer of ownership upon the execution of operations involving those assets and the termination (fulfilment) of obligations and claims and (or) as at the last day of the accounting (tax) period, whichever is the earlier.

Where an advance payment or deposit is paid, expenses expressed in foreign currency shall be translated into roubles on the basis of the official exchange rate established by the Central Bank of the Russian Federation as at the date of payment of the advance payment or deposit (insofar as the amount of the advance payment or deposit is concerned).

**Article 273 The Procedure for the Determination of Income and Expenses Where the Cash-Basis Method is Used**

1. Organizations (with the exception of banks) shall have the right to define the date on which income is received (an expense is incurred) according to the cash-basis method if, in the last four quarters, the amount of receipts from the sale of goods (work and services) of those organizations, excluding value added tax, did not on average exceed one million roubles for each quarter.
2. For the purposes of this Chapter, the date on which income is received shall be deemed to be the day on which resources are received in bank accounts and (or) in cash or other assets (work, services) and (or) property rights are received, and the settlement of indebtedness to the taxpayer by other means (the cash-basis method).
  - 2.1 Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant State government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments.

In the event that the conditions of receipt of payments such as are envisaged by this clause are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 1 of this clause exceeds the amount of expenses taken into account in accordance with this clause, the remaining amounts which were not taken into account shall be wholly included in income for that tax period.

- 2.2 Resources which are received by cinematography organizations from the Federal Fund for the Social and Economic Support of Domestic Cinematography for the production, hiring, exhibition and promotion of a national film and are derived from budget appropriations shall be included in non-sale income in proportion to amounts actually expended from that source in accordance with the conditions of receipt of the resources in question, but not for more than three tax periods from the time when those resources were received.

This treatment of the above-mentioned resources shall not apply in cases where amortizable assets are acquired using the source in question. Where amortizable assets are acquired using the above-mentioned resources, the resources in question shall be included in income as and when expenses associated with the acquisition of the amortizable assets are recognised.

In the event that the conditions of receipt of resources such as are mentioned in this clause are violated, resources received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of resources received which are referred to in paragraph 1 of this clause exceeds the amount of expenses taken into account in accordance with this clause which were actually incurred from that source, the difference between those amounts shall be wholly included in non-sale income for that tax period.

- 2.3 Financial support resources in the form of subsidies which have been received in accordance with the Federal Law “Concerning the Development of Small and Medium-Sized Business in the Russian Federation” shall be included in non-sale income in proportion to expenses actually incurred from that source, but not for more than two tax periods from the date of receipt. If, after the end of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in non-sale income for that tax period. This treatment of financial support resources shall not apply to cases where amortizable assets are acquired from the above-mentioned source.

Where amortizable assets are acquired from financial support resources such as are referred to in this clause, those financial support resources shall be included in non-sale income as and when expenses for the acquisition of amortizable assets are recognised.

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3. Expenses of taxpayers shall be recognised after they have actually been paid. For the purposes of this Chapter, the making of payment for goods (work, services and (or) property rights) shall be deemed to be the termination by the taxpayer which acquired those goods (work and services) and property rights of the reciprocal obligation to the seller which is directly connected with the supply of those goods (performance of work, rendering of services, transfer of property rights).

In this respect, expenses shall be included in the composition of expenses with account taken of the following special considerations:

- 1) material expenses and labour payment expenses shall be included in the composition of expenses at the moment when indebtedness is settled by means of the debiting of monetary resources from the taxpayer's settlement account or paid out of cash or, where another method of the settlement of indebtedness is used, at the moment of such settlement. A similar procedure shall apply with respect to the payment of interest for the use of borrowed resources (including bank credits) and with respect to payment for the services of third parties. In this respect, expenses for the acquisition of raw materials and other materials shall be included in the composition of expenses as and when the raw materials and other materials are transferred for use in production;
- 2) amortization shall be included in the composition of expenses in the amounts charged during the accounting (tax) period. In this respect, only amortizable assets which have been paid for by the taxpayer and are used in production may be amortized. A similar procedure shall apply to capitalizable expenses which are envisaged by Articles 261 and 262 of this Code;
- 3) expenses for the payment of taxes and levies shall be included in the composition of expenses in the amount actually paid by the taxpayer. Where indebtedness in respect of taxes and levies exists, expenses for the settlement of that indebtedness shall be included in the composition of expenses within the limits of the indebtedness actually settled in the accounting (tax) periods in which the taxpayer settles that indebtedness.
4. If, during a tax period, a taxpayer which has transferred to the cash-basis method of recognising income and expenditure exceeded the maximum amount of receipts from the sale of goods (work and services) which is established by clause 1 of this Article, it shall be obliged to transfer to the accrual-basis method of recognising income and expenditure from the beginning of the tax period during which that excess occurred.

Upon the conclusion of an agreement on the fiduciary management of assets or a simple partnership agreement, parties to those agreements which recognise income and expenses according to the cash-basis method shall be obliged to transfer to the recognition of income and expenses according to the accrual-basis method from the beginning of the tax period in which that agreement was concluded.

5. Taxpayers which recognise income and expenses in accordance with this Article shall not include value differences in the composition of income and

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expenses for taxation purposes where, under the conditions of a transaction, an obligation (claim) is expressed in nominal monetary units.

### **Article 274 Tax Base**

1. The tax base for the purposes of this Chapter shall be taxable profit, expressed in monetary terms, which is determined in accordance with Article 247 of this Code.
2. The tax base for profit which is assessable at a rate other than the rate which is specified in clause 1 of Article 284 of this Code shall be determined by the taxpayer separately. The taxpayer shall maintain separate records of income (expenses) for operations for which a non-standard procedure for accounting for profit and losses is envisaged in accordance with this Chapter.
3. For the purposes of this Chapter, income and expenses of a taxpayer shall be taken into account in monetary form.
4. Income received in kind as a result of the sale of goods (work and services) and property rights (including goods exchange operations) shall be taken into account, unless otherwise stipulated by this Code, on the basis of the transaction price with account taken of the provisions of Article 40 of this Code.
5. Non-sale income received in kind shall be taken into account when determining the tax base on the basis of the transaction price with account taken of the provisions of Article 40 of this Code, unless otherwise stipulated by this Chapter.
6. For the purposes of this Article, market prices shall be determined according to a procedure similar to the procedure for the determination of market prices which is established by paragraph 2 of clause 3 and clauses 4 to 11 of Article 40 of this Code as at the time of sale or of the completion of non-sale operations (excluding value added tax and excise duty).
7. For the purpose of determining the tax base, taxable profit shall be determined on a cumulative total from the beginning of the tax period.
8. In the event that a taxpayer makes a loss in an accounting (tax) period, i.e. a negative difference between income as determined in accordance with this Chapter and expenses which are taken into account for taxation purposes in accordance with the procedure which is envisaged by this Chapter, the tax base in that accounting (tax) period shall be deemed to be equal to zero.  
  
Losses incurred by a taxpayer in a tax (accounting) period shall be taken into account for taxation purposes in accordance with the procedure and subject to the conditions which are established by Article 283 of this Code.
9. Income and expenses relating to gaming activities which are taxable in accordance with Chapter 29 of this Code shall not be included in the



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composition of income and expenses of taxpayers when calculating the tax base.

Taxpayers which are gaming organizations and organizations which receive income from activities which are classified as gaming activities must maintain separate records of income and expenses relating to such activities.

In this respect, in the event that they cannot be separated, expenses of organizations which engage in gaming activities shall be determined in proportion to the ratio of the organization's income from activities which are classified as gaming activities to the organization's overall income from all types of activity.

A similar procedure shall apply to organizations which have transferred to the payment of tax on imputed income.

10. Taxpayers which apply special tax regimes in accordance with this Code shall not take income and expenses relating to those regimes into account when calculating the tax base for tax.
11. Special considerations relating to the determination of the tax base for banks shall be established with account taken of the provisions of Articles 290 to 292 of this Code.
12. Special considerations relating to the determination of the tax base for insurers shall be established with account taken of the provisions of Articles 293 and 294 of this Code.
13. Special considerations relating to the determination of the tax base for non-State pension funds shall be established with account taken of the provisions of Articles 295 and 296 of this Code.
14. Special considerations relating to the determination of the tax base for professional participants in the securities market shall be established with account taken of the provisions of Articles 298 and 299 of this Code.
15. Special considerations relating to the determination of the tax base arising from securities transactions shall be established in Article 280 with account taken of the provisions of Articles 281 and 282 of this Code.
16. Special considerations relating to the determination of the tax base arising from operations involving term transaction financial instruments shall be established with account taken of the provisions of Articles 301 to 305 of this Code.
17. Special considerations relating to the determination of the tax base by clearing organizations shall be established with account taken of the provisions of Articles 299.1 and 299.2 of this Code.
18. An organization which has acquired the status of participant in a project involving the conduct of research and development activities and

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commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” (hereafter in this clause referred to as “project participant”) and has ceased to exercise the right to an exemption from taxpayer obligations shall determine aggregate profit earned for prior tax periods as a cumulative total from the beginning of the tax period in which the project participant’s annual receipts exceeded one billion roubles.

The aggregate profit referred to in this clause shall be determined as amounts of profit (losses) computed on the basis of the results for each preceding tax period. For the purposes of this clause, profit (losses) for tax periods preceding the tax period in which the project participant’s annual receipts exceeded one billion roubles shall not be taken into account in determining aggregate profit.

The standard form of the computation of aggregate profit shall be established by the Ministry of Finance of the Russian Federation.

### **Article 275 Special Considerations Relating to the Determination of the Tax Base for Income Received from a Share Participation in Other Organizations**

The amount of tax on income from a share participation in the activities of organizations (for the purposes of this Chapter - “dividends”) shall be determined with account taken of the following provisions.

1. Where the source of a taxpayer’s income is a foreign organization, the amount of tax on dividends received shall be determined by the taxpayer independently on the basis of the amount of dividends received and the appropriate tax rate envisaged by clause 3 of Article 284 of this Code.

In this respect, taxpayers which receive dividends from a foreign organization, including through a permanent establishment of a foreign organization in the Russian Federation, shall not have the right to reduce the amount of tax calculated in accordance with this Chapter by the amount of tax calculated and paid at source unless otherwise stipulated by an international agreement.

2. For taxpayers other than those referred to in clause 3 of this Article, in the case of income in the form of dividends, with the exception of the types of income referred to in clause 1 of this Article, the tax base arising from income received from a share participation in other organizations shall be determined by the tax agent with account taken of the special considerations which are established by this clause.

Where the source of a taxpayer’s income is a Russian organization, that organization shall be deemed to be a tax agent and shall determine the amount of tax with account taken of the provisions of this clause.

The amount of tax to be withheld from the income of a taxpayer which is a recipient of dividends shall be calculated by the tax agent according to the following formula:

$$T = K \times R_t \times (d - D),$$

where:

**T** is the amount of tax to be withheld;

**K** is the ratio of the amount of dividends to be distributed in favour of the taxpayer receiving the dividends to the total amount of dividends to be distributed by the tax agent;

**R<sub>t</sub>** is the appropriate tax rate established by subsections 1 and 2 of clause 3 of Article 284 or clause 4 of Article 224 of this Code;

**d** is the total amount of dividends to be distributed by the tax agent in favour of all recipients;

**D** is the total amount of dividends received by the tax agent itself in the current accounting (tax) period and the preceding accounting (tax) period (excluding the dividends referred to in subsection 1 of clause 3 of Article 284 of this Code) by the time of the distribution of dividends in favour of taxpayers which are recipients of dividends, provided that the amounts of dividends in question were not previously taken into account in determining the tax base which is determined for income received by the tax agent in the form of dividends.

If **T** is a negative value, no obligation to pay tax shall arise and no reimbursement shall be made from the budget.

- 2.1 Where income is received in the form of dividends on assets placed under fiduciary management, the recipient of that income shall be deemed to be the principal (principals) in the fiduciary arrangement (the beneficiary). Where such income is received in a situation where the fiduciary is a Russian organization while the principal (principals) in the fiduciary arrangement (the beneficiary) is a foreign entity, the fiduciary shall be deemed to be a tax agent in relation to dividend income on which tax was not withheld by the tax agent at the source of payment of the dividends or on which a lesser amount of tax was withheld than the amount of tax calculated on income in the form of dividends for the foreign organization in question.
  
3. In the event that a Russian organization which is a tax agent pays dividends to a foreign organization and (or) a physical person who is not a resident of the Russian Federation, the tax base of the taxpayer receiving the dividends with respect to each such payment shall be determined as the amount of dividends paid, and the rate which is established by subsection 3 of clause 3 of Article 284 or clause 3 of Article 224 of this Code accordingly shall be applied to that amount.

**Article 275.1 Special Considerations Relating to the Determination of the Tax Base by Taxpayers Which Carry Out Activities Involving the Use of Facilities of Service Plants and Holdings**

Taxpayers which have subdivisions which carry out activities involving the use of facilities of service plants and holdings shall determine the tax base for those activities separately from the tax base for other types of activity.

For the purposes of this Chapter, service plants and holdings shall include an ancillary holding, housing and utilities, social and cultural facilities, training centres and other similar holdings, production units and departments which sell goods, work and services both to their own employees and to outside persons.

Housing and utilities shall include housing facilities, hotels (excluding tourist hotels), guest houses and hostels, outside facilities and improvements, artificial structures, swimming pools, beach structures and equipment, public gas, heating and electricity supply facilities, sites, works, depots, workshops, garages, special machinery and mechanisms and storage facilities intended for the technical maintenance and repair of housing and utilities, social and cultural facilities and sports and fitness facilities.

Social and cultural facilities shall include health care facilities, cultural facilities, children's pre-school establishments, children's holiday camps, sanatoria (preventive clinics), holiday centres, holiday hotels, sports and fitness facilities (including tracks, hippodromes, stables, tennis courts, golf courses, badminton courts, recreation centres) and facilities for non-production types of consumer services (banyas, saunas).

Where a subdivision of a taxpayer makes a loss from activities involving the use of the facilities which are referred to in this Article, that loss may be recognised for taxation purposes provided that the following conditions are met:

- the cost of goods, work and services sold by the taxpayer which carries out activities involving the use of the facilities referred to in this Article is consistent with the cost of similar services rendered by specialized organizations which carry out similar activities involving the use of such facilities;
- expenses associated with the maintenance of housing and utilities, social and cultural facilities, ancillary holdings and other similar holdings, production units and services do not exceed the usual expenses for the maintenance of similar facilities by specialized organizations for which such activities are the main activities;
- the conditions of the rendering of services or performance of work by the taxpayer do not differ substantially from the conditions of the rendering of services or performance of work by specialized organizations for which such activities are the main activities.

If any of the above conditions is not met, the taxpayer shall have the right to carry the loss incurred by the taxpayer in carrying out activities involving the use of facilities of service plants and holdings forward over a period not exceeding ten years and to use profit earned from those types of activities to cover it.

Taxpayers whose employees make up not less than 25 per cent of the working population of a particular inhabited locality and which have structural subdivisions responsible for the maintenance of housing facilities and facilities such as are referred to in the third and fourth parts of this Article shall have the right to take expenses actually incurred for the maintenance of those facilities into account for taxation purposes.

**Article 276 Special Considerations Relating to the Determination of the Tax Base for Parties to an Agreement on the Fiduciary Management of Assets**

1. The tax base for parties to an agreement on the fiduciary management of assets shall be determined:
  - in accordance with clause 3 of this Article in the event that the principal is the beneficiary under the conditions of that agreement;
  - in accordance with clause 4 of this Article in the event that the principal is not the beneficiary under the conditions of that agreement.
2. For the purposes of this Chapter, assets (including property rights) which have been transferred under an agreement on the fiduciary management of assets shall not be deemed to be income of the fiduciary. The fee which is received by the fiduciary during the period of validity of the agreement on the fiduciary management of assets shall constitute the fiduciary's sales income and shall be taxable in accordance with the established procedure. In this respect, expenses associated with carrying out fiduciary management shall be recognised as expenses of the fiduciary unless the agreement on the fiduciary management of assets stipulates that those expenses shall be reimbursed by the principal.

The fiduciary shall be obliged to determine income and expenses associated with the fiduciary management of assets monthly on a cumulative total and to present information on income received and expenses to the principal (beneficiary) so that they may be taken into account by the principal (beneficiary) in determining the tax base in accordance with this Chapter. In the case of the fiduciary management of securities the fiduciary shall determine income and expenses according to the procedure envisaged by Article 280 of this Code.

3. Income of a principal under an agreement on the fiduciary management of assets shall be included in its receipts or non-sale income according to the type of income received.

Expenses associated with the performance of the agreement on the fiduciary management of assets (including the amortization of assets and the fiduciary's fee) shall be deemed to be production-related expenses or non-sale expenses of the principal according to the type of expenses incurred.

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4. Income of a beneficiary under an agreement on the fiduciary management of assets shall be included in the beneficiary's non-sale income and shall be taxable in accordance with the established procedure.

In this respect, expenses associated with the performance of the agreement on the fiduciary management of assets (excluding the fiduciary's fee in the event that the agreement concerned envisages that the fee shall be paid other than by reducing income received as a result of the performance of that agreement) shall not be taken into account by the principal for the purpose of determining the tax base but shall be included in the composition of the beneficiary's expenses for taxation purposes.

- 4.1 Losses made during the term of a fiduciary agreement from the use of assets placed under fiduciary management shall not be deemed to be losses of the principal (beneficiary) which may be taken into account for taxation purposes in accordance with this Chapter.

5. Upon the termination of a fiduciary agreement the assets (including property rights) which have been placed under fiduciary management may, according to the conditions of that agreement, be returned to the principal or transferred to another person.

In the event that the assets are returned, no income (loss) shall arise for the principal irrespective of whether a positive (negative) difference arises between the value of the assets placed under fiduciary management as at the time of the entry into force and as at the time of the termination of the agreement on the fiduciary management of assets.

6. The provisions of this Article (with the exception of the provisions of paragraph 1 of clause 2 of this Article) shall not apply to the managing company and the participants in (founding parties of) an agreement on the fiduciary management of assets which comprise an individual asset complex - a mutual investment fund.

### **Article 277 Special Considerations Relating to the Determination of the Tax Base for Income Which is Received upon the Transfer of Assets to the Charter (Pooled) Capital (Fund, Fund Assets)**

1. Upon the distribution of issued shares (share interests, stock units), income and expenses of the taxpayer which is the issuer and income and expenses of the taxpayer which acquires such shares (share interests, stock units) (hereafter in this Article referred to as "shareholder (participant, stockholder)") shall be determined with account taken of the following special considerations:
  - 1) no profit (loss) shall arise for a taxpayer – issuer upon receiving assets (property rights) as payment for shares (share interests, stock units) which are distributed by it;

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- 2) no profit (loss) shall arise for a taxpayer – shareholder (participant, stockholder) upon transferring assets (property rights) as payment for distributed shares (share interests, stock units).

In this respect, for the purposes of this Chapter the value of shares (share interests, stock units) which are acquired shall be deemed to be equal to the value (net book value) of the assets (property rights or non-property rights possessing a monetary value (hereafter in this Article referred to as “property rights”)) which are contributed as determined on the basis of tax accounting data as at the date of the transfer of ownership of those assets (property rights), with account taken of additional expenses which are recognised for taxation purposes for the transferring party upon making that contribution.

In this respect, assets (property rights) received in the form of a contribution to (investment in) the charter (pooled) capital of an organization shall be recognised for the purposes of the taxation of profit according to the value (net book value) of the assets (property rights) received as a contribution to (investment in) the charter (pooled) capital. The value (net book value) shall be determined on the basis of the tax accounting data of the transferring party as at the date of transfer of ownership rights in those assets (property rights), with account taken of additional expenses which are incurred by the transferring party in connection with such contribution (investment), provided that those expenses are specified as a contribution to (investment in) the charter (pooled) capital. If the receiving party is unable to provide documentary evidence of the value of contributed assets (property rights) or of any part thereof, then the value of those assets (property rights) or such part thereof shall be deemed to be equal to zero.

Where assets (property rights) are contributed (invested) by physical persons and foreign organizations there shall be recognised as the value (net book value) of those assets (property rights) documented expenses associated with the acquisition thereof, with account taken of amortization (depreciation) charged for the purposes of the taxation of profit (income) in the state of which the transferring party is a tax resident, but not higher than the market value of those assets (property rights) as confirmed by an independent valuer acting in accordance with the legislation of that state.

The value of assets (property rights) received by way of the privatization of State or municipal assets in the form of a contribution to the charter capital of organizations shall be recognised for the purposes of this Chapter according to the value (net book value) which is determined as at the date of privatization according to accounting rules.

2. Upon the liquidation of an organization and the distribution of the assets of the organization undergoing liquidation, income of taxpayers which are shareholders (participants, stockholders) of the organization undergoing liquidation shall be determined on the basis of the market price of the assets (property rights) which are received by them as at the time of the receipt of those assets, less the cost of the shares (share interests, stock units) which was actually paid (irrespective of the form of payment) by the relevant shareholders (participants) of that organization.

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2.1 Upon the liquidation of a Russian organization which is a marketing partner of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and for which income received in connection with the fulfilment of the obligations of a marketing partner of the International Olympic Committee, based on final results for each tax period, accounts for not less than 90 per cent of the sum of all income for that period, taxable income shall not arise for a taxpayer – shareholder (participant) if the liquidation of the organization concerned occurs during the period of the organization of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 1 of Article 2 of the above-mentioned Federal Law.

3. Upon the re-organization of an organization, irrespective of the form of the re-organization, no profit (loss) which is taken into account for taxation purposes shall arise for taxpayers which are shareholders (participants, stockholders).

4. In the case of a re-organization in the form of a merger, acquisition or change of form whereby shares in the organization being re-organized are converted into shares in newly established organizations or into shares of the acquiring organization, the value of shares received by shareholders of the organization being re-organized in newly established organizations or in the acquiring organization shall be deemed to be equal to the value of the converted shares in the organization being re-organized according to the tax accounting data of the shareholder as at the date of completion of the re-organization (as at the date on which an entry concerning the cessation of the activities of each acquired legal entity is included in the unified State register of legal entities in the case of a re-organization in the form of acquisition).

A similar procedure shall apply to the determination of the value of share interests (stock units) received as a result of exchanging share interests (stock units) in the organization being re-organized.

5. In the case of a re-organization in the form of a spin-off or demerger whereby shares in newly established organizations are converted or distributed among the shareholders of the organization being re-organized, the aggregate value of shares received by a shareholder as a result of the re-organization in each of the established organizations and in the re-organized organization shall be deemed to be equal to the value of the shares which were owned by the shareholder in the organization being re-organized, as determined on the basis of the shareholder’s tax accounting data.

The value of shares in each newly established and re-organized organization which are received by a shareholder as a result of the re-organization shall be determined according to the following procedure.



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The value of shares in each newly established organization shall be deemed to be equal to a portion of the value of shares owned by the shareholder in the organization being re-organized which corresponds to the ratio of the value of the net assets of the established organization to the value of the net assets of the organization being re-organized.

The value of shares owned by a shareholder in the organization which is being re-organized (which has been re-organized after the re-organization has been completed) shall be determined as the difference between the value at which the shareholder acquired shares in the organization being re-organized and the value of shares owned by that shareholder in all the newly established organizations.

The value of the net assets of the organization being re-organized and the newly established organizations shall be determined on the basis of data in the dividing balance sheet as at the date on which it is approved by shareholders in accordance with the established procedure.

A similar procedure shall apply to the determination of the value of share interests (stock units) received as a result of exchanging share interests (stock units) in the organization being re-organized.

In the case of a re-organization in the form of a spin-off whereby the organization being re-organized acquires shares (share interests, stock units) in a spun-off organization, the value of those shares (share interests, stock units) shall be deemed to be equal to the value of the net assets of the spun-off organization as at the date of its State registration.

Where the value of the net assets of one or more organizations established (re-organized) with the participation of shareholders is a negative amount, the acquisition cost of shares received by a shareholder as a result of the re-organization in each of the established (re-organized) organizations shall be deemed to be equal to a portion of the value of the shares owned by the shareholder in the organization being re-organized which corresponds to the ratio of the size of the charter capital of each of the organizations established with the participation of the shareholders to the size of the charter capital of the organization being re-organized as at the last accounting date before the re-organization.

6. Information on the net assets of organizations (which are to be re-organized and established) based on data in the dividing balance sheet shall be published by the organization being re-organized within 45 calendar days from the date of adoption of the decision concerning re-organization in a printed publication which is intended for the publication of data concerning the State registration of legal entities, and shall be provided to taxpayers which are shareholders (participants, stockholders) in the organizations being re-organized upon their written request.

**Article 278 Special Considerations Relating to the Determination of the Tax Base for Income Received by Parties to a Simple Partnership Agreement**

1. The transfer by taxpayers of assets, including property rights, as contributions of participants in simple partnerships (hereinafter referred to as “partnership”) shall not be deemed to constitute a sale of goods (work and services) for the purposes of this Chapter.
2. Where any of the participants in a partnership is a Russian organization or a physical person who is a tax resident of the Russian Federation, the maintenance of records of income and expenses of that partnership for taxation purposes must be carried out by the Russian participant, irrespective of who is charged with managing the affairs of the partnership in accordance with the agreement.
3. The participant in a partnership which maintains records of income and expenses of that partnership for taxation purposes shall be obliged to determine, on a cumulative total based on the results for each accounting (tax) period, the profit of each participant in the partnership in proportion to the share of that participant in the partnership, as established by agreements, in the profit of the partnership which has been received for the accounting (tax) period from the activities of all the participants within the framework of the partnership. The participant in the partnership which maintains records of income and expenses shall be obliged to notify each participant in the partnership on a quarterly basis (by the 15th of the month following the accounting (tax) period) of the amounts of income which are payable (distributable) to each participant in the partnership.
4. Income received from participation in a partnership shall be included in the composition of non-sale income of the taxpayers which are participants in the partnership and shall be taxable in accordance with the procedure which is established by this Chapter. Losses of a partnership shall not be allocated among its participants and shall not be taken into account by them for taxation purposes.
5. Upon the termination of a simple partnership agreement, when income from the partnership’s activities is distributed the parties to that agreement shall not adjust income which they previously took into account for taxation purposes for income which is actually received by them upon the distribution of income from the activities of the partnership.
6. In the event that a simple partnership agreement is terminated and assets are returned to the parties to that agreement, any negative difference between the value of the assets returned and the value at which those assets were previously transferred under the simple partnership agreement shall not be deemed to be a loss for taxation purposes.

**Article 279 Special Considerations Relating to the Determination of the Tax Base Upon the Cession (Assignment) of a Claim**

1. Where a taxpayer which sells goods (work and services) and calculates income (expenses) according to the accrual-basis method cedes a debt claim to a third party before the payment deadline envisaged by the agreement on the sale of goods (work and services) is reached, any negative difference between income from the sale of the debt claim and the value of the goods (work and services) sold shall be deemed to be a loss of the taxpayer. In this respect, the amount of the loss may not, for taxation purposes, exceed the amount of interest which the taxpayer would have paid, with account taken of the requirements of Article 269 of this Code, in respect of a debt obligation equal to income from the cession of the claim for the period from the date of cession up to the date of payment which is envisaged by the agreement on the sale of goods (work and services). The provisions of this clause shall also apply to a taxpayer which is a creditor in respect of a debt obligation.
  
2. Where a taxpayer which sells goods (work and services) and calculates income (expenses) according to the accrual-basis method cedes a debt claim to a third party after the payment deadline envisaged by the agreement on the sale of goods (work and services) has been reached, any negative difference between income from the sale of the debt claim and the value of the goods (work and services) sold shall be deemed to be a loss arising from the transaction involving the cession of the claim, which shall be included in the composition of the taxpayer's non-sale expenses. In this respect, the loss shall be recognised for taxation purposes according to the following procedure:
  - 50 per cent of the amount of the loss shall be included in the composition of non-sale expenses as at the date of cession of the claim;
  
  - 50 per cent of the amount of the loss shall be included in the composition of non-sale expenses after the expiry of a period of 45 calendar days from the date of cession of the claim.The provisions of this clause shall also apply to a taxpayer which is a creditor in respect of a debt obligation.
  
3. Where a debt claim is subsequently sold by a taxpayer which purchased that claim, that operation shall be regarded as the sale of financial services. Income (receipts) from the sale of financial services shall be determined as the value of the assets due to that taxpayer upon the subsequent cession of the claim or the termination of the relevant obligation. In this respect, when determining the tax base the taxpayer shall have the right to reduce income received from the sale of the claim by the amount of expenses associated with the acquisition of that debt claim.

**Article 280 Special Considerations Relating to the Determination of the Tax Base Arising from Securities Transactions**

1. The procedure for classifying objects of civil rights as securities shall be established by the civil legislation of the Russian Federation and applicable legislation of foreign states.

The procedure for classifying securities as issued securities shall be established by national legislation.

Where a securities transaction may also be qualified as an operation involving term transaction financial instruments, the taxpayer shall independently choose the taxation procedure for that operation.

The tax base arising in respect of operations involving mortgage bonds shall be determined in accordance with clauses 1 and 3 of Article 279 of this Code.

2. Income of a taxpayer from operations involving the sale or other disposal of securities (including redemption) shall be determined on the basis of the price of sale or other disposal of the security and the amount of accumulated interest (coupon) income paid by the purchaser to the taxpayer and the amount of interest (coupon) income paid to the taxpayer by the issuer (drawer of the bill). In this respect, amounts of interest (coupon) income previously taken into account for taxation purposes shall not be included in a taxpayer's income from the sale or other disposal of securities.

Income of a taxpayer from operations involving the sale or from the disposal by other means (including redemption) of securities denominated in foreign currency shall be determined on the basis of the exchange rate of the Central Bank of the Russian Federation which was effective as at the date of transfer of ownership rights or as at the date of redemption.

Expenses associated with the sale (or other disposal) of securities, including investment shares in a mutual investment fund, shall be determined on the basis of the acquisition price of the security (including acquisition expenses), expenditures on the sale of the security, the size of discounts on the calculated value of the investment shares and the amount of accumulated interest (coupon) income paid by the taxpayer to the seller of the security. In this respect, amounts of accumulated interest (coupon) income previously taken into account for taxation purposes shall not be included in expenses.

For the purpose of determining expenses associated with the sale (disposal by other means) of securities, the acquisition price of a security denominated in foreign currency (including expenses associated with the acquisition thereof) shall be determined on the basis of the exchange rate of the Central Bank of the Russian Federation which was effective at the time when that security was entered in accounting records. Securities denominated in foreign currency shall not undergo routine revaluation.

Where shares are sold which were received by shareholders in connection with the re-organization of organizations, the acquisition price of those shares

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shall be deemed to be their value as determined in accordance with clauses 4 to 6 of Article 277 of this Chapter.

For the purposes of this Chapter securities shall also be deemed to have been sold (acquired) where the obligations of a taxpayer to transfer (accept) the securities in question are terminated by the offsetting of homogeneous counter-claims, including where such obligations are terminated through a clearing process in accordance with the legislation of the Russian Federation.

3. For the purposes of this Chapter, securities shall be deemed to be circulated on the organized securities market only if all of the following conditions are met at the same time:
  - 1) they have been admitted for circulation by at least one trade organizer which possesses the right to do so in accordance with national legislation;
  - 2) information on their prices (quotations) is published in the mass media (including electronic) or may be made available by a trade organizer or other authorized person to any interested person within three years after the date on which transactions involving the securities are concluded;
  - 3) a market quotation has been calculated for them during the last three months preceding the date on which a taxpayer concludes a transaction involving those securities, if this is provided for by the applicable legislation.

For the purposes of this clause the applicable legislation shall be understood to mean the legislation of the state in which securities are circulated (in which a taxpayer concludes civil-law transactions which cause ownership of securities to be transferred). Where it is impossible to determine unequivocally in the territory of which state securities transactions were concluded outside the organized securities market, including in the case of transactions which are concluded via electronic trading systems, the taxpayer may independently select the relevant state in accordance with its adopted tax accounting policies according to the location of the seller or the location of the purchaser of the securities.

4. For the purposes of this Chapter, the market quotation of a security shall be understood to mean the weighted-average price of the security in transactions concluded in the course of a day of trading through a Russian organizer of trade on the securities market, including a stock exchange – in the case of securities admitted for trading through such organizer of trade on the securities market or such stock exchange, or the closing price of the security calculated by a foreign stock exchange on the basis of transactions concluded during a day of trading through that exchange – in the case of securities admitted for trading on that stock exchange. Where transactions involving one and the same security have been concluded through two or more trade organizers, the taxpayer shall have the right independently to select the market quotation prevailing at one of the trade organizers. In the event a trade organizer does not calculate the weighted-average price, for the purposes of this Chapter the weighted-average price shall be taken to be one half of the

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sum of the maximum and minimum prices of transactions concluded during the day of trading through that trade organizer.

Accumulated interest (coupon) income shall be understood to mean a portion of the interest (coupon) income the payment of which is provided for by the conditions of issue of that security, as calculated in proportion to the number of calendar days that have passed from the date of issue of the security or the date of payment of the last coupon income up to the date on which the transaction is concluded (the date on which the security is transferred).

5. The market price of securities which are circulated on the organized securities market for taxation purposes shall be deemed to be the actual price of sale or other disposal of the securities if that price is in the interval between the minimum and maximum prices (the price interval) of transactions involving that security which was registered by an organizer of trade on the securities market on the date on which the transaction in question was concluded. Where a transaction is concluded through a trade organizer the date of conclusion of a transaction should be understood to mean the date of the trading session in which the securities transaction was concluded. Where a security is sold outside the organized securities market, the date of conclusion of a transaction shall be considered to be the date on which all the significant conditions of the transfer of the security are determined, i.e. the date of signing of an agreement.

If transactions involving one and the same security were concluded on that date through two or more organizers of trade on the securities market, the taxpayer shall have the right independently to choose the trade organizer whose price interval values the taxpayer will use for taxation purposes.

In the event that organizers of trade on the securities market do not have information on the price interval as at the date of conclusion of a transaction, the taxpayer shall use the price interval arising from the sale of those securities according to the data of organizers of trade on the securities market as at the date of the most recent trading that took place before the day on which the transaction in question was concluded, provided that those securities have been traded through the trade organizer at least once during the last three months.

Provided that the taxpayer observes the procedure which is set forth above, the actual price of sale or other disposal of securities which is within the relevant price interval shall be taken as the market price for taxation purposes.

Where securities which are circulated on the organized securities market are sold (acquired) at a price which is below the minimum (above the maximum) price for transactions on the organized securities market, the minimum (maximum) price for a transaction on the organized securities market shall be taken for the purpose of determining the financial result.

In the case of transactions involving investment units in open mutual investment funds which are circulated on the organized securities market, including where they are acquired from (redeemed through) a management

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company which carries out fiduciary management of assets forming that open mutual investment fund, the actual transaction price shall be taken for taxation purposes if it corresponds to the reference value of an investment unit which is determined in accordance with the procedure established by the legislation of the Russian Federation concerning investment funds.

6. In the case of securities which are not circulated on the organized securities market, the actual price of a transaction shall be taken for taxation purposes if that price is in the range between the minimum and maximum prices determined on the basis of the reference price of the security and the maximum price deviation, unless otherwise established by this clause.

For the purposes of this Article the maximum price deviation for securities not circulated on the organized securities market shall be established at 20 per cent above or below the reference price of a security.

Where securities not circulated on the organized securities market are sold (acquired) at a price which is below the minimum (above the maximum) price determined on the basis of the reference price of a security and the maximum price deviation, the minimum (maximum) price determined on the basis of the reference price of the security and the maximum price deviation shall be applied in determining the financial result for taxation purposes.

The procedure for determining the reference price of securities not circulated on the organized securities market shall be established for the purposes of this Chapter by the federal executive body for the securities market in consultation with the Ministry of Finance of the Russian Federation.

In the case of transactions involving investment units in open mutual investment funds which are not circulated on the organized securities market, including where they are acquired from (redeemed through) a management company which carries out fiduciary management of assets forming that open mutual investment fund, the actual transaction price shall be taken for taxation purposes if it corresponds to the reference value of an investment unit which is determined in accordance with the procedure established by the legislation of the Russian Federation concerning investment funds.

In the case of transactions involving investment units in closed and interval mutual investment funds which are not circulated on the organized securities market, where they are acquired from a management company which carries out fiduciary management of assets forming the mutual investment fund in question, the actual transaction price shall be taken for taxation purposes if it corresponds to the reference value of an investment unit which is determined in accordance with the procedure established by the legislation of the Russian Federation concerning investment funds.

Where, in accordance with the legislation of the Russian Federation concerning investment funds, investment units in mutual investment funds which are restricted for circulation are issued other than on the basis of the reference value of the investment unit, the actual transaction price shall be taken into account if it corresponds to the amount of monetary resources to the

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value of which one investment unit is issued and which is determined in accordance with the rules for the fiduciary management of the mutual investment fund, without taking into account the fluctuation limit.

7. A taxpayer - shareholder which sells shares which it received as a result of an increase in the charter capital of a joint stock company shall determine income as the difference between the selling price and the originally paid cost of the shares, adjusted to take account of the change in the number of shares as a result of the increase in the charter capital.

8. The tax base arising from securities transactions shall be determined by a taxpayer separately, with the exception of the tax base arising from securities transactions which is determined by professional participants in the securities market. In this respect, taxpayers (with the exception of professional participants in the securities market which engage in dealer activities) shall determine the tax base arising from transactions involving securities which are circulated on the organized securities market separately from the tax base arising from transactions involving securities which are not circulated on the organized securities market.

Professional participants in the securities market (including banks) which do not engage in dealer activities must specify in their accounting policies for taxation purposes the procedure for the determination of the tax base arising from transactions involving securities which are circulated on the organized securities market and the tax base arising from transactions involving securities which are not circulated on the organized securities market.

In this respect, the taxpayer shall independently select the types of securities (circulated on the organized securities market or not circulated on the organized securities market) in respect to which other income and expenses as defined in accordance with this Chapter shall be included in income and expenses for the purpose of determining the tax base arising from transactions involving those securities.

9. Upon the sale or other disposal of securities the taxpayer shall independently, in accordance with the accounting policies adopted for taxation purposes, select one of the following methods of writing the value of the disposed-of securities off to expenses:

1) based on the value of those first acquired (FIFO);

3) based on the value of a unit.

10. Taxpayers which made a loss (losses) from securities transactions in the preceding tax period or in preceding tax periods shall have the right to reduce the tax base arising from securities transactions in the accounting (tax) period (to carry the above-mentioned losses forward) in accordance with the procedure and subject to the conditions which are established by Article 283 of this Code.



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In this respect, losses from transactions involving securities not circulated on the organized securities market which resulted in the preceding tax period (preceding tax periods) may be deducted from the tax base arising from transactions involving such securities which has been determined in the accounting (tax) period.

In this respect, losses from transactions involving securities circulated on the organized securities market which resulted in the preceding tax period (preceding tax periods) may be deducted from the tax base arising from transactions involving the sale of securities of that category.

During the tax period the carry-forward of losses incurred in a particular accounting period from transactions involving securities which are circulated on the organized securities market and securities which are not circulated on the organized securities market shall be carried out separately for those categories of securities within the limits of profit which is earned from transactions involving those securities respectively.

Income received from transactions involving securities which are circulated on the organized securities market may not be reduced by expenses or losses arising from transactions involving securities which are not circulated on the organized securities market.

Income received from transactions involving securities which are not circulated on the organized securities market may not be reduced by expenses or losses arising from transactions involving securities which are circulated on the organized securities market.

The provisions of paragraphs 2 to 6 of this clause shall not apply to professional participants in the securities market which engage in dealer activities.

11. Taxpayers (including banks) which engage in dealer activities on the securities market shall, for the purposes of determining the tax base and carrying forward losses according to the procedure and subject to the conditions which are established by Article 283 of this Code, form the tax base and determine the amount of losses to be carried forward with account taken of all income (expenses) and the amount of any loss which has resulted from carrying out entrepreneurial activities.

During the tax period, losses which have resulted for the above-mentioned taxpayers in a particular accounting period of the current tax year may be carried forward within the limits of the amount of profit earned from carrying out entrepreneurial activities.

### **Article 281 Special Considerations Relating to the Determination of the Tax Base Arising from Transactions Involving State and Municipal Securities**

In the case of the placement of State securities of member states of the Union State, State securities of constituent entities of the Russian Federation and municipal securities

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(hereinafter referred to as “State and municipal securities”), interest income shall be deemed to be income specified (established) by the issuer in the form of an interest rate applicable to the nominal value of those securities or, in the case of securities for which an interest rate has not been established, income in the form of the difference between the nominal value of the security and the value at which it is first placed, which is calculated as the weighted-average price as at the date on which the issue of securities is deemed to have been placed in accordance with the established procedure.

For the purposes of the taxation of transactions involving the sale or other disposal of securities, the price of issued State and municipal securities shall be taken into account without interest (coupon) income taxable at a rate other than that stipulated by clause 1 of Article 284 of this Code which is due for the time of the possession of those securities by the taxpayer and the payment of which is envisaged by the conditions of issue of that security.

Interest accrued for the time during which a State or municipal security has been on a taxpayer’s balance sheet shall be taxed according to the procedure and subject to the conditions which are established by this Chapter. In the case of State and municipal securities upon the circulation of which a portion of accumulated coupon income is included in the transaction price, receipts shall be reduced by income in the amount of the accumulated coupon income which is due for the time of the possession of that security by the taxpayer.

### **Article 282 Special Considerations Relating to the Determination of the Tax Base Arising from Repo Securities Transactions**

1. A repo transaction shall be understood to be an agreement which meets the requirements which are established for repo agreements by the Federal Law “Concerning the Securities Market”. In this respect, the first and second legs of a repo shall be understood to mean the first and second legs of a repo agreement respectively. The purchaser in the first leg of a repo and the seller in the first leg of a repo shall be the purchaser under a repo agreement and the seller under a repo agreement respectively. For the purposes of this Article, obligations in respect of the second leg of a repo should arise on condition that the first leg of the repo has been executed.

Where, according to the conditions of a repo transaction, the seller in the first leg of the repo has the right, before the date of execution of the second leg of the repo, to transfer other securities to the purchaser in the first leg of the repo in exchange for the securities transferred in the first leg of the repo or for securities into which those securities have been converted, and (or) the purchaser in the first leg of the repo has the right to demand such transfer, the original conditions of the first leg of the repo shall remain unchanged for taxation purposes when such transfer takes place.

For the purposes of this Article, the execution of the second leg of a repo, including in the case of a repo transaction for which it is stipulated that the execution of the second leg is to take place on demand, must take place not later than one year after the due date specified by the agreement for the execution of the first leg of the repo.

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The rules laid down in this Article shall apply to repo transactions of a taxpayer which have been concluded at its expense by commission agents, delegates, agents or fiduciaries (including through an organizer of trade on the securities market in stock exchange trading) on the basis of relevant civil-law agreements.

For the purposes of this Article the dates of execution of the first or second leg of a repo shall be considered to be the due dates for the fulfilment by the repo participants of their obligations in the respective leg of the repo. In the event that obligations to deliver securities and obligations to pay for them in the first or second leg of a repo are fulfilled on different dates, the date of the first and second leg of the repo respectively shall be the later of the dates of fulfilment of obligations to pay for or obligations to deliver securities.

Where the date of execution of the first or second leg of a repo which is specified in the agreement falls on a day of rest and (or) a non-working public holiday in accordance with the legislation of the Russian Federation, the date of execution of the first or second leg of the repo shall be the next working day. In this respect the actual sale (acquisition) price of the security in the first leg of the repo and in the second leg of the repo shall be applied, irrespective of the market (reference) value of the securities concerned. That sale (acquisition) price in both legs of the repo shall be calculated with account taken of accumulated interest (coupon) income as at the date of actual execution of each leg of the repo.

The date of fulfilment of obligations in respect of the second leg of a repo may be altered so as to reduce or increase the repo period. Transactions in which the date of execution of the second leg of the repo is specified as “on demand” shall be recognised as repo transactions if the repo agreement sets out the procedure for determining the price of the second leg of the repo and the second leg of the repo is executed within one year from the date on which the parties fulfilled their obligations in respect of the first leg of the repo.

In the case of repo transactions which are concluded through an organizer of trade on the securities market (a stock exchange) or for which execution takes place through a clearing organization, any change in the date of execution of the second leg of a repo which is made in accordance with the rules of the organizer of trade on the securities market (stock exchange) or the clearing organization) shall be regarded as a change in the repo period for the purposes of this Article.

For the purposes of this Article the repo rate shall be determined when a repo transaction is concluded and may be a fixed rate or a reference rate. The repo rate must enable the amount of interest to be determined at the end of an accounting (tax) period and may be varied by agreement between the parties to the repo agreement.

Where, at the date of execution of the second leg of a repo, the obligation to sell (acquire) securities in the second leg of the repo remains wholly or partly outstanding (hereafter in this Chapter referred to as “improper execution of the second leg of a repo”), but in this respect a mutual claim netting procedure has

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been carried out in accordance with the requirements laid down in clause 6 of this Article, the provisions of clause 6 of this Article shall be applied.

In other instances of the improper execution of the second leg of a repo the parties to the repo transaction shall recognise the sale (acquisition) of the securities which are not transferred in the second leg of the repo with account taken of the provisions established by Article 280 of this Code. Income from the sale of securities in the first leg of a repo shall be determined by the seller in the first leg of the repo as at the date of execution of the second leg of the repo if the repo agreement does not provide for a mutual claim netting procedure, or as at the last day of the expiry of the time limit set by the repo agreement for the parties to carry out a mutual claim netting procedure if the netting procedure has not been properly carried out, or as at the date of the early cancellation of the repo agreement by arrangement between the parties. In this respect, income shall be determined on the basis of the market prices in effect as at the date of the transfer of ownership of the securities in the first leg of the repo or, if other securities have been transferred to the purchaser in the first leg of the repo in exchange for the securities transferred in the first leg of the repo or for the securities into which they were converted, as at the date on which they were transferred to the purchaser in the first leg of the repo.

Expenses associated with the acquisition of securities not transferred in the second leg of a repo shall be recognised by the purchaser in the first leg of the repo according to subsection 7 of clause 7 of Article 272 of this Code as at the date of execution of the second leg of the repo if the repo agreement does not provide for a mutual claim netting procedure, or as at the last day of the expiry of the time limit set by the repo agreement for the parties to carry out a mutual claim netting procedure if the netting procedure has not been properly carried out, or as at the date of the early cancellation of the repo transaction by arrangement between the parties, and shall be determined on the basis of the market prices in effect as at the date of the transfer of ownership of the securities in the first leg of the repo or, if other securities have been transferred to the purchaser in the first leg of the repo in exchange for the securities transferred in the first leg of the repo or for the securities into which they were converted, as at the date on which they were transferred to the purchaser in the first leg of the repo.

When securities are sold in the first leg of a repo and in the second leg of a repo, no financial result shall be determined for taxation purposes in accordance with Article 280 of this Code. Expenses associated with the acquisition of securities which were reflected in tax records before the date of execution of the first leg of a repo shall be taken into account when the securities are sold (disposed of) in accordance with Articles 280, 302 and 303 of this Code. In this respect, the taxpayer shall independently determine the manner in which the securities disposed of (returned) in the repo transaction are treated in accordance with its adopted accounting policies for taxation purposes.

Where obligations in respect of the first and (or) second legs of a repo are fulfilled (terminated) by the offsetting of homogeneous counter-claims (except for the offsetting of homogeneous claims in respect of the first and second

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legs within a single repo transaction), the taxation procedure which is established by this Article shall remain the same. Homogeneous claims shall be claims for the transfer of securities of one issuer, of one class, of one category (type) or of one mutual investment fund (in the case of investment units in mutual investment funds) or claims for the payment of monetary resources in the same currency which bear an equal extent of rights.

Where, in the period between the dates of execution of the first and second legs of a repo, the securities which are the object of the repo transaction are converted, including by reason of the splitting or consolidation of the securities or a change in their nominal value, or the individual number (code) of an additional issue of such securities is annulled, or a change occurs in the individual State registration number of an issue (the individual number (code) of an additional issue) or the individual identification number (the individual number (code) of an additional issue) of such securities, those actions shall not alter the taxation procedure for the repo transaction in question.

2. In the context of a repo transaction payments on securities which the purchaser in the first leg of the repo becomes entitled to receive in the period between the dates of execution of the first and second legs of the repo may be deducted from the amount of monetary resources payable by the seller in the first leg of the repo when the securities are subsequently acquired in the second leg of the repo or may be transferred by the purchaser in the first leg of the repo to the seller in the first leg of the repo in accordance with the repo agreement. In such cases the payments in question shall not be regarded as income of the purchaser in the first leg of the repo and shall be included in income of the seller in the first leg of repo in accordance with the procedure established by this Chapter.

Interest (coupon) income on securities which are the object of a repo transaction shall be taken into account in determining the tax base of the seller in the first leg of the repo in accordance with the procedure established by Articles 271, 273 and 328 of this Code, and shall not be taken into account in determining the tax base in respect of interest (coupon) income on securities which are the object of the repo transaction for the purchaser in the first leg of the repo, with account taken of the special considerations laid down in paragraph 1 of this clause.

Income which is determined in accordance with this clause shall be taxed at the tax rates established by Article 284 of this Code. In this respect, those tax rates shall be applied according to the type of securities (debt obligation), unless otherwise provided by this Article.

An issuer shall act as a tax agent in accordance with the procedure established by this Article in relation to income in the form of dividends paid to the purchaser in the first leg of a repo.

Where a repo transaction is concluded between a foreign organization (the seller in the first leg of the repo) and a Russian organization (the purchaser in the first leg of the repo), and in the period between the dates of execution of the first and second legs of the repo dividends are paid on shares (depository

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receipts conferring the right to receive dividends) which are the object of the repo transaction, the Russian organization shall be deemed to be a tax agent in relation to income in the form of dividends on which the tax agent did not withhold tax at source or a lesser amount of tax was withheld than the amount of tax calculated on income in the form of dividends for the foreign organization in question.

Where the purchaser in the first leg of a repo is the Central Bank of the Russian Federation or a management company of a mutual investment fund which acts in the interests of that fund, the obligation to pay tax on dividends shall rest with the seller in the first leg of the repo, which shall be deemed to be the recipient of that income in accordance with this clause, except in cases where tax has been withheld by the issuer.

Income defined by this clause shall be taxed at the tax rates established by Article 284 of this Code for the relevant categories of taxpayers.

The provisions of this clause shall not apply to the seller in the first leg of a repo in the event that the securities sold were received by it through another repo transaction or through a securities lending transaction.

3. For the purposes of this Code, for the seller in the first part of a repo the difference between the acquisition price in the second part of the repo and the sale price in the first part of the repo shall be recognised:
  - 1) as expenses associated with the payment of interest on attracted resources, which shall be included in the composition of expenses according to the procedure envisaged by Articles 265, 269 and 272 of this Code – if the difference is positive;
  - 2) as income in the form of interest on a loan provided in the form of securities, which shall be included in the composition of income in accordance with Articles 250 and 271 of this Code (in the case of banks – in accordance with Article 290 of this Code) – if the difference is negative.
4. For the purposes of this Code, for the purchaser in the first part of a repo the difference between the sale price in the second part of the repo and the acquisition price in the first part of the repo shall be recognised:
  - 1) as income in the form of interest on invested resources, which shall be included in the composition of income in accordance with Articles 250 and 271 of this Code (in the case of banks – in accordance with Article 290 of this Code) – if the difference is positive. Where such income is received by a foreign organization and is not connected with entrepreneurial activities carried out by that organization in the territory of the Russian Federation, it shall be regarded as income of the foreign organization from sources in the Russian Federation and shall be subject to tax withheld at source on the basis of subsection 3 of clause 1 of Article 309 of this Code as at the date of execution of the second leg of the repo;

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- 2) as expenses in the form of interest on a loan received in the form of securities, which shall be included in the composition of expenses in accordance with Articles 265, 269 and 272 of this Code – if the difference is negative.
5. For the purposes of this Article the date of recognition of income (expenses) relating to a repo operation shall be the date on which the obligations of the participants in respect of the second part of the repo are fulfilled (terminated), with account taken of the special considerations which are established by clauses 3 and 4 of this Article.

Expenses associated with the conclusion and performance of repo transactions shall be classified as non-sale expenses and shall be taken into account in accordance with Articles 265, 272 and 273 of this Code.

6. Where the second leg of a repo has been improperly executed and the mutual claim netting procedure established in the repo agreement, which meets the requirements of paragraph 4 of this clause, has been applied, the tax base arising from the repo transaction shall be determined as follows:

- the seller in the first part of the repo shall recognise for taxation purposes the execution of the second part of the repo and, at the same time, the sale of securities not repurchased in the second part of the repo according to the market price of the security which is the subject of the repo operation, or, if there is no market price, according to the reference price of the security as determined in accordance with clause 5 or 6 of Article 280 of this Code as at the date on which obligations in respect of the second leg of the repo are fulfilled in the amount agreed on by the parties to the repo transaction. The provisions established by Article 280 of this Code shall apply for the purpose of recognising income (expenses) associated with the sale of securities for taxation purposes;

- the purchaser in the first part of the repo shall recognise for taxation purposes the execution of the second part of the repo and, at the same time, the acquisition of securities not sold in the second part of the repo according to the market price of the security which is the subject of the repo operation, or, if there is no market price, according to the reference price of the security, which shall be determined in accordance with clause 5 or 6 of Article 280 of this Code as at the date on which obligations in respect of the second leg of the repo are fulfilled in the amount agreed on by the parties to the repo transaction.

The mutual claim netting procedure applicable in the event of the improper execution of the second leg of a repo must stipulate a requirement for the parties to complete mutual settlements under the repo agreement within 30 calendar days from the date of execution of the second leg of the repo.

The above-mentioned procedure may also stipulate the right of the purchaser (seller) in the first leg of the repo to sell (acquire) the securities not transferred in the second leg of the repo within the above-mentioned period, with actual receipts from the sale (actual expenses associated with the acquisition) being set off against outstanding monetary obligations in respect of the repo

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transaction, and (or) may stipulate the right of the purchaser (seller) in the first leg of the repo to waive the transfer (acceptance) of the securities not received in the second leg of the repo, with the market value of the securities being set off against outstanding obligations in respect of the repo transaction. Where such offsetting takes place, the market (reference) value of the securities shall be determined as at the date of sale (acquisition) of the securities or the date of the waiver of the transfer (acceptance) of securities in the second leg of the repo.

In this respect, the parties to a repo agreement shall be obliged to carry out mutual settlements in respect of amounts of residual obligations which are calculated as the difference between outstanding monetary obligations in the second leg of the repo and the market price of securities not transferred in the second leg of the repo, or, if there is no market price, on the basis of the reference price of the securities which is determined in accordance with clause 5 or clause 6 of Article 280 of this Code as at the date of acquisition (sale), or between outstanding monetary obligations in the second leg of the repo and actual receipts from the sale (actual expenses associated with the sale) of securities not transferred in the second leg of the repo. There shall not be recognised as income (expenses) of the seller (purchaser) in the first leg of the repo amounts of monetary resources which are transferred in the form of residual obligations as a result of the performance of the mutual claim netting procedure.

Where, as a result of the netting of mutual claims, securities which are the object of a repo transaction are returned by the purchaser in the first leg of the repo to the seller in the first leg of the repo, the sale of securities shall not be treated by the seller in the first leg of the repo and the acquisition of securities shall not be treated by the purchaser in the first leg of the repo in the manner laid down in this clause.

7. Where, in the period between the dates of execution of the first and second legs of a repo, an obligation arises for the purchaser in the first leg of the repo to transfer to the seller in the first leg of the repo payments (coupon payment, partial redemption of the nominal value of securities) in respect of the securities which are the object of the repo transaction, and the repo agreement provides for the amounts of those payments to be deducted from the obligations of the seller in the first leg of the repo with respect to the payment of monetary resources when subsequently acquiring securities in the second leg of the repo (from the sale (acquisition) price in the second leg of the repo) rather than the payments being made, the amounts payable shall be included in the sale (acquisition) price for the second leg of the repo for the purpose of the computation of income (expenses) in accordance with the procedure laid down in clauses 3 and 4 of this Article.

Where, in accordance with a repo agreement, such payments are not taken into account in determining obligations in the second leg of the repo, amounts of such payments shall not be included in the sale (acquisition) price in the second leg of the repo for the purpose of the computation of income (expenses) which is (are) determined in accordance with clauses 3 and 4 of this Article.



8. Where a repo agreement provides for settlements (the remittance of monetary resources and (or) the transfer of securities) between parties to a repo transaction to take place between the dates of execution of the first and second legs of the repo in the event that the price of the securities which are the object of the repo transaction changes or in other cases provided for in the agreement, and the agreement provides that when such settlements are made the obligations of the seller in the first leg of the repo with respect to the payment of monetary resources shall be reduced by the amounts of remittances when securities are subsequently acquired in the second leg of the repo, the amounts of such remittances shall be included in the sale (acquisition) price for the second leg of the repo for the purpose of the computation of income (expenses) which is (are) determined in accordance with clauses 3 and 4 of this Article.

Where such receipt (transfer) of monetary resources and (or) securities is not taken into account in determining obligations in the second leg of a repo, amounts of such remittances shall not be included in the sale (acquisition) price in the second leg of the repo for the purpose of the computation of income (expenses) which is (are) determined in accordance with clauses 3 and 4 of this Article.

9. For the purposes of this Article the opening of a short position on a security (hereafter in this Article referred to as “short position”) shall be understood to mean the sale (disposal) of a security where the taxpayer has obligations to return a security which was received in the first leg of a repo or under a loan agreement. A short position shall be opened on condition that the taxpayer does not have securities of the same issue (of an additional issue) or investment units in the same mutual investment fund for which the acquisition cost determined in accordance with Article 280 of this Code has been reflected in tax records but has not been recognised as expenses.

The following shall not constitute a short position:

- the sale of a security in the first (second) leg of a repo;
- the transfer of a security to the borrower (return to the lender) under a securities lending agreement;
- the transfer of a security on a returnable basis in accordance with the conditions laid down in clause 8 of this Article;
- the conversion of securities which are the object of a repo transaction, including in connection with splitting or consolidation of the securities or a change in their nominal value, or the annulment of the individual number (code) of an additional issue of such securities, or a change in the individual State registration number of an issue (the individual number (code) of an additional issue) or the individual identification number (the individual number (code) of an additional issue) of such securities;

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- the redemption of a depository receipt upon receipt of the represented securities;
- other disposal of securities income from which is not included in the tax base.

A short position shall be opened in respect of such a quantity of securities as does not exceed the quantity of securities received by the taxpayer in the first leg of the repo and (or) under loan agreements as the borrower.

The date of opening of a short position shall be the date on which ownership of securities is transferred from the seller opening the short position to the purchaser in the transaction involving the sale (disposal) of a security.

The closing of a short position shall take place by means of the acquisition (receipt of ownership on grounds other than receipt of ownership through a repo transaction or a loan agreement or receipt on a returnable basis in accordance with the conditions specified in clause 8 of this Article) of securities of the same issue (an additional issue) or investment units in the same mutual investment fund as those on which the short position was opened.

Where transactions involving both the acquisition and the sale (disposal) of securities have taken place in the course of one day, a short position shall be closed on the basis of results for that day only if the quantity of securities acquired exceeds the quantity of securities sold. A taxpayer shall have the right to make provision in its adopted tax accounting policies for a short position to be closed within one day with account taken of the order of occurrence of transactions involving the acquisition and sale (disposal) of securities.

The date of closing of a short position shall be understood to be the date on which ownership of securities the receipt of which causes the short position to be closed is transferred to the taxpayer in the manner prescribed by this clause.

The reclassification of a repo transaction for the purposes of this clause shall be understood to be a situation whereby an obligation arises for parties to a repo transaction to recognise expenses associated with the acquisition (income from the sale) of securities in the first leg of the repo with account taken of the provisions laid down in Article 280 of this Code.

The order in which short positions on securities of one issue (of an additional issue) or investment units in one mutual investment fund are closed shall be determined by a taxpayer independently in accordance with its adopted tax accounting policies using one of the following methods:

- the short position which was opened first shall be closed first (FIFO);
- a short position shall be closed by the taxpayer according to the value of the securities on which a particular short position was opened.

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Income (expenses) arising for a taxpayer from the sale (acquisition) or disposal of a security upon the opening (closing) of a short position shall be determined in accordance with Articles 280, 302, 303, 305, 326 and 329 of this Code (insofar as income from the delivery of the underlying asset and expenses in the form of the value of the underlying asset are concerned), with account taken of the particular considerations established by this Article in relation to interest (coupon) income, and shall be taken into account in determining the tax base as at the date of closing the short position on that security.

Where a short position is opened on securities for which the accrual of interest (coupon) income is envisaged, the taxpayer which opened that short position shall recognise an interest expense determined as the difference between the amount of accumulated interest (coupon) income as at the date of closing of the short position (including amounts of interest (coupon) income which were paid by the issuer in the period between the date of opening and date of closing of the short position) and the amount of accumulated interest (coupon) income as at the date of opening of the short position. Interest (coupon) income shall accrue for the period while the short position is open with amounts of accumulated expenditure recognised as at the date on which the short position is closed or as at the last day of the accounting (tax) period unless the closing of the short position occurred in the accounting (tax) period. Where interest (coupon) income is taxed at the tax rates specified in clause 4 of Article 284 of this Code, the above-mentioned amounts of accrued interest (coupon) income shall be deducted from the amount of interest (coupon) income which is taxable at the relevant tax rate.

Where, in the period between the opening date and the closing date of a short position, the nominal value of a security has been partially redeemed, when the short position is closed the amount paid (payable or deductible from the amount of monetary resources payable by the seller in the first leg of the repo when it subsequently acquires securities in the second leg of the repo) to the seller in the first leg of the repo (the lender in a securities loan) shall be included in expenses associated with the acquisition of the security within the limit of the amount of the partial redemption of the nominal value of the securities according to the conditions of issue.

A taxpayer shall maintain analytical records of short positions for taxation purposes for each short position that is opened.

### **Article 282.1 Special Considerations Relating to Taxation in the Context of Securities Lending Operations**

1. The lending of securities shall take place on the basis of a loan agreement concluded in accordance with the legislation of the Russian Federation or the legislation of foreign states which meets the conditions laid down in this clause (hereinafter referred to also as “loan agreement”).

The rules laid down in this Article shall apply to transactions involving the lending of a taxpayer's securities which are concluded at the taxpayer's

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expense by commission agents, delegates, agents and fiduciaries on the basis of corresponding civil-law agreements.

For the purposes of this Chapter an agreement on a loan issued (received) in the form of securities must provide for interest to be paid in monetary form.

The interest rate or the procedure for determining the interest rate shall be established by the conditions of the loan agreement. For the purposes of determining interest under a loan agreement the value of securities transferred under the loan agreement shall be taken to be equal to the market price of the securities in question as at the date of conclusion of the loan agreement or, if no market price exists, the reference price. In this respect, the market price and reference price of securities shall be determined in accordance with clauses 5 and 6 of Article 280 of this Code respectively.

In cases provided for in a loan agreement, the value of securities transferred by a commission agent, delegate or agent to a client under a loan agreement may also be determined according to the rules established by the federal executive body for the securities market for evaluating collateral given by a client for loans provided. In this respect, the value of the securities shall be determined on the basis of the last price of a security which is calculated on the basis of the above-mentioned rules on a trading day defined in accordance with stock exchange documents.

The commencement date of a loan shall be date on which ownership of securities is transferred when they are transferred by the lender to the borrower, and the completion date of a loan shall be the date on which ownership of securities is transferred when they are transferred by the borrower to the lender.

For the purposes of this Chapter the term of an agreement on a loan issued (received) in the form of securities must not exceed one year.

2. Where a loan agreement does not specify a due date for the return of securities or states that they are returnable “on demand” (open-dated loan agreement) and the securities are not returned by the borrower to the lender within a year from the commencement date of the loan, after one year has elapsed from the commencement date of the loan the following shall be recognised for taxation purposes:
  - for the lender – income from the sale of securities transferred under the loan agreement, which shall be calculated on the basis of the market price (reference price) of the securities as determined in accordance with Article 280 of this Code as at the commencement date of the loan. The lender’s expenses in this case shall be determined in accordance with the procedure established by clause 2 of Article 280 of this Code;
  - for the borrower – non-sale income in an amount calculated on the basis of the market price (reference price) of the securities which is determined in accordance with Article 280 of this Code as at the commencement date of the loan. When the securities received under the loan agreement are subsequently

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sold, expenses associated with the acquisition of the securities shall be deemed to be equal to the amount of income included in the tax base in accordance with Article 250 of this Code.

The provisions of this clause shall also apply in the following cases:

- where a loan agreement specified the due date for the return of the loan, but one year after the commencement date of the loan the securities have not been returned by the borrower to the lender;
- where an obligation to return securities has been terminated by the payment of monetary resources to the lender or the transfer of assets other than securities.

3. In the event of the non-fulfilment or incomplete fulfilment of obligations to return securities in securities lending transactions, the taxation procedure established by clause 1 of Article 282 of this Code for a repo transaction in relation to which improper execution has occurred and a mutual claim netting procedure has not been carried out shall be applied.
4. When securities are loaned and when loaned securities are returned, the lender shall not determine a financial result for taxation purposes in accordance with Article 280 of this Code except in cases established by this Article. In this respect, expenses associated with the acquisition of securities transferred under a loan agreement shall be taken into account by the lender when the securities in question are subsequently (after the return of the loan) sold (disposed of), with account taken of the provisions of Article 280 of this Code.
5. In the context of a loan agreement, payments on securities the right to receive which arises during the effective period of the loan agreement shall not be deemed to be income of the borrower and shall be included in the lender's income.

Interest (coupon) income shall be taken into account in calculating the lender's tax base in accordance with the procedure established by Articles 250, 271, 273 and 328 of this Code, and shall not be taken into account in determining the borrower's tax base in respect of interest (coupon) income from loaned securities.

Income specified in this clause shall be taxed at the tax rates established by Article 284 of this Code. In this respect, the above-mentioned tax rates shall be applied according to the type of securities (debt obligation).

The provisions of this clause shall not apply to a lender where securities have been received through another loan agreement and (or) the first leg of a repo transaction.

6. Where a loan agreement has been concluded between a foreign organization (the lender) and a Russian organization (the borrower) and during the effective period of the loan agreement interest (discount) income is paid on the securities or dividends are paid on the shares (depository receipts conferring

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the right to receive dividends) which are the object of the loan, the Russian organization shall be deemed to be a tax agent in relation to the dividend income or interest (discount) income on which the tax agent did not withhold tax at source or withheld a lesser amount of tax than the amount of tax calculated for the foreign organization in question.

7. Interest receivable by the lender under a loan agreement shall be recognised as non-sale income of the lender which is taken into account in accordance with Articles 250, 271 and 290 of this Code.

Interest payable by the borrower under a loan agreement shall be recognised as a non-sale expense which is taken into account in determining the tax base with account taken of Articles 265, 269 and 272 of this Code.

8. The provisions of clause 9 of Article 282 of this Code shall apply in the case of the sale (disposal) of securities received under a loan agreement.
9. Where, in the period between the commencement and completion dates of a loan, the loaned securities are converted, including by reason of the splitting or consolidation of the securities or a change in their nominal value, or the individual number (code) of an additional issue of such securities is annulled, or a change occurs in the individual State registration number of an issue (the individual number (code) of an additional issue) or the individual identification number (the individual number (code) of an additional issue) of such securities, those actions shall not alter the taxation procedure which is established by this Article.
10. Taxpayers shall maintain separate tax records in relation to securities transferred (received) by way of securities loans. Analytical records for securities loans shall be maintained for each loan granted (received).
11. Obligations (claims) for the return of a securities loan involving securities denominated in foreign currency which arise for a borrower (lender) shall not be revalued in connection with changes in the official exchange rates of foreign currencies to the Russian Federation rouble which are set by the Central Bank of the Russian Federation.

### **Article 283 Carry-Forward of Losses**

1. Taxpayers which made a loss (losses) in the preceding tax period or in preceding tax periods which has been calculated in accordance with this Chapter shall have the right to reduce the tax base for the current tax period by the entire amount of the loss made by them or by a part of that amount (to carry the loss forward). In this respect, the tax base for the current tax period shall be determined with account taken of the special considerations which are envisaged by this Article and Articles 264.1, 268.1, 275.1, 280 and 304 of this Code.

The provision of this clause shall not apply to losses which a taxpayer made during a period in which its income was taxed at the rate of 0 per cent.

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2. A taxpayer shall have the right to carry a loss forward over the ten years which follow the tax period in which the loss was made.  
  
A taxpayer shall have the right to carry over to the current tax period the amount of a loss which was made in the preceding tax period.  
  
A loss which has not been carried forward to the year immediately following may similarly be carried forward in whole or in part to the next year of the ensuing nine years, with account taken of the provisions of paragraph 2 of this clause.  
  
The limit which is established by paragraph 2 of this clause shall not apply to taxpayers which are organizations that have the status of a resident of an industrial production special economic zone or a tourism and recreation special economic zone.
3. Where a taxpayer has made losses in more than one tax period, such losses shall be carried forward in the order in which they were made.
4. A taxpayer shall be obliged to keep documents confirming the volume of losses made during the entire period in which it reduces the tax base for the current tax period by amounts of losses previously made.
5. In the event that a taxpayer ceases its activities by reason of re-organization, the taxpayer which is the legal successor shall have the right to reduce the tax base, in accordance with the procedure and subject to the conditions which are envisaged by this Article, by the amount of losses which were made by the organizations which are being re-organized prior to the re-organization.

### **Article 284 Tax Rates**

1. The tax rate shall be established at 20 per cent, except in cases provided for in clauses 2 to 5.1 of this Article. In this respect:
  - an amount of tax calculated at the tax rate of 2 per cent shall be payable to the federal budget;
  - an amount of tax calculated at the tax rate of 18 per cent shall be payable to the budgets of constituent entities of the Russian Federation.  
The tax rate of tax payable to the budgets of constituent entities of the Russian Federation may be reduced by laws of constituent entities of the Russian Federation for particular categories of taxpayers. In this respect, that tax rate may not be lower than 13.5 per cent.  
  
For organizations which are residents of a special economic zone, laws of constituent entities of the Russian Federation may establish a reduced tax rate of profits tax payable to the budgets of constituent entities of the Russian Federation from activities which are carried out in the territory of the special

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economic zone, provided that separate records are maintained of income (expenses) received (incurred) from activities carried out in the territory of the special economic zone and income (expenses) received (incurred) in connection with activities carried out outside the territory of the special economic zone. In this respect, the level of that tax rate may not be lower than 13.5 per cent.

- 1.1 A tax rate of 0 per cent shall be applied to the tax base which is determined by organizations which carry out educational and (or) medical activities (with the exception of the tax base for which tax rates are established by clauses 3 and 4 of this Article), with account taken of the special considerations established by Article 284.1 of this Code.
  
2. The tax rates for income of foreign organizations which is not associated with activities carried out in the Russian Federation through a permanent establishment shall be established as follows:
  - 1) 20 per cent - on all types of income with the exception of those which are referred to in subsection 2 of this clause and clauses 3 and 4 of this Article with account taken of the provisions of Article 310 of this Code;
  - 2) 10 per cent - on income from the operation, maintenance or rental (chartering) of vessels, aeroplanes or other mobile means of transport or containers (including trailers and auxiliary equipment required for transportation) in international traffic.
  
3. The following tax rates shall apply to the tax base which is determined for income received in the form of dividends:
  - 1) 0 per cent – for income received by Russian organizations in the form of dividends provided that, as at the day of the adoption of the decision to pay dividends, the organization receiving the dividends has continuously owned for not less than 365 calendar days a holding (share interest) of not less than 50 per cent in the charter (pooled) capital (fund) of the organization paying the dividends or depositary receipts conferring the right to receive dividends in an amount equal to not less than 50 per cent of the total amount of dividends payable by the organization.

In this respect, where the organization paying the dividends is foreign, the tax rate which is established by this subsection shall apply to organizations whose state of residence is not included in the list approved by the Ministry of Finance of the Russian Federation of states and territories which provide preferential tax treatment and (or) do not require the disclosure and provision of information when financial operations are carried out (offshore zones);
  - 2) 9 per cent – for income received in the form of dividends from Russian and foreign organizations by Russian organizations not referred to in subsection 1 of this clause;
  - 3) 15 per cent – for income received in the form of dividends from Russian organizations by foreign organizations.



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In this respect, tax shall be calculated with account taken of the special considerations which are laid down in Article 275 of this Code.

For the purpose of confirming the right to apply the tax rate which is established by subsection 1 of this clause, a taxpayer shall be obliged to provide to the tax authorities documents containing information regarding the date (dates) of the acquisition (receipt) of ownership of a holding (share interest) in the charter (pooled) capital (fund) of the organization paying the dividends or of depositary receipts conferring the right to receive dividends.

Such documents may include, in particular, purchase-sale (exchange) agreements, decisions on the distribution of issuance securities, agreements on re-organization in the form of a merger or acquisition, decisions on re-organization in the form of a demerger, spin-off or change of organizational form, liquidation (partition) balance sheets, transfer certificates, decisions on the issue of securities, reports on the results of the issue of securities, issue prospectuses, court decisions, charters, foundation documents (foundation decisions) or equivalents thereof, extracts from a ledger account (ledger accounts) within the system of the maintenance of a register of shareholders (participants), statements of a depositary account (depositary accounts) and other documents containing information regarding the date (dates) of the acquisition (receipt) of ownership of a holding (share interest) in the charter (pooled) capital of the organization paying the dividends or of depositary receipts conferring the right to receive dividends. Where the above-mentioned documents or copies thereof have been prepared in a foreign language, they must be duly legalized and translated into Russian.

4. The following tax rates shall apply to the tax base which is determined for operations involving particular types of debt obligations:
  - 1) 15 per cent – for income in the form of interest on State securities of member states of the Union State, State securities of constituent entities of the Russian Federation and municipal securities (other than the securities which are referred to in subsections 2 and 3 of this clause and interest income received by Russian organizations on State and municipal securities which are distributed outside the Russian Federation, with the exception of interest income received by the initial holders of State securities of the Russian Federation which they received in exchange for State short-term zero-coupon bonds in accordance with the procedure established by the Government of the Russian Federation), where the conditions of the issue and circulation thereof provide for the receipt of income in the form of interest, and for income in the form of interest on mortgage-backed bonds issued after January 1, 2007 and income of institutors of the fiduciary management of a mortgage pool which is received by means of the acquisition of mortgage participation certificates issued by the manager of the mortgage pool after January 1, 2007;
  - 2) 9 per cent – for income in the form of interest on municipal securities issued for a period of not less than three years before January 1, 2007, and for income in the form of interest on mortgage-backed securities issued before January 1, 2007 and income of institutors of the fiduciary management of a

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mortgage pool which is received by means of the acquisition of mortgage participation certificates issued by the manager of the mortgage pool after January 1, 2007;

- 3) 0 per cent – for income in the form of interest on State and municipal bonds issued up to January 20, 1997 inclusively, and for income in the form of interest on bonds of the 1999 State currency funded loan which were issued upon the novation of series III bonds of the State domestic currency loan which were issued for the purpose of achieving the conditions required for the settlement of the domestic currency debt of the former USSR and the domestic and foreign currency debt of the Russian Federation.
  
- 4.1 A tax rate of 0 per cent shall be applied to the tax base which is determined for income from operations involving the sale or other disposal (including redemption) of participating interests in the charter capital of Russian organizations and shares in Russian organizations, with account taken of the special considerations established by Article 284.2 of this Code.
  
5. Profit earned by the Central Bank of the Russian Federation from carrying out activities associated with the performance by it of the functions which are envisaged by the Federal Law “Concerning the Central Bank of the Russian Federation (Bank of Russia)” shall be taxable at the rate of 0 per cent.  
  
Profit earned by the Central Bank of the Russian Federation from carrying out activities not associated with the performance by it of the functions which are envisaged by the Federal Law “Concerning the Central Bank of the Russian Federation (Bank of Russia)” shall be taxable at the tax rate which is envisaged by clause 1 of this Article.
  
- 5.1 Profit earned by an organization which has acquired the status of participant in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” (hereafter in this clause referred to as “project participant”) shall be taxable at the tax rate of 0 per cent for profit earned after the project participant ceased to use the right to an exemption from the performance of taxpayer obligations in accordance with Article 246.1 of this Code.

In the tax period in which aggregate profit earned by a project participant, determined as a cumulative total from the 1<sup>st</sup> day of the year in which the project participant ceased to exercise the right to an exemption from the performance of taxpayer obligations, exceeded 300 million roubles and (or) in which the project participant lost project participant status, profit earned by that project participant shall be taxable at the tax rate which is established by clause 1 of this Article and penalties shall be charged for the late payment of tax and advance tax payments.

The standard form of the computation of the tax base for tax for a project participant and the procedure for completing that form shall be approved by the Ministry of Finance of the Russian Federation.

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Project participants shall maintain tax records in accordance with the procedure established by Article 346.24 of this Code.

6. The amount of tax calculated at the rates which are established by clauses 2 to 4 of this Article shall be payable to the federal budget.

### **Article 284.1 Special Considerations Relating to the Application of the 0 Per Cent Tax Rate by Organizations Which Carry Out Educational and (or) Medical Activities**

1. Organizations which carry out educational and (or) medical activities in accordance with the legislation of the Russian Federation shall have the right to apply the 0 per cent tax rate subject to compliance with the conditions established by this Article.

For the purposes of this Article educational and medical activities shall be understood to mean activities included in the List of Types of Educational and Medical Activities which has been established by the Government of the Russian Federation. In this respect, activities associated with health resort treatment shall not be classified as medical activities.

2. The 0 per cent tax rate provided for by this Article shall be applied by organizations which carry out educational and (or) medical activities to the entire tax base which is determined by those taxpayers (with the exception of the tax base for which tax rates are established by clauses 3 and 4 of Article 284 of this Code) during the entire tax period.
3. Organizations such as are referred to in clause 1 of this Article shall have the right to apply the 0 per cent tax rate if they meet the following conditions:
  - 1) the organization has a licence (licences) to carry out educational and (or) medical activities issued in accordance with the legislation of the Russian Federation;
  - 2) the organization's income for the tax period from carrying out educational and (or) medical activities and from the performance of research and (or) development work which is taken into account in determining the tax base in accordance with this Chapter accounts for not less than 90 per cent of its income which is taken into account in determining the tax base in accordance with this Chapter, or the organization does not have income for the tax period which is taken into account in determining the tax base in accordance with this Chapter;
  - 3) the proportion of medical personnel holding a specialist's certificate on the permanent staff of an organization which carries out medical activities remains continuously over the course of the tax period at not less than 50 per cent of the total number of employees;
  - 4) the organization has no fewer than 15 employees on its permanent staff continuously over the tax period;

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- 5) the organization does not carry out operations involving promissory notes / bills of exchange and term transaction financial instruments in the tax period.
4. Where organizations such as are referred to in clause 1 of this Article which have transferred to the application of the 0 per cent tax rate in accordance with this Article fail to meet one or more of the conditions established by clause 3 of this Article, the tax rate established by clause 1 of Article 284 of this Code shall apply from the beginning of the tax period in which those conditions ceased to be met. In this respect, the amount of tax shall be restored and paid to the budget together with corresponding penalties charged from the day following the day established by Article 287 of this Code as the due date for the payment of tax (an advance tax payment).
5. Organizations which have expressed the wish to apply the 0 per cent tax rate in accordance with this Article shall, not later than one month before the beginning of the tax period commencing from which the 0 per cent tax rate is applied, submit to the tax authority for their location an application and copies of their licence (licences) to carry out educational and (or) medical activities issued in accordance with the legislation of the Russian Federation.

An organization shall have the right to adjust the information referred to in paragraph 1 of this clause and present it to the tax authority together with the information referred to in clause 6 of this Article after the end of the first tax period during which it applies the 0 per cent tax rate in accordance with this Article.

6. Organizations which apply the 0 per cent tax rate in accordance with this Article shall, after the end of each tax period during which they apply the 0 per cent tax rate and within the time limits established by this Chapter for the submission of a tax declaration, present to the tax authority for their location the following information:
- concerning the proportion of income received by the organization from educational and (or) medical activities which is taken into account in determining the tax base in accordance with this Chapter to the total amount of income of the organization which is taken into account in determining the tax base in accordance with this Chapter;
  - concerning the number of employees on the organization's permanent staff.

Organizations which carry out medical activities shall additionally present information on the number of medical personnel holding a specialist's certificate on the organization's permanent staff.

In the event that the information referred to in this clause is not presented to the tax authority for the taxpayer's location within the established time limit, the tax rate established by clause 1 of Article 284 of the Code shall apply from the beginning of the tax period for which data have not been presented according to the established procedure. In this respect, the amount of tax shall be restored and paid to the budget in accordance with the established

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procedure and appropriate amounts of penalties shall be recovered from the taxpayer, charged from the day following the day established by Article 287 of this Code as the due date for the payment of tax (an advance tax payment).

The standard form for the presentation of the information referred to in this clause shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

7. Organizations which apply the 0 per cent tax rate in accordance with this Article shall have the right to transfer to the application of the tax rate established by clause 1 of Article 284 of this Code by sending an appropriate application to the tax authority for their location. In this respect, if that transfer commences other than from the beginning of a new tax period, the amount of tax for the tax period in question must be restored and paid to the budget in accordance with the established procedure together with amounts of penalties charged from the day following the day established by Article 287 of this Code as the due date for the payment of tax (an advance tax payment).
8. Organizations which previously applied the 0 per cent tax rate in accordance with this Article and have transferred to the application of the tax rate established by clause 1 of Article 284 of this Code, including by reason of failure to comply with the conditions established by clause 3 of this Article, shall not have the right to return to the application of the 0 per cent tax rate within a period of 5 years commencing from the tax period in which they transferred to the application of the tax rate established by clause 1 of Article 284 of this Code.

#### **Article 284.2 Special Considerations Relating to the Application of the 0 Per Cent Tax Base to the Tax Base Which is Determined for Transactions Involving Shares in (Participating Interests in the Charter Capital of) Russian Organizations**

1. The 0 per cent tax rate which is provided for in clause 4.1 of Article 284 of this Code shall be applied to the tax base which is determined for income from operations involving the sale or other disposal (including redemption) of shares in Russian organizations (participating interests in the charter capital of Russian organizations) provided that, as at the date of sale or other disposal (including redemption) of the shares (participating interests in the charter capital of organizations), they have continuously belonged to the taxpayer on the basis of ownership or another right in rem for more than five years.
2. Taking into account the requirement laid down in clause 1 of this Article, the 0 per cent tax rate which is provided for in clause 4.1 of Article 284 of this Code shall be applied to the tax base which is determined for income from operations involving the sale or other disposal (including redemption) of shares in Russian organizations provided that one of the following conditions is met in relation to those shares:

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- 1) shares in Russian organizations are classified as securities not circulated on the organized securities market during the entire period for which the shares are possessed by a taxpayer;
- 2) shares in Russian organizations are classified as securities circulated on the organized securities market and constitute shares in the high-technology (innovation) sector of the economy during the entire period for which the shares are possessed by a taxpayer;
- 3) shares in Russian organizations are classified as securities not circulated on the organized securities market at the date on which they are acquired by a taxpayer, and at the date on which they are sold by that taxpayer or otherwise disposed of (including redeemed) by that taxpayer they are classified as securities circulated on the organized securities market and as shares in the high-technology (innovation) sector of the economy.
3. The procedure for classifying shares in Russian organizations which are circulated on the organized securities market as shares in the high-technology (innovation) sector of the economy shall be established by the Government of the Russian Federation.

### **Article 285 Tax Period. Accounting Period**

1. The tax period for tax shall be the calendar year.
2. The accounting periods for tax shall be the first quarter, the first six months and the first nine months of a calendar year.

The accounting periods for taxpayers which calculate monthly advance payments on the basis of profit actually received shall be a month, two months, three months and so forth until the end of the calendar year.

### **Article 286 The Procedure for the Calculation of Tax and Advance Payments**

1. Tax shall be determined as a percentage corresponding to the tax rate of the tax base as determined in accordance with Article 274 of this Code.
2. Unless otherwise established by clauses 4 and 5 of this Article, the amount of tax based on the results for the tax period shall be determined by the taxpayer independently.

Unless otherwise stipulated by this Article, taxpayers shall, on the basis of the results for each accounting (tax) period, calculate the amount of the advance payment on the basis of the rate of tax and taxable profit as calculated on a cumulative total from the beginning of the tax period up to the end of the accounting (tax) period. During an accounting period taxpayers shall calculate the amount of the monthly advance payment in accordance with the procedure which is established by this Article.

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The amount of the monthly advance payment which is payable in the first quarter of the current tax period shall be taken to be equal to the amount of the monthly advance payment payable by the taxpayer in the last quarter of the preceding tax period. The amount of the monthly advance payment which is payable in the second quarter of the current tax period shall be taken to be equal to one third of the amount of the advance payment which was calculated for the first accounting period of the current year.

The amount of the monthly advance payment which is payable in the third quarter of the current tax period shall be taken to be equal to one third of the difference between the amount of the advance payment calculated on the basis of the results for the first half of the year and the amount of the advance payment calculated on the basis of the results for the first quarter.

The amount of the monthly advance payment which is payable in the fourth quarter of the current tax period shall be taken to be equal to one third of the difference between the amount of the advance payment calculated on the basis of the results for the first nine months and the amount of the advance payment calculated on the basis of the results for the first half of the year.

If the amount of the monthly advance payment thus calculated is negative or equal to zero, the above-mentioned payments shall not be made in the quarter concerned.

Taxpayers shall have the right to transfer to the calculation of monthly advance payments on the basis of calculable profit actually earned. In such case, amounts of advance payments shall be calculated by taxpayers on the basis of the rate of tax and profit actually earned which is calculated on a cumulative total from the beginning of the tax period up to the end of the relevant month.

In this respect, the amount of advance payments payable to the budget shall be determined with account taken of previously charged amounts of advance payments. A taxpayer shall have the right to transfer to the payment of monthly advance payments on the basis of actual profit by notifying the tax authority of this no later than December 31 of the year preceding the tax period in which the transition to that system of payment of advance payments is to take place. In this respect, the system of payment of advance payments may not be altered by the taxpayer during the tax period.

3. Organizations for which sales income as determined in accordance with Article 249 of this Code has not exceeded 10 million roubles per quarter on average for the last four quarters and budgetary institutions, autonomous institutions, foreign organizations which carry out activities in the Russian Federation through a permanent establishment, non-commercial organizations which do not have income from the sale of goods (work and services), participants in simple partnerships with respect to income received by them from participation in simple partnerships, investors under production sharing agreements with respect to income received from the implementation of those agreements and beneficiaries under fiduciary agreements shall pay only

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quarterly advance payments on the basis of the results for the accounting period.

4. Where the taxpayer is a foreign organization which receives income from sources in the Russian Federation which is not connected with a permanent establishment in the Russian Federation, responsibility for determining the amount of tax, withholding that amount from the taxpayer's income and transferring tax to the budget shall rest with the Russian organization or foreign organization carrying out activities in the Russian Federation through a permanent establishment (the tax agents) which pay that income to the taxpayer.

The tax agent shall determine the amount of tax in relation to each payment (transfer) of monetary resources or other receipt of income.

5. Russian organizations which pay income to taxpayers in the form of dividends or in the form of interest on State and municipal securities which are taxable in accordance with this Chapter shall determine the amount of tax separately for each such taxpayer with respect to each such payment of that income:

- 1) where the source of the taxpayer's income is a Russian organization, responsibility for withholding tax on the taxpayer's income and transferring it to the budget shall rest with that source of income.

In this case tax in the form of advance payments shall be withheld from the taxpayer's income each time that such income is paid;

- 2) in the case of the sale of State and municipal securities in respect to which it is envisaged that upon the circulation thereof amounts of accumulated interest income (accumulated coupon income) shall be recognised as income received by the seller in the form of interest, the taxpayer which receives the income shall independently calculate and pay tax on such income.

In the case of the sale (disposal) of State and municipal securities in relation to which, upon the circulation thereof, it is not envisaged that amounts of accumulated interest income (accumulated coupon income) shall be recognised as income received by the seller in the form of interest, the taxpayer which receives the income shall independently charge and pay tax on such income which is taxable at the tax rate established by clause 1 of Article 284 of this Code, unless otherwise envisaged by this Code.

Information on the types of securities to which the procedure which is established by this clause applies shall be communicated to taxpayers by a federal executive body authorized by the Government of the Russian Federation.

6. Organizations established after the entry into force of this Chapter shall begin to pay monthly advance payments after a full quarter has elapsed from the date of their State registration.



**Article 287    The Time Limits and Procedure for the Payment of Tax and Tax in the Form of Advance Payments**

1. Tax which is payable upon the expiry of a tax period shall be paid no later than the date which is established for the submission of tax declarations for the relevant tax period by Article 289 of this Code.

Advance payments based on the results for an accounting period shall be paid no later than the date which is established for the submission of tax declarations for the relevant accounting period.

Monthly advance payments which are payable during an accounting period shall be paid no later than the 28th of each month of that accounting period.

Taxpayers which calculate monthly advance payments on the basis of profit actually earned shall pay advance payments no later than 28th of the month following the month on the basis of the results for which tax is calculated.

On the basis of the results for an accounting (tax) period amounts of monthly advance payments paid during the accounting (tax) period shall be offset upon paying advance payments based on the results for the accounting period. Advance payments based on the results for the accounting period shall be credited towards the payment of tax on the basis of the results for the following accounting (tax) period.

2. A Russian organization or foreign organization carrying on activities in the Russian Federation through a permanent establishment (tax agent) which pays income to a foreign organization shall withhold the amount of tax from the income of that foreign organization, with the exception of income in the form of dividends and interest on State and municipal securities (to which the procedure which is established by clause 4 of this Article shall apply), each time that monetary resources are paid (transferred) to it or income is otherwise received by the foreign organization, unless otherwise stipulated by this Code.

The tax agent shall be obliged to transfer the appropriate amount of tax not later than day following the day on which monetary resources are paid (transferred) to the foreign organization or income is otherwise received by the foreign organization.

3. Special considerations relating to the payment of tax by taxpayers which have economically autonomous subdivisions are established by Article 288 of this Code.

4. Tax on income paid to taxpayers in the form of dividends or interest on State and municipal securities which is withheld when income is paid shall be transferred to the budget by the tax agent which made the payment not later than the day following the day on which the income was paid.

Tax on income from State and municipal securities in relation to which, upon the circulation thereof, it is envisaged that amounts of accumulated interest income (accumulated coupon income) shall be recognised as income received

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by the seller in the form of interest, which is taxable in accordance with clause 4 of Article 284 of this Code for the recipient of the income, shall be paid to the budget by the taxpayer which receives the income within 10 days after the end of the relevant month of the accounting (tax) period in which income was received on the basis of the dates which are recognised as the dates of receipt of income in accordance with Articles 271 and 273 of this Code.

5. Newly established organizations shall pay advance payments for a particular accounting period provided that sales receipts have not exceeded one million roubles a month or three million roubles a quarter. In the event that those limits are exceeded, the taxpayer shall pay advance payments according to the procedure which is envisaged by clause 1 of this Article with account taken of the requirements of clause 6 of Article 286 of this Code beginning in the month following the month in which such excess occurred.

### **Article 288 Special Considerations Relating to the Calculation and Payment of Tax by a Taxpayer Which Has Economically Autonomous Subdivisions**

1. Taxpaying Russian organizations which have economically autonomous subdivisions shall calculate and pay to the federal budget amounts of advance payments and amounts of tax calculated on the basis of the results for a tax period at their own location without allocating those amounts among the economically autonomous subdivisions.
2. Advance payments and amounts of tax payable as revenue to the budgets of constituent entities of the Russian Federation and the budgets of municipalities shall be paid by taxpaying Russian organizations at the location of the organization and at the location of each of its economically autonomous subdivisions on the basis of the proportion of profit which is attributable to those economically autonomous subdivisions, which shall be determined as the arithmetical mean of the proportion of the average number of workers (labour payment expenses) and the proportion of the net book value of amortizable assets of that economically autonomous subdivision to, respectively, the average number of workers (labour payment expenses) and the net book value of amortizable assets, as determined in accordance with clause 1 of Article 257 of this Code, for the taxpayer as a whole.

Where a taxpayer has a number of economically autonomous subdivisions in the territory of one constituent entity of the Russian Federation, it is not necessary to apportion profit to each of those subdivisions. The amount of tax which is payable to the budget of that constituent entity of the Russian Federation in this case shall be determined on the basis of the portion of profit calculated on the aggregate indicators of the economically autonomous subdivisions which are located in the territory of the constituent entity of the Russian Federation. In this respect, the taxpayer shall independently select the economically autonomous subdivision through which tax is to be paid to the budget of that constituent entity of the Russian Federation and notify its decision before December 31 of the year preceding the tax period to the tax authorities with which the taxpayer is tax-registered at the location of its economically autonomous subdivisions. Notifications shall be submitted to

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the tax authority in the event that the taxpayer changes the procedure for the payment of tax, there is a change in the number of economically autonomous subdivisions in the territory of a constituent entity of the Russian Federation or other changes occur which affect the manner in which tax is paid.

The proportion of the average number of workers and the proportion of the net book value of amortizable assets which are referred to in this clause shall be determined on the basis of actual indicators for the average number of workers (labour payment expenses) and the net book value of the fixed assets of the above-mentioned organizations and of their economically autonomous subdivisions for an accounting (tax) period.

In this respect, taxpayers shall independently determine which of the indicators should be used - the average number of workers or the amount of labour payment expenses. The indicator which is chosen by the taxpayer must remain unchanged during a tax period.

A taxpayer with a seasonal work cycle or other special operating characteristics which require workers to be engaged on a seasonal basis may, subject to agreement with the tax authority for its location, use, in place of the indicator of the average number of workers, the indicator of the proportion of labour payment expenses determined in accordance with Article 255 of this Code. In this respect, the proportion of the labour payment expenses of each economically autonomous subdivision to the taxpayer's total labour payment expenses shall be determined.

Amounts of advance payments and the amount of tax payable as revenue to the budgets of constituent entities of the Russian Federation and the budgets of municipalities shall be calculated on the basis of the rates of tax in force in the territories where the organization and its economically autonomous subdivisions are located.

In the event that new economically autonomous subdivisions are established or existing economically autonomous subdivision are liquidated in the course of the current tax period, the taxpayer shall be obliged, within 10 days after the end of an accounting period, to notify the tax authorities in the territory of the constituent entity of the Russian Federation in which the new economically autonomous subdivisions have been established or existing economically autonomous subdivisions have been liquidated of its choice of the economically autonomous subdivision through which tax is to be paid to the budget of that constituent entity of the Russian Federation.

Tax shall be paid within the time limits established by this Code commencing from the accounting (tax) period following the accounting (tax) period in which the economically autonomous subdivision in question was established or liquidated.

For the purposes of this Article, organizations which have transferred to the non-linear method of charging amortization within amortization groups shall have the right to determine the net book value of amortizable assets on the basis of data in financial accounting records.

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3. Amounts of advance tax payments and amounts of tax payable to the budgets of constituent entities of the Russian Federation and the budgets of municipalities where economically autonomous subdivisions are located shall be calculated by the taxpayer independently.

Information on amounts of advance tax payments and on amounts of tax calculated on the basis of the results for the tax period shall be reported by the taxpayer to its economically autonomous subdivisions and to the tax authorities for the locations of the economically autonomous subdivisions no later than the time limit which is established by this Article for the submission of tax declarations for the accounting or tax period in question.

4. The taxpayer shall pay amounts of advance payments and amounts of tax calculated on the basis of the results for the tax period to the budgets of constituent entities of the Russian Federation and local budgets at the location of economically autonomous subdivisions no later than the time limit which is established by Article 289 of this Code for the submission of tax declarations for the accounting or tax period in question.
5. Where a taxpayer has an economically autonomous subdivision outside the Russian Federation, tax shall be payable to the budget with account taken of the special considerations which are established by Article 311 of this Code.

### **Article 288.1 Special Considerations Relating to the Calculation and Payment of Tax on the Profit of Organizations by Residents of the Special Economic Zone in the Kaliningrad Province**

1. Residents of the Special Economic Zone in the Kaliningrad Province (hereinafter referred to also as “residents”) shall pay tax on the profit of organizations in accordance with this Chapter, except in the instances established by this Article.
2. Residents shall use the special procedure for the payment of tax on the profit of organizations which is established by this Article in relation to profit earned from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province, provided that the residents maintain separate records of income (expenses) received (incurred) in connection with the implementation of the investment project and income (expenses) received (incurred) in connection with other economic activities.
3. Where separate records of income (expenses) received (incurred) in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province and income (expenses) received (incurred) in connection with other economic activities are not maintained, profit earned in connection with the implementation of the investment project in question shall be taxed in accordance with this Chapter beginning in the quarter in which the maintenance of such separate records ceased.

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4. For the purposes of this Article, the tax base for tax on profit from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall be deemed to be the amount expressed in monetary terms of profit which has been earned in connection with the implementation of the investment project in question and is determined on the basis of data contained in separate records of income (expenses) (received (incurred) in connection with the implementation of that investment project) and income (expenses) (received (incurred) in connection with other economic activities) to which the provisions of this Chapter apply.
5. For the purposes of this Article, income received in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall mean income from the sale of goods (work and services) produced as a result of the implementation of the investment project in question, excluding the production of goods (work and services) which may not be the subject of an investment project.
6. For six calendar years from the day on which a legal entity is included in the unified register of residents of the Special Economic Zone in the Kaliningrad Province, tax on profit from the sale of goods (work and services) by that legal entity which is earned in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province and is determined in accordance with this Chapter and the federal law concerning the Special Economic Zone in the Kaliningrad Province shall be levied at the rate of 0 in relation to tax on the profit of organizations.
7. In the period from the seventh to the twelfth calendar year inclusively from the day on which a legal entity is included in the unified register of residents of the Special Economic Zone in the Kaliningrad Province, the rate of tax on the profit of organizations applicable in relation to the tax base for tax on profit from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall be equal to the value established by clause 1 of Article 284 of this Code, reduced by fifty per cent. In this respect:
  - 1) the amount of tax on the profit of organizations in relation to the tax base for tax on profit from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province which is calculated on the basis of a rate obtained from the reduction by fifty per cent of the tax rate established by paragraph 2 of clause 1 of Article 284 of this Code shall be paid to the federal budget;
  - 2) the amount of tax on the profit of organizations in relation to the tax base for tax on profit from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province which is calculated on the basis of a rate obtained from the reduction by fifty per cent of the tax rate established by paragraph 3 of clause 1 of

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Article 284 of this Code shall be paid to the budget of the Kaliningrad Province.

8. Should a law of the Kaliningrad Province establish in accordance with paragraph 4 of clause 1 of Article 284 of this Code a lower rate of tax on the profit of organizations for certain categories of taxpayers in which residents are included, the residents shall, in the instances provided by this Article, apply that lower rate, reduced by fifty per cent.
9. The difference between the amount of tax on the profit of organizations in relation to the tax base for tax on profit from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province which would have been calculated by a resident if the special procedure for the payment of tax on the profit of organizations which is established by this Article were not used and the amount of tax on the profit of organizations which is calculated in accordance with this Article by a resident in relation to profit earned from the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall not be included in the tax base for tax on the profit of organizations for residents.
10. In the event that a resident is excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province before it has received a certificate of the fulfilment of the conditions of an investment declaration, the resident shall be considered to have lost the right to apply the special procedure for the payment of tax on the profit of organizations which is established by this Article from the beginning of the quarter in which it was excluded from that register.

In this case the resident shall be obliged to calculate the amount of tax in relation to profit earned from the implementation of the investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province at the tax rate which is established by clause 1 of Article 284 of this Code.

The amount of tax shall be calculated on the basis of separate records of income (expenses) received (incurred) in connection with the implementation of the investment project and income (expenses) received (incurred) in connection with other economic activities over the period of the application of the special taxation procedure.

The calculated amount of tax must be paid by the resident upon the expiration of the accounting or tax period in which it was excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province, not later than the dates established for the payment of advance tax payments for the accounting period or tax for the tax period in accordance with paragraphs 1 and 2 of clause 1 of Article 287 of this Code.

When an on-site tax audit of a resident which has been excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province is carried out to determine whether or not the amount of tax has been

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correctly calculated and paid in full in relation to profit earned from the implementation of the investment project, the limitations which are established by paragraph 2 of clause 4 and clause 5 of Article 89 of this Code shall not apply provided that the decision to order the performance of the audit was adopted not later than within three months from the date on which the resident paid the amount of tax in question.

### **Article 289 Tax Declaration**

1. Taxpayers, irrespective of whether or not they have an obligation to pay tax and (or) advance tax payments and of particular considerations relating to the calculation and payment of tax, shall be obliged, upon the expiry of each accounting and tax period, to submit appropriate tax declarations to the tax authorities for their location and the location of each economically autonomous subdivision, unless otherwise provided by this clause, in accordance with the procedure which is established by this Article.

Tax agents shall be obliged, upon the expiry of each accounting (tax) period in which they made payments to a taxpayer, to submit tax computations to the tax authorities for their location in accordance with the procedure which is established by this Article.

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations (computations) to the tax authority where they are registered as major taxpayers.

2. Taxpayers shall, on the basis of the results for an accounting period, submit tax declarations in the simplified form. Non-commercial organizations for which obligations to pay profits tax do not arise shall submit a tax declaration in the simplified form after the tax period has ended.
3. Taxpayers (tax agents) shall submit tax declarations (tax computations) no later than 28 calendar days from the day on which the relevant accounting period ends. Taxpayers which calculate amounts of monthly advance payments based on profit actually earned shall submit tax declarations within the time limits which are established for the payment of advance payments.
4. Tax declarations (tax computations) based on the results for a tax period shall be submitted by taxpayers (tax agents) no later than March 28 of the year following the tax period which has ended.
5. An organization which has economically autonomous subdivisions shall, after the end of each accounting and tax period, submit to the tax authorities for its location a tax declaration for the organization as a whole with a breakdown by economically autonomous subdivision.
6. Where the 0 per cent tax rate is applicable in accordance with clause 5.1 of Article 284 of this Code, organizations which have acquired the status of participants in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance

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with the Federal Law “Concerning the “Skolkovo” Innovation Centre” shall present together with the tax declaration a computation of aggregate profit in the form approved by the Ministry of Finance of the Russian Federation.

### **Article 290 Special Considerations Relating to the Determination of the Income of Banks**

1. In addition to the types of income envisaged by Articles 249 and 250 of this Code, income of banks shall also include the types of income from banking activities which are envisaged by this Article. In this respect, income of the types envisaged by Articles 249 and 250 of this Code shall be determined with account taken of the special considerations which are set forth in this Article.
2. For the purposes of this Chapter, income of banks shall include, in particular, the following types of income from banking activities:
  - 1) in the form of interest from the investment of monetary resources by a bank in its own name and at its own expense and from the provision of credits and loans;
  - 2) in the form of charges for the opening and maintenance of bank accounts for clients, including correspondent banks (including foreign correspondent banks), and the execution of settlements on their instructions, including commission and other fees for transfer, collection, letter of credit and other operations, for the issuance and servicing of payment cards and other special media intended for use in carrying out banking operations, for the provision of account statements and other account documents and for the tracing of amounts;
  - 3) from the collection of monetary resources, bills of exchange and payment and settlement documents and from the provision of cash services to clients;
  - 4) from operations involving foreign currency carried out in cash or without cash transfer, including commission charges (fees) for operations involving the purchase or sale of foreign currency, including at the expense of and on the instructions of clients, and from operations involving currency assets.

Income of banks from operations involving the sale (purchase) of foreign currency in an accounting (tax) period shall be determined on the basis of the positive difference between income determined in accordance with clause 2 of Article 250 of this Code and expenses determined in accordance with subsection 6 of clause 1 of Article 265 of this Code;
- 5) from operations involving the purchase and sale of precious metals and precious stones in the form of the difference between the sale price and the book value;
- 6) from operations involving the provision of bank guarantees, bill guarantees and warranties on behalf of third parties which envisage execution in monetary form;



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- 7) in the form of the positive difference between the amount of resources received upon the termination or sale (subsequent cession) of a claim (including one previously acquired) and the book value of that claim;
- 8) from the provision of depositary services to clients;
- 9) from the renting of specially equipped premises or safes for the storage of documents and valuables;
- 10) in the form of charges for the delivery and transportation of monetary resources, securities, other valuables and bank documents (except for collection);
- 11) in the form of charges for the transportation and storage of precious metals and precious stones;
- 12) in the form of charges received by a bank from exporters and importers for the performance of the functions of currency control agents;
- 13) from operations involving the purchase and sale of collectors' coins in the form of the difference between the sale price and the acquisition price;
- 14) in the form of amounts received by a bank in respect of repaid credits (loans), losses from the writing-off of which were previously included in expenses that reduced the tax base or which were charged to created reserves where allocations for the creation of those reserves previously reduced the tax base;
- 15) in the form of compensation received by a bank for expenses incurred in paying for the services of outside organizations involving the inspection of bars of precious metals received by the bank from physical persons and legal entities for conformity to standards;
- 16) from forfeiting and factoring operations;
- 17) from the rendering of services associated with the installation and operation of electronic systems of document flow between the bank and clients, including "client-bank" systems;
- 18) in the form of commission charges (fees) upon carrying out operations involving currency assets;
- 19) in the form of the positive difference arising from the excess of the positive revaluation of precious metals over the negative revaluation;
- 20) in the form of amounts of a restored reserve against possible losses on loans, expenses for the formation of which were included in the composition of expenses according to the procedure and subject to the conditions which are established by Article 292 of this Code;

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- 21) in the form of amounts of restored reserves against the devaluation of securities, expenses for the formation of which were included in the composition of expenses according to the procedure and subject to the conditions which are established by Article 300 of this Code;
- 22) other income associated with banking activities.
3. There shall not be included in a bank's income amounts arising from the positive revaluation of resources in foreign currency which were received in payment of the charter capitals of banks and insurance payments received under insurance agreements against the death or disablement of a borrower of the bank and insurance payments received under agreements on the insurance of assets used as security for a borrower's obligations (a pledge) within the limit of the amount of the borrower's outstanding indebtedness in respect of borrowed (credit) resources, interest charges and punitive sanctions and penalties recognised by a court which is extinguished (forgiven) by the bank from those insurance payments.

### **Article 291 Special Considerations Relating to the Determination of the Expenses of Banks**

1. In addition to the expenses which are envisaged by Articles 254 to 269 of this Code, expenses of a bank shall also include the expenses incurred in connection with banking activities which are envisaged by this Article. In this respect, the expenses which are envisaged by Articles 254 to 269 of this Code shall be determined with account taken of the special considerations which are set forth in this Article.
2. For the purposes of this Chapter, expenses of banks which are incurred in connection with banking activities shall include, in particular, the following types of expenses:
  - 1) interest on:
    - bank savings (deposit) agreements and other monetary resources attracted from physical persons and legal entities (including correspondent banks, including foreign banks), including for the use of monetary resources held in bank accounts;
    - own debt obligations (debentures, deposit or savings certificates, bills of exchange, loans or other obligations);
    - interbank credits, including overdrafts;
    - acquired refinancing credits, including those acquired by auction in accordance with the procedure established by the Central Bank of the Russian Federation;
    - loans and savings (deposits) in precious metals;

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- other obligations of banks to clients, including in respect of resources deposited by clients for the purpose of settlements in respect of letters of credit.

Interest charged in accordance with this clause on interbank credits (deposits) with a term of up to 7 days (inclusively) shall be taken into account when determining the tax base without regard to the provisions of clause 1 of Article 269 of this Code on the basis of the actual period of validity of the agreements;

- 2) amounts of allocations to the reserve against possible losses on loans for which reserves are created in accordance with the procedure which is established by Article 292 of this Code;
- 3) commission charges for services associated with correspondent relations, including expenses for the provision of settlement and cash services to clients, the opening of accounts for them with other banks, payments to other banks (including foreign banks) for settlement and cash services in respect of those accounts, settlement services of the Central Bank of the Russian Federation and the collection of monetary resources, securities and payment documents and other similar expenses;
- 4) expenses (losses) arising from operations involving foreign currency which are carried out in cash or without cash transfer, including commission charges (fees) for operations involving the purchase or sale of foreign currency, including at the expense of and on the instructions of a client, and from operations involving currency assets, and expenses for the management of and protection against currency risks.

Expenses of banks in connection with operations involving the sale (purchase) of foreign currency in an accounting (tax) period shall be determined on the basis of the negative difference between income determined in accordance with clause 2 of Article 250 of this Code and expenses determined in accordance with subsection 6 of clause 1 of Article 265 of this Code;

- 5) losses arising from operations involving the purchase and sale of precious metals and precious stones in the form of the difference between the sale price and the book value;
- 6) expenses incurred by a bank for the storage and transportation of precious metals in bars and in coins and the inspection of the quality thereof for conformity to standards, expenses for the refinement of precious metals and other expenses associated with the performance of operations involving bars of precious metals and coins containing precious metals;
- 7) expenses for the transfer of pensions and benefits and expenses for the transfer of monetary resources without opening accounts for physical persons;
- 8) expenses for the manufacture and bringing into use of payment and settlement media (plastic cards, traveller's cheques and other payment and settlement media);

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- 9) amounts payable for the collection of banknotes, coins, cheques and other settlement and payment documents and expenses relating to the packing (including the packing of cash money), transportation, transmission and (or) delivery of valuables belonging to the credit organization or to its clients;
- 10) expenses for the repair and (or) restoration of collection bags, sacks and other equipment associated with the collection of money and the transportation and storage of valuables, and for the acquisition of new and replacement of unserviceable bags and sacks;
- 11) expenses associated with the payment of the fee for the State registration of a mortgage and the making of amendments and additions to the registration entry concerning a mortgage and the notarization of a mortgage agreement;
- 12) expenses for the rent of motor vehicles for the collection of receipts and the transportation of bank documents and valuables;
- 13) expenses for the rent of broker seats;
- 14) expenses associated with payment for the services of settlement and cash centres and computer centres;
- 15) expenses associated with forfeiting and factoring operations;
- 16) expenses associated with guarantees, warranties, acceptances and bill guarantees granted to a bank by other organizations;
- 17) commission charges (fees) for operations involving currency assets, including at the expense and on the instructions of clients;
- 18) the positive difference arising from the excess of the negative revaluation of precious metals over the positive revaluation;
- 19) amounts of allocations to the reserve against possible losses on loans, expenses for the formation of which are included in the composition of expenses according to the procedure and subject to the conditions which are established by Article 292 of this Code;
- 20) amounts of allocations to reserves against the devaluation of securities, expenses for the formation of which are included in the composition of expenses according to the procedure and subject to the conditions which are established by Article 300 of this Code;
- 20.1) amounts of insurance contributions of banks as established in accordance with the federal law concerning the insurance of deposits of physical persons with banks of the Russian Federation;
- 20.2) amounts of insurance contributions under insurance agreements against the death or disablement of a borrower of a bank in which the bank is the

beneficiary, on condition that the expenses in question are compensated by borrowers;

- 21) other expenses associated with banking activities.
3. Amounts arising from the negative revaluation of resources in foreign currency which were received in payment of the charter capitals of credit organizations shall not be included in expenses of a bank.

**Article 292 Expenses for the Formation of Reserves of Banks**

1. For the purposes of this Chapter, banks shall have the right to form, in addition to the doubtful debt reserves which are envisaged by Article 266 of this Code, a reserve against possible losses on loans for loan and equated indebtedness (including indebtedness in respect of interbank credits and deposits (hereinafter referred to as “reserves against possible losses on loans”) in accordance with the procedure which is envisaged by this Article.

Amounts of allocations to reserves against possible losses on loans which are formed in accordance with a procedure to be established by the Central Bank of the Russian Federation in accordance with the Law “Concerning the Central Bank of the Russian Federation (Bank of Russia)” shall be deemed an expense with account taken of the limitations which are envisaged by this Article.

When determining the tax base, account shall not be taken of expenses in the form of allocations to reserves against possible losses on loans which have been formed by banks against indebtedness which is classified as standard indebtedness in accordance with a procedure to be established by the Central Bank of the Russian Federation and to reserves against possible losses on loans which have been formed against bills of exchange, with the exception of third-party bills of exchange discounted by banks in respect of which a protest for non-payment has been lodged.

2. Amounts of allocations to a reserve against possible losses on loans which have been formed with account taken of the provisions of clause 1 of this Article shall be included in the composition of non-sale expenses during the accounting (tax) period.

Amounts of reserves against possible losses on loans which have been included in a bank’s expenses shall be used by the bank when bad debt in respect of loans is written off from the balance sheet of the credit organization in accordance with the procedure established by the Central Bank of the Russian Federation.

When a bank adopts a decision to write off bad debt in respect of loans from the balance sheet of the credit organization, interest shall cease to be charged on the loan debt in question, unless the charging of such interest ceased earlier in accordance with the agreement.

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3. Amounts of reserves against possible losses on loans which were included in a bank's expenses and have not been fully used by the bank in the accounting (tax) period to cover losses on bad debts in respect of loans and equated indebtedness may be carried forward to the next accounting (tax) period. In this respect, the amount of the newly created reserve must be adjusted for the amount of the balances of the reserve for the preceding accounting (tax) period. In the event that the amount of the reserve which is newly created in the accounting (tax) period is less than the amount of the balance of the reserve for the preceding accounting (tax) period, the difference shall be included in the composition of the bank's non-sale income on the last day of the accounting (tax) period. In the event that the amount of the newly created reserve is greater than the amount of the balance of the reserve for the preceding accounting (tax) period, the difference shall be included in non-sale expenses of banks on the last day of the accounting (tax) period.

### **Article 293 Special Considerations Relating to the Determination of the Income of Insurance Organizations (Insurers)**

1. Income of an insurance organization, in addition to the types of income which are envisaged by Articles 249 and 250 of this Code, which shall be determined with account taken of the special considerations which are set forth in this Article, shall also include income from insurance activities.
2. For the purposes of this Chapter, income of insurance organizations shall include the following types of income from carrying out insurance activities:
  - 1) insurance premiums (contributions) under insurance, co-insurance and re-insurance agreements. In this respect, insurance premiums (contributions) under co-insurance agreements shall be included in the composition of the income of an insurer (co-insurer) only to the extent of its share of the insurance premium as specified in the co-insurance agreement;
  - 2) amounts of reductions (refunds) of insurance reserves which were formed in prior accounting periods to take account of a change in the share of re-insurers in the insurance reserves;
  - 3) fees and bonuses (form of remuneration of insurer by re-insurer) under re-insurance agreements;
  - 4) fees from insurers under co-insurance agreements;
  - 5) amounts paid by re-insurers by way of reimbursement of a portion of insurance payments in respect of re-insured risks;
  - 6) amounts of interest on premium deposits in respect of re-insured risks;
  - 7) income from the realization of a policyholder's (beneficiary's) claim which has passed to the insurer in accordance with current legislation against persons responsible for damage caused;

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- 8) amounts of sanctions for the non-fulfilment of conditions of insurance agreements which have been acknowledged by the debtor voluntarily or in accordance with a court decision;
- 9) fees for the provision of services of an insurance agent or broker;
- 10) fees received by an insurer for the provision of services of a surveyor (inspection of property which is accepted for insurance and issue of insurance risk appraisal reports) and average commissioner (determination of the causes, nature and extent of losses when an insured event occurs);
- 11) amounts of the partial refund of premiums (contributions) under re-insurance agreements in the event that they are terminated early;
- 11.1) the amount of the positive difference which arises for an insurer which has directly indemnified losses in the event that the average insurance payment amount received from the insurer which insured the civil liability of the tortfeasor exceeds the amount of the payment to the injured party made by way of direct indemnification for losses in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners;
- 11,2) the amount of the positive difference which arises for an insurer which insured the civil liability of a tortfeasor in the event that the insurance payment made under an agreement on compulsory insurance of the civil liability of vehicle owners by way of direct indemnification for losses exceeds the average insurance payment amount reimbursed to the insurer which directly indemnified losses in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners;
- 12) other income received through carrying out insurance activities.

### **Article 294 Special Considerations Relating to the Determination of the Expenses of Insurance Organizations (Insurers)**

1. Expenses of an insurance organization, in addition to the expenses which are envisaged by Articles 254 to 269 of this Code, shall also include expenses which are incurred in carrying out insurance activities and are envisaged by this Article. In this respect, the expenses which are envisaged by Articles 254 to 269 of this Code shall be determined with account taken of the special considerations which are set forth in this Article.
2. For the purposes of this Chapter, expenses of insurance organizations shall include the following expenses incurred in carrying out insurance activities:
  - 1) amounts of allocations to insurance reserves (with account taken of changes in the share of re-insurers in the insurance reserves) which are formed on the basis of insurance legislation in accordance with the procedure approved by the Ministry of Finance of the Russian Federation;

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- 1.1) amounts of allocations to the guarantee reserve and the reserve for current compensation payments which are formed in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners, in amounts established in accordance with the insurance rate structure;
- 1.2) amounts of allocations to reserves (funds) which are formed in accordance with the requirements of international systems of compulsory insurance of the civil liability of vehicle owners to which the Russian Federation has acceded;
- 2) insurance payments under insurance, co-insurance and re-insurance agreements. For the purposes of this Chapter, insurance payments shall include payments of rents, annuities and pensions and other payments which are envisaged by the conditions of an insurance agreement;
- 3) amounts of insurance premiums (contributions) in respect of re-insured risks. The provisions of this subsection shall apply to re-insurance agreements concluded by Russian insurance organizations with Russian and foreign re-insurers and brokers;
- 4) fees and bonuses under re-insurance agreements;
- 5) amounts of interest on premium deposits in respect of re-insured risks;
- 6) fees payable to a co-insurer under co-insurance agreements;
- 7) the refund of a portion of insurance premiums (contributions) and of redemption amounts under insurance, co-insurance and re-insurance agreements in instances provided for by legislation and (or) the conditions of an agreement;
- 8) fees for the rendering of services of an insurance agent and (or) insurance broker;
- 9) expenses associated with payments to organizations or individual physical persons for services rendered by them which are associated with insurance activities, including:
  - services of actuaries;
  - medical examinations upon the conclusion of life and health insurance agreements where such medical examinations are paid for by the insurer in accordance with the agreements;
  - detective services which are performed by organizations which possess a licence to engage in such activities for the purpose of establishing whether or not insurance payments are justified;
  - services of specialists (including experts, surveyors, average commissioners and legal experts) who are engaged to assess insurance risk, determine the



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value insured of assets and the size of insurance payments, assess the consequences of insured events and adjust insurance payments, and in the case of the direct indemnification of insured parties in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners;

- services involving the manufacture of insurance certificates (policies), strict reporting forms, receipts and other similar documents;

- services of organizations for the execution by them of written instructions of employees to transfer insurance contributions out of salary by means of non-cash settlements;

- services of health care organizations and other organizations involving the issue of certificates, statistical data, reports and other similar documents;

- collection services;

- 9.1) the amount of the negative difference which arises for an insurer which has directly indemnified losses in the event that the amount of the payment to the injured party made by way of direct indemnification for losses in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners exceeds the average insurance payment amount received from the insurer which insured the civil liability of the tortfeasor;
- 9.2) the amount of the negative difference which arises for an insurer which insured the civil liability of a tortfeasor in the event that the average insurance payment amount reimbursed to the insurer which directly indemnified losses exceeds the insurance payment made under an agreement on compulsory insurance of the civil liability of vehicle owners by way of direct indemnification for losses in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners;
- 10) other expenses which are directly associated with insurance activities.

### **Article 294.1 Special Considerations Relating to the Determination of Income and Expenses of Insurance Organizations Which Carry Out Compulsory Medical Insurance**

1. Income of insurance organizations which carry out compulsory medical insurance shall include, in addition to types of income which are envisaged by Articles 249 and 250 of this Code, resources which are transferred by territorial compulsory medical insurance funds.
2. Expenses of insurance organizations which carry out compulsory medical insurance shall include, in addition to expenses which are envisaged by Articles 254 to 269 of this Code, expenses incurred by those organizations in carrying out insurance activities associated with compulsory medical

insurance, including amounts of allocations to insurance reserves (reserve for the payment of medical fees, emergency reserve, reserve for the financing of preventive measures).

**Article 295 Special Considerations Relating to the Determination of the Income of Non-State Pension Funds**

1. Income of non-State pension funds shall be determined separately for income received from the investment of pension reserves, income received from the investment of pension assets and income received from the statutory activities of those funds.
2. In addition to the types of income which are envisaged by Articles 249 and 250 of this Code, income received from the investment of pension reserves of non-State pension funds shall include, in particular, income from the investment of pension reserve resources in securities and from the making of other investments established by legislation concerning non-State pension funds, as determined in accordance with the procedure which is established by this Code for the types of income in question.

For taxation purposes, income received from the investment of pension reserves shall be determined as the positive difference between income received from the investment of pension reserves and income calculated on the basis of the refinancing rate of the Central Bank of the Russian Federation and the amount of the invested reserve, with account taken of the time of actual investment, excluding income placed in combined pension accounts, on the basis of the results for the tax period.

3. In addition to the types of income which are envisaged by Articles 249 and 250 of this Code, income received from the statutory activities of funds shall include, in particular:
  - allocations made in accordance with the legislation concerning non-State pension funds from income from the investment of pension reserves which are used to create assets intended to provide for the statutory activities of funds;
  - income from the investment of assets intended to provide for the statutory activities of the fund in securities and from the making of other investments, as determined in accordance with the procedure which is established by this Code for the types of income in question;
  - allocations from income received from the investment of pension assets intended for the financing of the funded component of a retirement pension which have been used to create assets intended to support the statutory activities of a non-State pension fund and which are made in accordance with the legislation of the Russian Federation concerning non-State pension funds;
  - a portion of the amount of a pension contribution which is used on the basis of a non-State pension agreement in accordance with a fund's pension rules to create assets intended to support statutory activities and to cover

administrative expenses in accordance with the legislation of the Russian Federation concerning non-State pension funds.

**Article 296 Special Considerations Relating to the Determination of the Expenses of Non-State Pension Funds**

1. In the case of non-State pension funds, expenses associated with the receipt of income from the investment of pension reserves, expenses associated with the receipt of income from the investment of pension assets and expenses associated with supporting the statutory activities of those funds shall be determined separately.
2. In addition to the income referred to in Articles 254 to 269 of this Code (with account taken of the limitations which are envisaged by the legislation concerning non-State pension provision), expenses associated with the receipt of income from the investment of pension reserves of non-State pension funds shall include:
  - 1) expenses associated with the receipt of income from the investment of pension reserves, including fees of the managing company, depository and professional participants in the securities market;
  - 2) mandatory expenses associated with the storage, keeping in working condition and valuation in accordance with legislation of assets in which the pension reserves have been invested;
  - 3) allocations for the creation of assets intended to provide for the statutory activities of the funds in accordance with the legislation of the Russian Federation, which are included in the composition of expenses;
  - 4) allocations for the formation of an insurance reserve which are made in accordance with the legislation of the Russian Federation concerning non-State pension funds and in accordance with the procedure established by the Government of the Russian Federation, up to the level of the insurance reserve amount established by the board of the non-State pension fund, but not more than 50 per cent of the amount of pension obligation reserves.
3. In addition to the expenses referred to in Articles 254 to 269 of this Code (with account taken of the limitations which are envisaged by the legislation concerning non-State pension provision), expenses associated with providing for the statutory activities of non-State pension funds shall include:
  - 1) fees for the rendering of services involving the conclusion of non-State pension agreements and compulsory pension insurance agreements in accordance with the legislation of the Russian Federation concerning non-State pension funds;
  - 2) payments for the services of actuaries;

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- 3) payments for services involving the manufacture of pension certificates (policies), strict reporting forms, receipts and other similar documents;
- 3.1) fees for services involving the maintenance of pension accounts in accordance with the legislation of the Russian Federation concerning non-State pension funds;
- 4) other expenses which are directly connected with non-State pension provision activities.
4. Expenses associated with the receipt of income from the investment of pension assets which are intended for the financing of the funded component of a retirement pension shall include, in addition to expenses which are referred to in Articles 254 to 269 of this Code (with account taken of the limitations envisaged by the legislation of the Russian Federation concerning non-State pension provision):
  - 1) expenses associated with the receipt of income from the investment of pension assets that are intended for the financing of the funded component of a retirement pension, including fees payable to a managing company, a specialized depository and other professional participants in the securities market;
  - 2) obligatory expenses associated with the storage, maintenance and valuation in accordance with the legislation of the Russian Federation of assets in which pension assets have been invested;
  - 3) allocations from income received from the investment of pension assets intended for the formation of the funded component of a retirement pension which have been used to create assets intended to support the statutory activities of the fund and which are made in accordance with the legislation of the Russian Federation concerning non-State pension funds.

### **Article 298 Special Considerations Relating to the Determination of the Income of Professional Participants in the Securities Market**

Income of taxpayers which, in accordance with the legislation of the Russian Federation concerning the securities market, are deemed to be professional participants in the securities market (hereinafter referred to as “professional participants in the securities market”) shall include, in addition to the types of income which are envisaged by Articles 249 and 250 of this Code, income from the carrying-out of professional activities on the securities market.

Such income shall include, in particular:

- 1) income from the rendering of intermediary and other services on the securities market;
- 2) the portion of income that arises from the use of clients’ resources until they are returned to the clients in accordance with the conditions of an agreement;

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- 3) income from the provision of services involving the storage of securities certificates and (or) the registration of rights to securities;
- 4) income from the rendering of depository services, including services involving the provision of information on securities and the maintenance of depository accounts;
- 5) income from the rendering of services involving the maintenance of a register of owners of securities;
- 6) income from the provision of services which directly aid the conclusion of civil-law securities transactions by third parties;
- 7) income from the provision of consulting services on the securities market;
- 8) income in the form of amounts of restored reserves against the devaluation of securities which were previously taken to expenses according to Article 300 of this Code;
- 9) miscellaneous income received by professional participants in the securities market from their professional activities.

### **Article 299 Special Considerations Relating to the Determination of the Expenses of Professional Participants in the Securities Market**

Expenses of professional participants in the securities market, in addition to those which are referred to in Articles 254 to 269 of this Code (with account taken of the limitations which are envisaged by the legislation of the Russian Federation concerning the securities market), shall include, in particular:

- 1) expenses in the form of fees payable to trade organizers and other organizations (including, in accordance with the legislation of the Russian Federation, non-commercial organizations) which possess an appropriate licence;
- 2) expenses associated with the maintenance and servicing of trading seats of various kinds which arise in connection with the carrying-out of professional activities;
- 3) expenses for expert examinations associated with the authenticity of documents presented, including securities forms (certificates);
- 4) expenses associated with the disclosure of information on the activities of a professional participant in the securities market;
- 5) expenses for the creation and supplementing of reserves against the devaluation of securities according to Article 300 of this Code;
- 6) expenses for participation in meetings of shareholders which are held by issuers of securities or on their instructions;

- 7) other expenses directly connected with the activities of professional participants in the securities market.

**Article 299.1 Special Considerations Relating to the Determination of Income of Clearing Organizations**

1. Income of taxpayer clearing organizations shall include items of income mentioned in Articles 249 and 250 of this Code, determined with account taken of the special considerations laid down in this Article.
2. The following items of income shall not be taken into account in determining the tax base of clearing organizations:
  - 1) monetary resources and other assets which have been received by a clearing organization as collateral for the obligations of clearing participants, and from the sale of assets comprising such collateral;
  - 2) monetary resources and other assets which have been received by a clearing organization for the purpose of effecting settlements in respect of obligations of clearing participants, including under agreements to which the clearing organization is a party (with the exception of monetary resources and other assets which have been received by a clearing organization as payment for its services) and under agreements involving the sale of assets which are concluded by a clearing organization for the purpose of the fulfilment of the obligations of clearing participants;
  - 3) monetary resources and other assets which have been received by a clearing organization from the use of funds formed by that clearing organization for the purpose of providing for the fulfilment of obligations under civil-law agreements.

**Article 299.2 Special Considerations Relating to the Determination of Expenses of Clearing Organizations**

1. Expenses of taxpayer clearing organizations shall include expense items mentioned in Articles 254 to 269 of this Code, determined with account taken of the special considerations laid down in this Article.
2. The following expenses shall not be taken into account in determining the tax base of clearing organizations:
  - 1) monetary resources and other assets which secure the fulfilment of obligations of clearing participants and are transferred by a clearing organization in fulfilment of such obligations;
  - 2) monetary resources and other assets which are transferred by a clearing organization to clearing participants as a result of a clearing process (settlements), including under agreements to which the clearing organization

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is a party and under agreements involving the acquisition of assets which are concluded by a clearing organization for the purpose of the fulfilment of the obligations of clearing participants;

- 3) monetary resources and other assets which are transferred to clearing participants and were received by a clearing organization from the use of funds formed by the clearing organization from contributions made by those clearing participants for the purpose of securing the fulfilment of obligations under civil-law agreements.

### **Article 300 Expenses for the Formation of Reserves Against the Devaluation of Securities for Professional Participants in the Securities Market Which Engage in Dealer Activities**

Professional participants in the securities market shall be recognised as carrying out dealer activities if dealer activities are provided for by the relevant licence issued to the participant in the securities market in accordance with the established procedure.

Professional participants in the securities market which engage in dealer activities shall have the right to include allocations to reserves against the devaluation of securities in expenses for taxation purposes in the event that those taxpayers recognise income and expenses according to the accrual-basis method. In such case, amounts of restored reserves against the devaluation of securities allocations for the creation (adjustment) of which were previously taken into account for the purpose of determining the tax base shall be recognised as income of those taxpayers.

The above-mentioned reserves against the devaluation of securities shall be created (adjusted) as at the end of an accounting (tax) period in an amount equal to the amount by which the acquisition prices of issued securities which are circulated on the organized securities market exceed their market quotation (the calculated value of the reserve). In this respect, for the purposes of this Chapter the acquisition price of a security shall also include expenses associated with the acquisition of that security.

Reserves shall be created (adjusted) for each security within one issue (an additional issue) of securities which meets the above-mentioned requirements, irrespective of any change in the value of securities of other issues (additional issues).

Upon the sale or other disposal of securities in relation to which a reserve has previously been created where allocations for the creation (adjustment) of that reserve were previously taken into account in determining the tax base, the amount of such reserve shall be included in the taxpayer's income as at the date of sale or other disposal of the security.

Where, after an accounting (tax) period has ended, the amount of a reserve with account taken of the market quotations of securities as at the end of that period is found to be insufficient, the taxpayer shall increase the amount of the reserve in accordance with the procedure which is established above, and allocations made to increase the reserve shall be included in the composition of expenses for taxation purposes. If, at the end of the accounting (tax) period, the amount of the previously created reserve with account taken of amounts restored exceeds the calculated value, the reserve shall be reduced by the taxpayer (shall be restored) to the calculated value with the amount so restored being included in income.

Reserves against the devaluation of securities shall be created in the currency of the Russian Federation irrespective of the currency of the nominal value of the security. In the case of securities denominated in foreign currency, the acquisition price shall be translated into roubles on the basis of the official exchange rate of the Central Bank of the Russian Federation prevailing on the date of acquisition of a security, and the market quotation shall be translated on the basis of the official exchange rate of the Central Bank of the Russian Federation prevailing on the date on which the reserve is created (adjusted).

In the case of securities for which the conditions of issue provide for partial redemption of their nominal value, for the purpose of determining (adjusting) the reserve as at the end of an accounting (tax) period the acquisition price shall be adjusted to take account of the portion of the partial redemption of the nominal value of the security.

A taxpayer which is the seller in the first leg of a repo or the lender in a securities lending transaction shall not have the right to form reserves against the devaluation of securities for securities transferred in the repo transaction (under the loan agreement).

A taxpayer which is the purchaser in the first leg of a repo or the borrower in a securities lending transaction shall have the right to form reserves against the devaluation of securities for securities received in the repo transaction (under the loan agreement).

**Article 301 Term Transactions. Special Conditions of Taxation**

1. A term transaction financial instrument shall be understood to mean an agreement which is a derivative financial instrument in accordance with the Federal Law “Concerning the Securities Market”. A list of types of derivative financial instruments (including forward, futures, option and swap contracts) shall be established by the federal executive body for the securities market in accordance with the Federal Law “Concerning the Securities Market”.

For the purposes of this Chapter there shall not be regarded as a term transaction financial instrument an agreement which is a derivative financial instrument in accordance with the Federal Law “Concerning the Securities Market” and requires the parties or a party to the agreement to make periodic or lump-sum payments of money, including at the demand of another party, depending on changes in data values constituting official statistical information, changes in physical, biological and (or) chemical indicators of the state of the environment or changes in data values which are determined on the basis of one of the indicators or the aggregate of a number of the indicators referred to in this paragraph.

An agreement in relation to which claims thereunder do not qualify for legal protection in accordance with the civil legislation of the Russian Federation shall likewise not be regarded as a term transaction financial instrument for the purposes of this Chapter. Losses resulting from those agreements shall not be taken into account in determining the tax base.

The underlying asset of term transaction financial instruments shall be understood to mean the subject of the term transaction (including foreign



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currency, securities and other assets and property rights, interest rates, credit resources, price or interest rate indices and other term transaction financial instruments).

Parties to term transactions shall be understood to mean organizations which carry out transactions involving term transaction financial instruments.

2. A taxpayer shall have the right independently to qualify a transaction whose conditions call for delivery of the underlying asset with account taken of the requirements of this Article, declaring it to be a transaction involving a term transaction financial instrument or a transaction for deferred delivery of the subject of the transaction. For operations involving term transaction financial instruments which are aimed at the purchase of the underlying asset, an operation which is opposite in direction shall be deemed to be an operation aimed at the sale of the underlying asset, while for an operation aimed at sale, an opposite operation shall be one aimed at the purchase of the underlying asset. In this respect, operations involving the delivery of the underlying asset shall be taxed in accordance with the procedure which is envisaged by Articles 301 to 305 of this Code.

A taxpayer shall have the right to qualify a transaction independently, declaring it to be an operation involving a term transaction financial instrument or a transaction for the delivery of the object of the transaction with deferral of execution. The criteria for assigning transactions which envisage the delivery of the object of the transaction (with the exception of hedging operations) to the category of operations involving term transaction financial instruments must be specified by the taxpayer in its accounting policies for taxation purposes.

The date of completion of an operation involving a term transaction financial instrument shall be the date of the exercise of rights and the fulfilment of obligations in respect of the operation involving the term transaction financial instrument.

Obligations in respect of a transaction involving term transaction financial instruments may be terminated by the offsetting (netting) of homogeneous claims and obligations without the transaction being requalified. Homogeneous claims shall be claims for the delivery of securities of one issuer, of one class, of one category (type) or of one mutual investment fund (in the case of investment units in mutual investment funds) which bear an equal extent of rights, and claims for the payment of monetary resources in the same currency.

Transactions qualified as transactions for deferred delivery of the subject of the transaction shall be taxed in accordance with the procedure laid down in this Code for the corresponding underlying assets of such transactions.

3. For the purposes of this Chapter, term transaction financial instruments shall be subdivided into term transaction financial instruments which are circulated on the organized market and term transaction financial instruments which are not circulated on the organized market. In this respect, term transaction

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financial instruments shall be deemed to be circulated on the organized market if the following conditions are simultaneously met:

- 1) the procedure for the conclusion, circulation and execution thereof is established by a trade organizer which possesses an appropriate right in accordance with the legislation of the Russian Federation or the legislation of foreign states;
- 2) information on the prices of the term transaction financial instruments is published in the mass media (including electronic) or may be made available by a trade organizer or other authorized person to any interested person within three years after the date on which an operation involving term transaction financial instruments is concluded.

- 3.1 A transaction which is concluded other than on the organized market and the conditions of which call for the delivery of an underlying asset (including securities, foreign currency or a commodity) may be qualified as a term transaction financial instrument subject to the condition that the delivery of the underlying asset in accordance with the conditions of the transaction must take place no earlier than the third day after the day on which the transaction was concluded.

A transaction which is concluded other than on the organized market and the conditions of which do not call for the delivery of an underlying asset may be qualified only as a term transaction financial instrument.

- 3.2 For the purposes of this Chapter, term transaction financial instruments whose conditions call for the delivery of an underlying asset or the conclusion of another term transaction financial instrument whose conditions call for the delivery of an underlying asset shall be regarded as delivery term transactions, while term transaction financial instruments whose conditions do not call for the delivery of an underlying asset or the conclusion of another term transaction financial instrument whose conditions call for the delivery of an underlying asset shall be regarded as cash settlement term transactions.

Transactions which have been qualified as delivery term transactions or as transactions for deferred delivery of the subject of the transaction may not, for the purposes of this Chapter, be requalified as cash settlement term transactions in the event that obligations are terminated by means other than due fulfilment.

4. For the purposes of this Chapter, a variation margin shall be understood to mean an amount of monetary resources which is calculated by a trade organizer or a clearing organization and is payable (receivable) by parties to term transactions in accordance with the rules established by the trade organizers and (or) clearing organizations.
5. For the purposes of this Chapter, hedging operations shall be understood to mean transactions (a set of transactions) involving term transaction financial instruments which are carried out for the purpose of mitigating (offsetting) unfavourable consequences for the taxpayer (in whole or in part) resulting

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from a loss, lost profit, a reduction in receipts, a reduction in the market value of assets, including property rights (rights of claim), or an increase in the taxpayer's obligations as a result of a change in a price, a currency exchange rate, including the exchange rate of a foreign currency to the currency of the Russian Federation, or another indicator (set of indicators) of the hedged item (items).

Hedged items shall be understood to mean assets and property rights of a taxpayer and obligations of a taxpayer, including rights of claim and obligations of a monetary nature which have not fallen due as at the date of performance of a hedging operation, including rights of claim and obligations the exercise (fulfilment) of which is conditional upon the presentation of a demand of a party to an agreement and in relation to which the taxpayer has adopted a hedging decision. The underlying assets of term transaction financial instruments which are used for a hedging operation may differ from the hedged item.

For hedging purposes it is permissible to conclude more than one term transaction financial instrument of various types, including multiple term transaction financial instruments within the framework of a single hedging operation during the hedging period.

In order to confirm the legitimacy of the classification of a transaction (set of transactions) involving term transaction financial instruments as a hedging operation, a taxpayer shall prepare, as at the date of conclusion of such transactions (the first of the transactions where multiple transactions are concluded within the framework of a single hedging operation), a statement confirming that, according to the taxpayer's forecasts, the conclusion of that transaction (set of transactions) will help to mitigate unfavourable consequences associated with a change in the price (including the market quotation or exchange rate) or other indicator of the hedged item.

6. Where taxpayers which are participants in term transactions carry out operations under forward contracts which envisage the delivery of the underlying asset to a foreign organization under the export customs procedure, the tax base shall be determined with account taken of the provisions of Article 40 of this Code.

### **Article 302 Special Considerations Relating to the Determination of Income and Expenses of a Taxpayer Arising from Operations Involving Term Transaction Financial Instruments Which Are Circulated on the Organized Market**

1. For the purposes of this Chapter, income of a taxpayer which is received in a tax (accounting) period from operations involving term transaction financial instruments which are circulated on the organized market shall be understood to mean:
  - 1) the amount of the variation margin which is receivable by the taxpayer during the accounting (tax) period;

- 2) other amounts which are receivable during the accounting (tax) period in respect of operations involving term transaction financial instruments which are circulated on the organized market, including by way of settlements in respect of operations involving term transaction financial instruments which envisage the delivery of an underlying asset.
2. For the purposes of this Chapter, expenses of a taxpayer which are incurred in a tax (accounting) period in respect of term transaction financial instruments which are circulated on the organized market shall be understood to mean:
  - 1) the amount of the variation margin which is payable by the taxpayer during the tax (accounting) period;
  - 2) other amounts which are payable during the tax (accounting) period in respect of operations involving term transaction financial instruments which are circulated on the organized market, and the value of the underlying asset which is transferable in the case of transactions which envisage the delivery of an underlying asset;
  - 3) other expenses associated with carrying out operations involving term transaction financial instruments which are circulated on the organized market.

**Article 303 Special Considerations Relating to the Determination of Income and Expenses of a Taxpayer Arising from Operations Involving Term Transaction Financial Instruments Which Are Not Circulated on the Organized Market**

1. For the purposes of this Chapter, income of a taxpayer which is received in a tax (accounting) period from operations involving term transaction financial instruments which are not circulated on the organized market shall be understood to mean:
  - 1) amounts of monetary resources which are receivable in an accounting (tax) period by one of the parties to a transaction involving a term transaction financial instrument when it is executed (completed);
  - 2) other amounts which are receivable during the tax (accounting) period in respect of operations involving term transaction financial instruments which are not circulated on the organized market, including by way of settlements in respect of operations involving term transaction financial instruments which envisage the delivery of an underlying asset.
2. Expenses which are incurred in a tax (accounting) period in respect of operations involving term transaction financial instruments which are not circulated on the organized market shall be understood to mean:

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- 1) amounts of monetary resources which are payable in an accounting (tax) period by one of the parties to a transaction involving a term transaction financial instrument when it is executed (completed);
- 2) other amounts which are payable during the tax (accounting) period in respect of operations involving term transaction financial instruments which are not circulated on the organized market, and the value of the underlying asset which is transferable in the case of transactions which envisage the delivery of an underlying asset;
- 3) other expenses associated with carrying out operations involving term transaction financial instruments.

### **Article 304 Special Considerations Relating to the Determination of the Tax Base for Operations Involving Term Transaction Financial Instruments**

1. The tax base for operations involving term transaction financial instruments shall be calculated separately for those which are circulated and those which are not circulated on the organized market.
2. The tax base for operations involving term transaction financial instruments which are circulated on the organized market shall be determined as the difference between amounts of income from such transactions with all underlying assets which are receivable for the accounting (tax) period and amounts of expenses relating to those transactions with all underlying assets for the accounting (tax) period. Any negative difference shall, accordingly, be regarded as losses from such operations.

A loss from operations involving term transaction financial instruments which are circulated on the organized market shall reduce the tax base as determined in accordance with Article 274 of this Code.

3. The tax base for operations involving term transaction financial instruments which are not circulated on the organized market shall be determined as the difference between income from such operations with all underlying assets and expenses relating to such operations with all underlying assets for the accounting (tax) period. Any negative difference shall, accordingly, be regarded as losses from such operations.

A loss from operations involving term transaction financial instruments which are not circulated on the organized market shall not reduce the tax base as determined in accordance with Article 274 of this Code (except in the instances envisaged by clause 5 of this Article).

4. Losses from operations involving term transaction financial instruments which are not circulated on the organized market may be deducted from the tax base which arises from operations involving financial instruments which are not circulated on the organized market in ensuing tax periods in accordance with the procedure which is established by this Chapter (except in the instances envisaged by clause 5 of this Article).

5. Where a hedging operation is carried out with account taken of the requirements of clause 5 of Article 301 of this Code, income (expenses) shall be taken into account in determining the tax base, which shall be calculated in accordance with the provisions of Article 274 of this Code with account taken of income and expenses associated with the hedged item.

Banks shall have the right to reduce the tax calculated in accordance with Article 274 of this Code by the amount of a loss made on transactions involving delivery term transactions which are not circulated on the organized market and for which the underlying asset is foreign currency.

Professional participants in the securities market which carry out dealer activities, including banks, shall have the right to reduce the tax base calculated in accordance with Article 274 of this Code by the amount of a loss made on transactions involving term transaction financial instruments which are not circulated on the organized market.

For the purposes of this Chapter professional participants in the securities market shall be understood to include credit organizations which have an appropriate licence issued by the federal executive body for the securities market.

6. For the purpose of determining the tax base arising from operations involving term transaction financial instruments, the provisions of clauses 2 to 13 of Article 40 of this Code may be applied only in the instances envisaged by this Chapter.
7. Income received and expenses incurred in respect of obligations (claims) arising from a swap contract shall be taken into account in determining the tax base arising from term transaction financial instruments.

**Article 305 Special Considerations Relating to the Valuation of Operations Involving Term Transaction Financial Instruments for Taxation Purposes**

1. For term transaction financial instruments which are circulated on the organized market, the actual transaction price shall be deemed to be the market price for taxation purposes if the actual transaction price is within the interval between the minimum and maximum prices (price interval) of transactions involving that instrument which is registered by the trade organizer on the date of conclusion of the transaction.

If transactions involving one and the same term transaction financial instrument were concluded through two or more trade organizers, the participant in the term transactions shall have the right independently to choose the trade organizer whose registered price interval will be used for purposes of recognising the actual transaction price as the market price for taxation purposes.

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In the event that a trade organizer does not have information on the price interval on the date of conclusion of the transaction in question, there shall be used for the above-mentioned purposes the trade organizer's data on the price interval on the date of the most recent trading that took place during the last three months.

2. The actual price of a term transaction financial instrument which is not circulated on the organized market shall be recognised as the market price for taxation purposes if it is no more than 20 per cent above (below) the reference value of the term transaction financial instrument as at the date of conclusion of the term transaction. The procedure for determining the reference value of particular types of term transaction financial instruments shall be established by the federal executive body for the securities market in consultation with the Ministry of Finance of the Russian Federation.

Where the actual price of a term transaction financial instrument which is not circulated on the organized market deviates by more than 20 per cent above (below) the reference price of the term transaction financial instrument, income (expenses) of the taxpayer shall be determined on the basis of the reference value increased (reduced) by 20 per cent.

*E&Y Note: In accordance with Article 16 of Federal Law No. 281-FZ of November 25, 2009, the operation of clause 2 of Article 305 is suspended from January 1 to December 31, 2010.*

### **Article 306 Special Considerations Relating to the Taxation of Foreign Organizations. Permanent Establishment of a Foreign Organization**

1. The provisions of Articles 306 to 309 establish special considerations relating to the calculation of tax by foreign organizations which carry out entrepreneurial activities in the territory of the Russian Federation where such activities give rise to a permanent establishment of a foreign organization, and relating to the calculation of tax by foreign organizations not connected with activities through a permanent establishment in the Russian Federation which receive income from sources in the Russian Federation.
2. A permanent establishment of a foreign organization in the Russian Federation shall, for the purposes of this Chapter, be understood to mean a branch, representation, division, bureau, office, agency or any other economically autonomous subdivision or other place of business of that organization (hereinafter referred to as "division") through which the organization regularly carries on entrepreneurial activities in the territory of the Russian Federation which are connected with:
  - the use of subsurface resources and (or) the use of other natural resources;
  - the performance of work envisaged by contracts involving construction, installation, erection, assembly, adjustment, servicing and operation of equipment, including gaming machines;

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- the sale of goods from warehouses located in the territory of the Russian Federation which are owned or rented by that organization;

- the performance of other work, the rendering of services and the carrying-out of other activities with the exception of those envisaged by clause 4 of this Article.

3. A permanent establishment of a foreign organization shall be deemed to have been formed from the moment when entrepreneurial activities begin to be regularly carried out through a division of that organization. In this respect, activity involving the establishment of a division shall not of itself give rise to a permanent establishment. A permanent establishment shall cease to exist from the moment when entrepreneurial activities carried out through a division of a foreign organization cease.

In the case of the use of subsurface resources and (or) the use of other natural resources, a permanent establishment of a foreign organization shall be deemed to have been formed from the earlier of the following dates: the date of the entry into force of the licence (permit) which certifies that organization's right to carry out the relevant activities or the date on which those activities actually commence. Where a foreign organization performs work or renders services for another person who possesses such a licence (permit) or acts as general contractor for a person who possesses such a licence (permit), issues relating to the formation and termination of the existence of a permanent establishment of that foreign organization shall be resolved according to a procedure similar to that which is established by clauses 2 to 4 of Article 308 of this Code.

4. The fact that a foreign organization carries on activities of a preparatory and auxiliary nature in the territory of the Russian Federation, in the absence of the criteria for a permanent establishment which are envisaged by clause 2 of this Article, may not be regarded as giving rise to a permanent establishment. Preparatory and auxiliary activities shall include, in particular:
- 1) the use of facilities solely for the purpose of storage, display and (or) delivery of goods belonging to that foreign organization, until such delivery commences;
  - 2) the maintenance of a stock of goods belonging to that foreign organization solely for the purpose of storage, display and (or) delivery, until such delivery commences;
  - 3) the maintenance of a fixed place of business solely for the purpose of the purchase of goods by that foreign organization;
  - 4) the maintenance of a fixed place of business solely for the purpose of collecting, processing and (or) disseminating information, maintaining accounting records, marketing, advertising or studying the market for goods (work and services) which are sold by the foreign organization where those activities are not the main (normal) activity of that organization;



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- 5) the maintenance of a fixed place of business solely for the mere signing of contracts in the name of that organization, if the signing of contracts takes place in accordance with detailed written instructions from the foreign organization.
  
- 4.1 The fact that an entity which is a foreign marketing partner of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” carries on activities in the territory of the Russian Federation in connection with the fulfilment of the obligations of a marketing partner of the International Olympic Committee during the period of the organization of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which is established by part 1 of Article 2 of the above-mentioned Federal Law may not be regarded as giving rise to a permanent establishment even if the characteristics of a permanent establishment which are specified in clause 2 of this Article exist.
  
5. The fact of the possession by a foreign organization of securities, share interests in the capital of Russian organizations and other assets in the territory of the Russian Federation, in the absence of the criteria for a permanent establishment which are envisaged by clause 2 of this Article, may not of itself be regarded for such foreign organization as giving rise to a permanent establishment in the Russian Federation.
  
6. The fact of the conclusion by a foreign organization of a simple partnership agreement or another agreement envisaging joint activities of the parties thereto (participants) to be carried out in whole or in part in the territory of the Russian Federation may not of itself be regarded for that organization as giving rise to a permanent establishment in the Russian Federation.
  
7. The fact of the provision by a foreign organization of staff for work in the territory of the Russian Federation at another organization, in the absence of the criteria for a permanent establishment which are envisaged by clause 2 of this Article, may not be regarded as giving rise to a permanent establishment of the foreign organization which provided the staff if such staff acts exclusively on behalf of and in the interests of the organization to which it has been seconded.
  
8. The carrying-out by a foreign organization of operations involving the importation into the Russian Federation or exportation from the Russian Federation of goods, including under the terms of foreign trade contracts, in the absence of the criteria for a permanent establishment which are envisaged by clause 2 of this Article, may not be regarded as giving rise to a permanent establishment of that organization in the Russian Federation.
  
9. A foreign organization shall be regarded as having a permanent establishment if that organization carries out supplies from the territory of the Russian Federation of goods belonging to it which have been obtained as a result of

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processing in the customs territory or under customs supervision, or if that organization carries out activities which meet the criteria envisaged by clause 2 of this Article through a person who, on the basis of contractual relations with that foreign organization, represents its interests in the Russian Federation, acts in the Russian Federation in the name of that foreign organization, and has and habitually exercises an authority to conclude contracts or to negotiate significant conditions of contracts in the name of that organization, thereby creating legal consequences for that foreign organization (a dependent agent).

A foreign organization shall not be regarded as having a permanent establishment if it carries out activities in the territory of the Russian Federation through a broker, a commission agent, a professional participant in the Russian securities market or any other person acting in the course of his main (normal) activities.

10. The fact that a person who carries out activities in the territory of the Russian Federation is interdependent with a foreign organization, in the absence of the criteria for a dependent agent which are envisaged by clause 9 of this Article, shall not be regarded as giving rise to a permanent establishment of that foreign organization in the Russian Federation.

### **Article 307 Special Considerations Relating to the Taxation of Foreign Organizations Which Carry Out Activities Through a Permanent Establishment in the Russian Federation**

1. The object of taxation for foreign organizations which carry out activities in the Russian Federation through a permanent establishment shall be deemed to be:
  - income received by a foreign organization as a result of carrying out activities in the territory of the Russian Federation through its permanent establishment, reduced by the amount of expenses incurred by that permanent establishment as determined with account taken of the provisions of clause 4 of this Article;
  - income of a foreign organization from the possession, use and (or) disposal of assets of a permanent establishment of that organization in the Russian Federation, less expenses associated with the receipt of such income;
  - other types of income from sources in the Russian Federation which are referred to in clause 1 of Article 309 of this Code and are attributable to the permanent establishment.
2. The tax base shall be defined as an expression in monetary terms of the object of taxation which is established in clause 1 of this Article.

In determining the tax base of a foreign non-commercial organization, the provisions of clause 2 of Article 251 of this Code shall be taken into account.

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3. Where a foreign organization carries out in the territory of the Russian Federation activities of a preparatory and (or) auxiliary nature in the interests of third parties which give rise to a permanent establishment, and in this respect the receipt of a fee is not envisaged in relation to such activities, the tax base shall be determined as 20 per cent of the amount of the expenses of that permanent establishment which are associated with such activities.

4. Where a foreign organization has in the territory of the Russian Federation more than one division activities through which give rise to a permanent establishment, the tax base and the amount of tax shall be calculated separately for each division.

Where a foreign organization carries out activities through such divisions within the framework of a unified technological process or in other similar cases, subject to the agreement of the federal executive body in charge of control and supervision in the area of taxes and levies such organization shall have the right to calculate taxable profit attributable to its activities through a division in the territory of the Russian Federation for a group of such divisions as a whole (including for all divisions) provided that all the divisions included in the group apply the same accounting policies for taxation purposes. In this respect, the foreign organization shall independently determine which of the divisions will maintain tax records and submit tax declarations at the location of each division. The amount of profits tax which is payable to the budget in such case shall be allocated among the divisions in accordance with the standard procedure which is envisaged by Article 288 of this Code. In this respect, the value of fixed assets and intangible assets and the average number of workers (labour payment fund of workers) not connected with the activities of the foreign organization in the territory of the Russian Federation through a permanent establishment shall not be taken into account.

5. Foreign organizations which carry out activities in the Russian Federation through a permanent establishment shall apply the provisions laid down in Articles 280, 283 of this Code.

6. Foreign organizations which carry out activities in the Russian Federation through a permanent establishment shall pay tax at the rates established by clause 1 of Article 284 of this Code, except for the types of income enumerated in subsections 1 and 2 and paragraph 2 of subsection 3 of clause 1 of Article 309 of this Code. Such income, where attributable to a permanent establishment, shall be taxed separately from other income at the rates which are established by subsection 3 of clause 3 and clause 4 of Article 284 of this Code.

7. Where the amount of a foreign organization's profit includes income on which tax has actually been withheld and transferred to the budget system of the Russian Federation in accordance with Article 309 of this Code by payment to the appropriate Federal Treasury account, the amount of tax payable by that organization shall be reduced by the amount of tax withheld. In the event that the amount of tax withheld in the tax period exceeds the amount of tax for that period, the amount of tax paid in excess shall be refunded or offset against

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future tax payments of that organization in accordance with the procedure envisaged by Article 78 of this Code.

8. Foreign organizations which carry out activities in the Russian Federation through a permanent establishment shall pay advance payments and tax in accordance with the procedure which is envisaged by Articles 286 and 287 of this Code.

A tax declaration based on the results for a tax (accounting) period and an annual statement of activities in the Russian Federation in a form to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies shall be submitted by a foreign organization which carries out activities in the Russian Federation through a permanent establishment to the tax authority for the location of the permanent establishment of that organization in accordance with the procedure and within the time limits which are established by Article 289 of this Code.

In the event that a permanent establishment of a foreign organization in the Russian Federation ceases activities before the end of a tax period, the tax declaration for the last accounting period shall be submitted by the foreign organization within one month from the day on which the division's activities cease.

### **Article 308 Special Considerations Relating to the Taxation of Foreign Organizations When Carrying Out Activities on a Building Site**

1. For the purposes of this Chapter, a building site of a foreign organization in the territory of the Russian Federation shall be understood to mean:
  - 1) a place of the construction of new or reconstruction, extension, retooling and (or) repair of existing items of immovable property (with the exception of aircraft, sea-going vessels, inland vessels and spacecraft);
  - 2) a place of the construction and (or) erection, repair, reconstruction, extension and (or) retooling of installations, including floating installations and drilling rigs, and of machinery and equipment whose normal functioning requires it to be firmly fixed to a foundation or to structural components of buildings, structures or floating installations.
2. In determining the period of existence of a building site for the purposes of the calculation of tax and the registration of a foreign organization with the tax authorities, work and other operations whose duration is included in that period shall include all kinds of preparatory, construction and (or) erection work carried out by the foreign organization on the building site, including work involving the creation of approach roads, supply lines, electricity cables, drainage and other infrastructure items, except for infrastructure items which are originally created for other purposes not connected with the building site in question.

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If a foreign organization, being a general contractor, entrusts the performance of a part of the contract work to other persons (subcontractors), then the period of time spent by the subcontractors on the performance of work shall be deemed to be time spent by the general contractor itself. This provision shall not apply to the period of work performed by a subcontractor under direct agreements with the client (developer) which is not included in the volume of work entrusted to the general contractor, except where those persons and the general contractor are interdependent persons in accordance with Article 20 of this Code.

Where a subcontractor is a foreign organization, its activities on that building site shall also be regarded as creating a permanent establishment of that subcontractor organization.

This provision shall apply to a subcontractor organization the duration of whose activities is no less than 30 calendar days in the aggregate, provided that the general contractor has a permanent establishment.

3. A building site shall be deemed to exist for tax purposes from the earlier of the following dates: the date of signing of the certificate of the transfer of the site to the contractor (the certificate of the admission of staff of a subcontractor to perform its part of the overall volume of work) or the date on which work actually commences.

A building site shall be deemed to cease to exist on the date on which an acceptance certificate for the project or the range of work envisaged by the agreement is signed by the client (developer). A subcontractor's work shall be deemed to have been completed on the date of the signing of an acceptance certificate for the handover of work to the general contractor. In the event that no acceptance certificate has been drawn up or work actually ceased after the signing of such certificate, a building site shall be deemed to have ceased to exist (a subcontractor's work shall be deemed to have been completed) as at the date of the actual cessation of preparatory, construction or erection work which forms part of the volume of work of the entity in question on the building site in question.

4. A building site shall not cease to exist if work on the site is temporarily suspended, except where a construction project is temporarily shut down for more than 90 calendar days on the basis of decisions of federal executive bodies, appropriate State bodies of constituent entities of the Russian Federation or local government bodies which are adopted within the limits of their authority or as a result of force majeure circumstances.

The continuation or renewal after interruption of work on a building site after the signing of the certificate which is referred to in clause 3 of this Article shall result in the period during which the continued or renewed work is conducted and the interval between the work periods being added to the aggregate period of the existence of the building site only if:

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- 1) the site (water area) on which the renewed work is carried out is the same as or immediately adjacent to the site (water area) on which the previously terminated work was carried out;
- 2) the continued or renewed work on the project is entrusted to the person who previously performed work on that building site, or the new and previous contractors are interdependent persons.

Where the continuation or renewal of work involves the construction or installation of a new project on the same building site or the extension of the previously completed project, the period during which such continued or renewed work is carried out and the interval between the work periods shall likewise be added to the aggregate period of existence of the building site.

In all other cases, including the performance of repairs to or the reconstruction or retooling of a project previously completed and handed over to the client (developer), the period of the continued or renewed work and the interval between the work periods shall not be added to the aggregate period of the existence of the building site which began with work on the previously completed project.

5. The building or installation of such projects as the construction of roads, overpasses and canals and the laying of supply lines where the geographical location of the performance of work changes in the course of its performance shall be treated as activities carried out on one building site.

### **Article 309 Special Considerations Relating to the Taxation of Foreign Organizations Which Do Not Carry Out Activities Through a Permanent Establishment in the Russian Federation and Receive Income from Sources in the Russian Federation**

1. The following types of income received by a foreign organization which are not connected with entrepreneurial activities of that organization in the Russian Federation shall be classified as income of a foreign organization from sources in the Russian Federation and shall be assessable to tax which is withheld at source:
  - 1) dividends paid to a foreign organization which is a shareholder (participant) of Russian organizations;
  - 2) income received as a result of the distribution in favour of foreign organizations of profit or assets of organizations, other persons or associations thereof, including upon their liquidation (with account taken of the provisions of clauses 1 and 2 of Article 43 of this Code);
  - 3) interest income from any kinds of debt obligations, including profit-sharing and convertible bonds, including:

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- income received from State and municipal issued securities the conditions of issue and circulation of which envisage the receipt of income in the form of interest;

- income from other debt obligations of Russian organizations not referred to in paragraph 2 of this subsection;

- 4) income from the use in the Russian Federation of rights in intellectual property. Such income shall include, in particular, any types of payments which are received as remuneration for the use of, or the right to use, any copyright in literary, artistic or scientific work, including cinematographic films and films or recordings for television or radio broadcasting, the use of (right to use) any patent, trademark, design or model, plan, secret formula or process, or the use of (right to use) information concerning industrial, commercial or scientific experience;
- 5) income from the sale of shares (share interests) in Russian organizations more than 50 per cent of whose assets consists of immovable property situated in the territory of the Russian Federation, and of financial instruments derived from such shares (share interests). In this respect, income from the sale on foreign exchanges (through foreign trade organizers) of securities or financial instruments derived therefrom which are legally circulated on those exchanges shall not be deemed to be income from sources in the Russian Federation;
- 6) income from the sale of immovable property which is situated in the territory of the Russian Federation;
- 7) income from the rental or sublease of assets which are used in the territory of the Russian Federation, including income from leasing operations, and income from the rental or sublease of ships and aircraft and (or) means of transport and containers used in international traffic. In this respect, income from leasing operations associated with the acquisition and use of the leased object by the lessee shall be calculated on the basis of the entire amount of the lease payment less the reimbursement of the cost of the leased assets (when leasing takes place) to the lessor;
- 8) income from international traffic (including demurrages and other payments arising in connection with transportation). For the purposes of this Article the term “demurrage” shall be used within the meaning established by the Merchant Shipping Code of the Russian Federation.  
  
International traffic shall be understood to mean any transport by ship, river vessel, aircraft, motor vehicle or rail, except where such transport takes place solely between points outside the Russian Federation;
- 9) fines and penalties for the violation of contractual obligations by Russian persons, State bodies and (or) executive local government bodies;
- 10) other similar income.

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2. Income which is received by a foreign organization from the sale of goods, other assets other than those referred to in subsections 5 and 6 of clause 1 of this Article, and property rights and from the performance of work and rendering of services in the territory of the Russian Federation where this does not give rise to a permanent establishment in the Russian Federation in accordance with Article 306 of this Code shall not be taxable at source.

Re-insurance premiums and bonuses paid to a foreign partner shall not be deemed to be income from sources in the Russian Federation.

3. The types of income enumerated in clause 1 of this Article shall be an object of taxation for tax irrespective of the form in which such income is received, including, in particular, receipt in kind, by means of the settlement of the organization's obligations or in the form of the remission of its debt or the offsetting of claims against the organization.
4. In determining the tax base for the types of income referred to in subsections 5 and 6 of clause 1 of this Article, expenses may be deducted from the amount of such income in accordance with the procedure which is envisaged by Articles 268, 280 of this Code.

The above-mentioned expenses of a foreign organization shall be taken into account when determining the tax base if, by the date on which that income is paid, the tax agent which withholds tax on such income in accordance with this Article has at its disposal document-supported information on those expenses presented by that organization.

5. The tax base for income of a foreign organization which is taxable in accordance with this Article and the amount of tax to be withheld on such income shall be calculated in the currency in which the foreign organization receives such income. In this respect, expenses incurred in another currency shall be calculated in the same currency as that in which income was received on the basis of the official exchange rate (cross exchange rate) of the Central Bank of the Russian Federation prevailing as at the date on which those expenses were incurred.
6. Where the principal or beneficiary under a fiduciary agreement is a foreign organization which does not have a permanent establishment in the Russian Federation and the fiduciary is a Russian organization or a foreign organization which carries out activities through a permanent establishment in the Russian Federation, tax on income of such principal or beneficiary which is received within the framework of the fiduciary agreement shall be withheld and transferred to the budget by the fiduciary.

### **Article 310 Special Considerations Relating to the Calculation and Payment of Tax on Income Received by a Foreign Organization from Sources in the Russian Federation Which is Withheld by a Tax Agent**

1. Tax on income received by a foreign organization from sources in the Russian Federation shall be calculated and withheld by the Russian organization or



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foreign organization carrying out activities in the Russian Federation through a permanent establishment which pays the income to the foreign organization each time that income of the types referred to in clause 1 of Article 309 of this Code is paid, except in the instances envisaged by clause 2 of this Article, in the currency in which the income is paid.

Tax on the types of income referred to in subsection 1 of clause 1 of Article 309 of this Code shall be calculated at the rate envisaged by subsection 3 of clause 3 of Article 284 of this Code.

Tax on the types of income referred to in paragraph 2 of subsection 3 of clause 1 of Article 309 of this Code shall be calculated at the rate envisaged by clause 4 of Article 284 of this Code.

Tax on the types of income referred to in subsection 2, paragraph 3 of subsection 3 and subsections 4, 7 (insofar as it concerns income from the rental or sublease of assets which are used in the territory of the Russian Federation, including under leasing operations), 9 and 10 of clause 1 of Article 309 of this Code shall be calculated at the rates envisaged by subsection 1 of clause 2 of Article 284 of this Code.

Tax on the types of income referred to in subsections 7 (insofar as it concerns income from the rental or sublease of ships, aircraft or other mobile means of transport or containers used in international traffic) and 8 of clause 1 of Article 309 of this Code shall be calculated at the rate envisaged by subsection 2 of clause 2 of Article 284 of this Code.

Tax on the types of income referred to in subsections 5 and 6 of clause 1 of Article 309 of this Code shall be calculated with account taken of the provisions of clauses 2 and 4 of that Article at the rates envisaged by clause 1 of Article 284 of this Code. In the event that the expenses referred to in clause 4 of Article 309 of this Code are not deemed an expense for taxation purposes, tax on such income shall be calculated at the rates which are envisaged by subsection 1 of clause 2 of Article 284 of this Code.

The amount of tax withheld on income of foreign organizations in accordance with this clause shall be transferred by the tax agent to the federal budget in the currency of the Russian Federation in the manner prescribed by clauses 2 and 4 of Article 287 of this Code.

In the event that income is paid to a foreign organization in kind or in another non-monetary form, including in the form of mutual offsetting, or in the event that the amount of tax to be withheld exceeds the amount of income of the foreign organization which is received in monetary form, the tax agent shall be obliged to transfer the calculated amount of tax to the budget, reducing accordingly the income of the foreign organization which is received in non-monetary form.

2. The amount of tax on income paid to foreign organizations shall be calculated and withheld on all the types of income referred to in clause 1 of Article 309 of this Code and in all instances of the payment of such income, except:

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- 1) where the tax agent has been notified by the income recipient that the income payable is attributable to a permanent establishment of the income recipient in the Russian Federation, and the tax agent has available to it a notarized copy of the certificate of the registration of the income recipient with the tax authorities which was drawn up no earlier than in the preceding tax period;
  - 2) where a 0 per cent tax rate is envisaged by Article 284 of this Code for income payable to the foreign organization;
  - 3) in instances of the payment of income received as a result of the performance of production sharing agreements if the tax and levy legislation of the Russian Federation provides for the exemption of such income from tax withholding in the Russian Federation when transferred to foreign organizations;
  - 4) in instances of the payment of income which, in accordance with international agreements (treaties), is not taxable in the Russian Federation, provided that the foreign organization presents to the tax agent a confirmation as envisaged by clause 1 of Article 312 of this Code. In this respect, where income is paid by Russian banks in respect of operations with foreign banks, confirmation of the foreign bank's location in a state with which there is an international agreement (treaty) governing taxation issues shall not be required if that location is confirmed by information in generally accessible information guides;
  - 5) in instances of the payment of income to organizations which are foreign organizers of the Sochi 2014 XXII Olympic Games and XI Paralympic Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 "Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation" or foreign marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law;
  - 6) in instances of the payment of income associated with the dissemination of mass media products relating to the Sochi 2014 XXII Olympic Games and XI Paralympic Games to official broadcasting companies in accordance with Article 3.1 of Federal Law No. 310-FZ of December 1, 2007 "Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation".
3. Where a tax agent pays to a foreign organization income which, in accordance with international agreements (treaties), is taxable in the Russian Federation at reduced rates, the amount of tax on income shall be calculated and withheld by the tax agent at the appropriate reduced rates provided that the foreign organization presents to the tax agent the confirmation which is envisaged by clause 1 of Article 312 of this Code. In this respect, where income is paid by Russian banks on operations with foreign banks, confirmation of the

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permanent residence of the foreign bank in a state with which there is an international agreement (treaty) governing taxation issues shall not be required if such residence is confirmed by data in generally available information guides.

4. The tax agent shall, on the basis of the results for an accounting (tax) period and within the time limits which are established by Article 289 of this Code for the submission of tax computations, present information on amounts of income paid to foreign organizations and amounts of taxes withheld for the last accounting (tax) period to the tax authority for its location in a form to be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

### **Article 311 Elimination of Double Taxation**

1. Income which is received by a Russian organization from sources outside the Russian Federation shall be taken into account in determining its tax base. That income shall be taken into account in full with account taken of expenses incurred both in the Russian Federation and abroad.
2. For the purpose of determining the tax base, expenses incurred by a Russian organization in connection with the receipt of income from sources outside the Russian Federation shall be deducted in accordance with the procedure and in the amounts which are established by this Chapter.
3. Amounts of tax paid in accordance with the legislation of foreign states by a Russian organization shall be offset when that organization pays tax in the Russian Federation. In this respect, the total of amounts of taxes paid outside the Russian Federation that are offset may not exceed the amount of tax payable by that organization in the Russian Federation.

An offset shall be made provided that the taxpayer presents a document confirming the payment (withholding) of tax outside the Russian Federation certified by a tax authority of the relevant foreign state in the case of taxes paid by the organization itself, or a confirmation from the tax agent in the case of taxes which are withheld by tax agents in accordance with the legislation of foreign states or an international agreement.

The confirmation which is referred to in this clause shall be valid during the tax period in which it is presented to the tax agent.

4. Where an organization has economically autonomous subdivisions which are located outside the territory of the Russian Federation, the organization shall pay tax (advance tax payments) and submit tax computations and tax declarations at its own location.

**Article 312 Special Provisions**

1. In order for the provisions of international agreements entered into by the Russian Federation to be applied, a foreign organization must present to the tax agent which pays income a confirmation that the foreign organization has a permanent location in a state with which the Russian Federation has an international agreement (treaty) governing taxation issues, which must be certified by a competent authority of the foreign state. In the event that the confirmation in question has been drawn up in a foreign language, a translation into Russian shall also be presented to the tax agent.

In the event that a foreign organization which has a right to receive income presents the confirmation which is referred to in clause 1 of this Article to the tax agent which pays the income before the date of payment of income for which preferential tax treatment in the Russian Federation is envisaged by an international agreement entered into by the Russian Federation, such income shall be exempted from the withholding of tax at source or tax shall be withheld at source at reduced rates.

2. Tax previously withheld on income paid to foreign organizations for which special tax treatment is envisaged by international agreements governing taxation issues entered into by the Russian Federation shall be refunded subject to the presentation of the following documents:

- a claim for a refund of tax withheld in a form to be prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies;

- confirmation that, at the time when the income was paid, the foreign organization had a permanent location in a state with which the Russian Federation has an international agreement (treaty) governing taxation issues, which must be certified by a competent authority of the relevant foreign state;

- a copy of the agreement (or other document) in accordance with which income was paid to the foreign legal entity and copies of payment documents confirming the transfer to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account of the amount of tax which is refundable.

In the event that the above-mentioned documents have been drawn up in a foreign language, the tax authority shall have the right to require them to be translated into Russian. Notarization shall not be required for contracts, payment documents and translations thereof into Russian. No documents other than those listed above may be required.

The claim for a refund of amounts of taxes previously withheld in the Russian Federation and other documents enumerated in this clause shall be presented by the foreign recipient of income to the tax authority where the tax agent is registered within three years after the end of the tax period in which the income was paid.

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The refund of tax previously withheld (and paid) shall be effected by the tax authority where the tax agent is registered in the currency of the Russian Federation after the claim and the other documents envisaged in this clause are submitted in accordance with the procedure envisaged by Article 78 of this Code.

### **Article 313 Tax Accounting. General Provisions**

Taxpayers shall calculate the tax base on the basis of the results for each accounting (tax) period on the basis of tax accounting data.

Tax accounting is a system for the summarization of information for the purpose of determining the tax base for tax on the basis of data in primary documents that have been grouped in accordance with the procedure which is envisaged by this Code.

In the event that accounting ledgers contain insufficient information to determine the tax base in accordance with the requirements of this Chapter, the taxpayer shall have the right independently to insert additional particulars in the accounting ledgers which are used, thereby creating tax ledgers, or to maintain separate tax ledgers.

Tax accounting shall be carried out for the purpose of forming complete and accurate information on the procedure for accounting for taxation purposes for economic operations which have been carried out by a taxpayer during an accounting (tax) period, and providing information to internal and external users in order to enable monitoring of the correct calculation and the complete and timely payment of tax to the budget.

The system of tax accounting shall be organized by the taxpayer independently on the basis of the principle of the consistent application of the norms and rules of tax accounting, i.e. it shall be applied consistently from one tax period to the next. The procedure for the maintenance of tax records shall be established by the taxpayer in its accounting policies for taxation purposes which are approved by an appropriate order (instruction) of the director. Tax authorities and other authorities shall not have the right to establish compulsory forms of tax accounting documents for taxpayers.

The procedure for accounting for particular economic operations and (or) items for taxation purposes shall be amended by a taxpayer in the event that changes occur in tax and levy legislation or in accounting methods used. The decision on the making of amendments to accounting policies for taxation purposes shall be adopted from the beginning of a new tax period in the case of changes in accounting methods used and no earlier than the moment of the entry into force of changes in the norms of tax and levy legislation in the case of changes in that legislation.

In the event that a taxpayer has begun to carry out new types of activity, it must also determine and reflect in the accounting policies for taxation purposes the principles of and procedure for the reflection of those types of activity for taxation purposes.

Tax accounting data must reflect the procedure for the determination of the amount of income and expenditure, the procedure for the determination of the proportion of expenses which are taken into account for taxation purposes in the current tax (accounting) period, the amount of the balance of expenses (losses) which is to be charged to expenses in ensuing tax periods, the

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procedure for the determination of amounts of created reserves and the amount of indebtedness in respect of tax settlements with the budget.

Tax accounting data shall be supported by:

- 1) primary accounting documents (including accountants' reports);
- 2) analytical tax ledgers;
- 3) a computation of the tax base.

The forms of analytical tax ledgers for the determination of the tax base, being tax accounting documents, must without fail contain the following particulars:

- the name of the ledger;
- the period (date) in which (on which) it is drawn up;
- indicators for operations expressed in physical terms (where possible) and in monetary terms;
- the names of the economic operations;
- the signature (name in print) of the person responsible for drawing up the ledgers.

The content of tax accounting data (including data in primary documents) shall constitute tax secrets. Persons who have gained access to information contained in tax accounting data shall be obliged to preserve tax secrets. Should they divulge those secrets they shall bear the liability which is established by current legislation.

### **Article 314 Analytical Tax Ledgers**

Analytical tax ledgers shall be consolidated forms for the systematization of tax accounting data for an accounting (tax) period, grouped in accordance with the requirements of this Chapter without being allocated to (reflected in) bookkeeping accounts.

Tax accounting data shall be data which are recorded in calculation tables, accountants' reports and other documents of a taxpayer which group information on objects of taxation.

Tax accounting data shall be formed on the basis of the assumption of the continuous reflection of accounting items in chronological order for taxation purposes (including operations the results of which are recorded in more than one accounting period or are carried forward over a number of years).

In this respect, analytical records of tax accounting data must be so organized by the taxpayer as to disclose the procedure for the determination of the tax base.

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Analytical tax ledgers are intended to be used for the systematization and accumulation of information contained in primary documents which have been accepted for accounting purposes and analytical tax accounting data for reflection in the computation of the tax base.

Tax ledgers shall be maintained in the form of special forms in paper format, in electronic format and (or) on any machine-readable media.

In this respect, the forms of tax ledgers and the procedure for the reflection therein of analytical tax accounting data and data in primary accounting documents shall be developed by the taxpayer independently and shall be established by appendices to the organization's accounting policies for taxation purposes.

The correct reflection of economic operations in tax ledgers shall be ensured by the persons who draw up and sign those ledgers.

Stored tax ledgers must be protected against unauthorized corrections.

Any correction of errors in a tax ledger must be substantiated and confirmed by the signature of the responsible person making the correction with an indication of the date of and the reason for the correction.

### **Article 315 The Procedure for Drawing Up the Computation of the Tax Base**

The computation of the tax base for an accounting (tax) period shall be drawn up by a taxpayer independently in accordance with the norms which are established by this Chapter on the basis of tax accounting data on a cumulative total from the beginning of the year.

The computation of the tax base must contain the following data:

1. The period for which the tax base is determined (on a cumulative total from the beginning of the tax period).
2. The amount of sales income received in the accounting (tax) period, including:
  - 1) receipts from the sale of goods (work and services) of own production and receipts from the sale of assets and property rights, with the exception of the receipts referred to in subsections 2 to 7 of this clause;
  - 2) receipts from the sale of securities which are not circulated on the organized market;
  - 3) receipts from the sale of securities which are circulated on the organized market;
  - 4) receipts from the sale of bought-in goods;
  - 6) receipts from the sale of fixed assets;
  - 7) receipts from the sale of goods (work and services) of service plants and holdings.

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3. The amount of expenses incurred in the accounting (tax) period which reduce the amount of sales income, including:

- 1) expenditure on the production and sale of goods (work and services) of own production and expenses incurred in connection with the sale of assets and property rights, with the exception of the expenses referred to in subsections 2 to 6 of this clause.

In this respect, the total amount of expenses shall be reduced by amounts of balances of work-in-progress and balances of goods in stock and goods despatched but not sold as at the end of the accounting (tax) period, as determined in accordance with Article 319 of this Code;

- 2) expenses incurred in connection with the sale of securities which are not circulated on the organized market;
- 3) expenses incurred in connection with the sale of securities which are circulated on the organized market;
- 4) expenses incurred in connection with the sale of bought-in goods;
- 5) expenses associated with the sale of fixed assets;
- 6) expenses incurred by service plants and holdings in connection with the sale by them of goods (work and services).

4. Profit (losses) from sales, including:

- 1) profit from the sale of goods (work and services) of own production and profit (loss) from the sale of assets and property rights, with the exception of the profit (loss) referred to in subsections 2, 3, 4 and 5 of this clause;
- 2) profit (losses) from the sale of securities which are not circulated on the organized market;
- 3) profit (loss) from the sale of securities which are circulated on the organized market;
- 4) profit (losses) from the sale of bought-in goods;
- 5) profit (losses) from the sale of fixed assets;
- 6) profit (losses) from the sale of service plants and holdings.

5. The amount of non-sale income, including:

- 1) income from operations involving term transaction financial instruments which are circulated on the organized market;



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- 2) income from operations involving term transaction financial instruments which are not circulated on the organized market.
6. The amount of non-sale expenses, in particular:
  - 1) expenses associated with operations involving term transaction financial instruments which are circulated on the organized market;
  - 2) expenses associated with operations involving term transaction financial instruments which are not circulated on the organized market.
7. Profit (losses) from non-sale operations.
8. The total tax base for the accounting (tax) period.
9. For the purpose of determining the amount of taxable profit, there shall be deducted from the tax base the amount of losses which are carried forward in accordance with the procedure which is envisaged by Article 283 of this Code.

### **Article 316 The Procedure for Tax Accounting for Sales Income**

Sales income shall be determined by type of activity where, for a different type of activity, a taxation procedure is envisaged, a different rate of tax applies or a procedure is envisaged for accounting for profit and losses arising from the type of activity in question which differs from the normal procedure.

The amount of sales receipts shall be determined in accordance with Article 249 of this Code with account taken of the provisions of Article 251 of this Code as at the date on which income and expenses are recognised in accordance with the method of recognising income and expenses for taxation purposes which has been chosen by the taxpayer.

Where the price of goods (work and services) and property rights which are sold is expressed in the currency of a foreign state, the amount of sales receipts shall be translated into roubles as at the date of sale. Where an advance payment or deposit is received by a taxpayer which recognises income and expenses in accordance with the accrual basis, the amount of receipts from sales insofar as the amount of the advance payment or deposit is concerned shall be determined on the basis of the official exchange rate established by the Central Bank at the date of receipt of the advance payment or deposit.

Where the price of goods (work and services) and property rights which are sold is expressed in nominal units, the amount of sales receipts shall be translated into roubles using the exchange rate established by the Central Bank of the Russian Federation as at the date of sale. In this respect, the value differences which arise shall be included in the composition of non-sale income (expenses) depending on the difference that arises.

Where sales are effected through a commission agent, the taxpayer - client shall determine the amount of sales receipts as at the date of sale on the basis of the commission agent's notification of the sale of assets (property rights) belonging to the client. In this respect, the commission agent must, within three days after the end of the accounting period in which such a sale took place, notify the client of the date of the sale of assets belonging to the client.

If settlements in respect of sales are effected on the basis of the provision of credit against goods, the amount of receipts shall likewise be determined as at the date of sale and shall include the amount of interest charged for the period from the moment of despatch up to the moment of the transfer of ownership of the goods.

Interest charged for the use of credit against goods from the moment of the transfer of ownership of the goods up to the moment of full settlement in respect of obligations shall be included in the composition of non-sale income.

In the case of production operations with a prolonged (more than one tax period) technological cycle where the conditions of agreements concluded do not provide for the phased handover of work (services), the taxpayer shall independently allocate income from the sale of that work (those services) taking into account the principle of evenness in the recognition of income on the basis of accounting data. In this respect, the principles and methods in accordance with which sales income is allocated must be approved by the taxpayer in its accounting policies for taxation purposes.

**Article 317 The Procedure for Tax Accounting for Certain Types of Non-Sale Income**

For purposes of determining non-sale income in the form of fines, penalties or other sanctions for the violation of contractual obligations and amounts of compensation for losses or damage, taxpayers which recognise income according to the accrual-basis method shall reflect amounts due in accordance with the conditions of the agreement. In the event that the conditions of the agreement do not establish the amount of fines or compensation for losses, no obligation to assess non-sale income shall arise for the taxpayer – recipient with respect to that type of income. Where a debt is recovered through the courts, an obligation to assess such non-sale income shall arise for the taxpayer on the basis of the court decision which has entered into legal force.

**Article 318 The Procedure for Determining the Amount of Expenses for the Production and Sale of Goods**

1. Where a taxpayer determines income and expenses according to the accrual-basis method, production and sale expenses shall be determined with account taken of the provisions of this Article.

For the purposes of this Chapter, production and sale expenses which are incurred during an accounting (tax) period shall be subdivided into:

- 1) direct expenses;
- 2) indirect expenses.

Direct expenses may be taken to include, in particular:

- material expenditures as defined in accordance with subsections 1 and 4 of clause 1 of Article 254 of this Code;

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- expenses associated with payment for the labour of staff who participate in the process of the production of goods, the performance of work and the rendering of services, and compulsory pension insurance expenses intended for the financing of the insurance and funded component of a retirement pension for compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses which are charged on those amounts of labour payment expenses;
- amounts of amortization charged on fixed assets which are used in the production of goods, work and services.

Indirect expenses shall include all other amounts of expenses, with the exception of non-sale expenses as defined in accordance with Article 265 of this Code which are incurred by a taxpayer during an accounting (tax) period.

A taxpayer shall independently determine in its accounting policies for taxation purposes the range of direct expenses associated with the production of goods (performance of work, rendering of services).

2. In this respect, the amount of indirect production and sale expenses incurred in an accounting (tax) period shall be wholly included in expenses for the current accounting (tax) period with account taken of the requirements which are envisaged by this Code. A similar procedure shall apply with respect to the inclusion of non-sale expenses in expenses for the current period.

Direct expenses shall be included in expenses for the current accounting (tax) period as and when the products, work and services in whose value they have been included in accordance with Article 319 of this Code are sold.

Taxpayers which render services shall have the right to deduct the full amount of direct expenses incurred in an accounting (tax) period from production and sale income for that accounting (tax) period without allocating them to balances of work-in-progress.

3. Where, in relation to certain types of expenses, limitations are envisaged in accordance with this Chapter as to the amount of expenses which may be taken into account for taxation purposes, the base for the calculation of the maximum amount of such expenses shall be determined on a cumulative total from the beginning of the tax period. In this respect, in the case of expenses of a taxpayer which are associated with the voluntary insurance of (pension provision for) its employees, the maximum amount of expenses shall be determined with account taken of the period of validity of the agreement in the tax period, beginning on the date on which the agreement entered into force.

### **Article 319 The Procedure for the Valuation of Balances of Work-in-Progress, Balances of Finished Products and Balances of Goods Despatched**

1. For the purposes of this Chapter, work-in-progress (hereinafter referred to as "WIP") shall be understood to mean goods (work and services) which are

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partially ready, i.e. have not undergone all the processing (manufacturing) operations which are envisaged by the technological process. WIP shall include products and work and services which have been completed but have not been wholly accepted by the client. WIP shall also include balances of unfulfilled orders of plants and balances of intermediate products of own production. Materials and intermediate products in production shall be classified as WIP provided that they have already been processed.

The taxpayer shall value the balances of WIP as at the end of the current month on the basis of data in primary accounting documents concerning the movement and balances (expressed in quantitative terms) of raw materials and other materials and finished products for each department (production unit and other production subdivision of the taxpayer) and tax accounting data concerning the amount of direct expenses incurred in the current month.

A taxpayer shall independently determine the procedure for the allocation of direct expenses to WIP and to products manufactured in the current month (work performed, services rendered) with account taken of the appropriateness of the expenses incurred to the products manufactured (work performed, services rendered).

The above-mentioned procedure for the allocation of direct expenses (the determination of WIP value) shall be established by a taxpayer in the accounting policies for taxation purposes and must be applied for at least two tax periods.

Where it is impossible to attribute direct expenses to a specific production process involved in the manufacture of a particular type of product (work, services), the taxpayer shall, in its accounting policies for taxation purposes, independently determine a mechanism for the allocation of those expenses using economically justified indicators.

The amount of balances of work-in-progress as at the end of the current month shall be included in the composition of direct expenses for the following month. After the tax period has ended, the amount of balances of work-in-progress as at the end of the tax period shall be included in the composition of expenses for the following tax period in accordance with the procedure and subject to the conditions which are envisaged by this Article.

2. The balances of finished products in stock as at the end of the current month shall be valued by the taxpayer on the basis of data in primary accounting documents concerning the movement and balances of finished products in stock (expressed in quantitative terms) and the amount of direct expenses incurred in the current month, reduced by the amount of direct expenses which is allocated to WIP balances. The value of balances of finished products in stock shall be determined by the taxpayer as the difference between the amount of direct expenditures which is attributable to balances of finished products as at the beginning of the current month, increased by the amount of direct expenditures attributable to output in the current month (less the amount of direct expenditures which is attributable to the WIP balance), and the

amount of direct expenditures which is attributable to products despatched in the current month.

3. The balances of products despatched but not sold as at the end of the current month shall be valued by the taxpayer on the basis of data on products despatched (expressed in quantitative terms) and the amount of direct expenses incurred in the current month, reduced by the amount of direct expenses which is attributable to WIP balances and balances of finished products in stock. The value of balances of products despatched but not sold as at the end of the current month shall be determined by the taxpayer as the difference between the amount of direct expenditures which is attributable to balances of finished products despatched but not sold as at the beginning of the current month, increased by the amount of direct expenditures attributable to products despatched in the current month (less the amount of direct expenditures which is attributable to balances of finished products in stock), and the amount of direct expenditures which is attributable to products sold in the current month.

### **Article 320    The Procedure for the Determination of Expenses Associated With Trade Operations**

Taxpayers which engage in wholesale, small wholesale and retail trade shall determine sale expenses (hereafter in this Article referred to as “handling expenses”) with account taken of the following special considerations.

During the current month handling expenses shall be determined in accordance with this Chapter. In this respect, the amount of handling expenses shall also include expenses incurred by a taxpayer which purchases goods for the delivery of those goods, storage expenses and other current-month expenses associated with the acquisition, where these are not included in the acquisition cost of the goods, and sale of those goods. Handling expenses shall not include the cost of acquiring goods at the price established by the conditions of the agreement. In this respect, the taxpayer shall have the right to determine the acquisition cost of goods with account taken of expenses associated with the acquisition of those goods. This cost of the goods shall be taken into account when they are sold in accordance with subsection 3 of clause 1 of Article 268 of this Code. The acquisition cost of goods which have been despatched but not sold as at the end of the month shall not be included by the taxpayer in the composition of production and sale expenses until they are sold. The procedure for the determination of the acquisition cost of goods shall be specified by the taxpayer in its accounting policies for taxation purposes and shall be applied for at least two tax periods.

Current-month expenses shall be divided into direct and indirect expenses. Direct expenses shall include the acquisition cost of goods sold in the accounting (tax) period in question and amounts of expenses for the delivery (transportation expenses) of bought-in goods to the warehouse of a taxpayer which purchases goods in the event that those expenses are not included in the acquisition price of those goods. All other expenses incurred in the current month, with the exception of non-sale expenses as defined in accordance with Article 265 of this Code, shall be deemed to be indirect expenses and shall reduce sales income for the current month. The amount of direct expenses insofar as transportation expenses are concerned which is attributable to balances of unsold goods shall be determined on the basis

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of the average percentage for the current month with account taken of the balance carried over at the beginning of the month according to the following procedure:

- 1) the amount of direct expenses attributable to the balance of unsold goods at the beginning of the month and incurred in the current month shall be determined;
- 2) the acquisition cost of goods sold in the current month and the acquisition cost of the balance of unsold goods at the end of the month shall be determined;
- 3) the average percentage shall be determined as the ratio of the amount of direct expenses (clause 1 of this part) to the value of goods (clause 2 of this part);
- 4) the amount of direct expenses attributable to the balance of unsold goods shall be determined as the product of the average percentage and the value of the balance of goods as at the end of the month.

### **Article 321 Special Considerations Relating to the Maintenance of Tax Records by Organizations Established in Accordance With Federal Laws Which Regulate the Activities of Those Organizations**

Organizations which have been established in accordance with federal laws (the Central Bank of the Russian Federation, the Deposit Insurance Agency) which regulate the activities of those organizations shall maintain separate records of income and expenses received (incurred) in the course of carrying out activities associated with the fulfilment by them of the functions which are envisaged by legislation and income and expenses received (incurred) in the course of carrying out other commercial activities.

In carrying out tax accounting for other commercial activities, such organizations shall apply the general norms of this Chapter which regulate the procedure for the determination of income and expenses and special norms (special considerations) which are envisaged for particular categories of taxpayers or norms which are envisaged for particular circumstances. Those norms shall be applied by the non-commercial organization if that organization carries out such activities in accordance with federal laws.

Where such non-commercial organization incurs compulsory non-reimbursable expenses in accordance with the requirements of the legislation of the Russian Federation, such expenses shall be deemed to be expenses of that organization which reduce income from commercial activities.

### **Article 322 Special Considerations Relating to the Organization of Tax Accounting for Amortizable Assets**

1. As at the 1<sup>st</sup> day of the tax period from the beginning of which accounting policies for taxation purposes prescribe a change in the method of charging amortization, organizations shall determine the net book value of items of amortizable assets in their tax records.

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Where the non-linear method of charging amortization is established in accounting policies for taxation purposes, for the purpose of determining the aggregate balance of amortization groups (subgroups) the net book value of items of amortizable assets, with the exception of items on which amortization is charged using the linear method in accordance with clause 3 of Article 259 of this Code, shall be determined on the basis of their useful life as established when the items in question were brought into use as at the 1<sup>st</sup> day of the tax period from the beginning of which the accounting policies for taxation purposes prescribe that the non-linear method of charging amortization is to be applied.

The amount of amortization charged for one month on items of amortizable assets shall be determined as follows:

- 1) where the non-linear method of charging amortization is applied within amortization groups (subgroups) – as the product of the aggregate balance of a particular amortization group (subgroup) as at the 1<sup>st</sup> of the month for which the amount of amortization charged is determined and the amortization norm established by clause 5 of Article 259.2 of this Code;
  - 2) where the linear method of charging amortization is applied – as the product of the historical (replacement) cost and the amortization norm established by the taxpayer for the assets concerned in accordance with clause 2 of Article 259.1 of this Code.
2. Amortization shall cease to be charged on fixed assets which are transferred by a taxpayer for use without consideration commencing from the 1<sup>st</sup> of the month following the month in which that transfer occurred.

A similar procedure shall apply for fixed assets which, by decision of the management of an organization, are temporarily removed from service for a period exceeding three months, and for fixed assets which, by decision of the management of an organization, undergo reconstruction and modernization for a period exceeding 12 months.

When the agreement on use without consideration expires and fixed assets are returned to the taxpayer, and when fixed assets are put back into service or reconstruction (modernization) is completed, amortization shall be charged in accordance with the procedure laid down in this Chapter commencing from the 1<sup>st</sup> of the month following the month in which the fixed assets were returned to the taxpayer, the reconstruction (modernization) was completed or the fixed asset was put back into service.

3. Where amendments are made to accounting policies for taxation purposes in accordance with clause 1 of Article 259 of this Code according to which a taxpayer which applies the linear method of charging amortization transfers to the application of the non-linear method of charging amortization, items on which amortization is charged using the non-linear method in accordance with the amendments made by the taxpayer to the accounting policies for taxation purposes shall be included in the composition of amortization groups (subgroups) for the purpose for determining their aggregate balance on the

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basis of the net book value determined as at the 1<sup>st</sup> day of the tax period from the beginning of which the accounting policies for taxation purposes prescribe that the non-linear method of charging amortization is to be applied.

In this respect, for the purposes of determining the aggregate balance of amortization groups, items of amortizable assets shall be included in those groups on the basis of the useful life of the items concerned which was established when they were brought into use.

Where the amendments referred to in this clause are introduced to accounting policies for taxation purposes, the amortization subgroups which are envisaged by clause 13 of Article 258 of this Code shall be created within amortization groups which have been formed in accordance with the procedure established by this clause.

4. Where amendments are made to accounting policies for taxation purposes in accordance with clause 1 of Article 259 of this Code according to which a taxpayer which applies the non-linear method of charging amortization transfers to the application of the linear method of charging amortization, the taxpayer shall, in accordance with Article 257 of this Code, determine the net book value of the items of amortizable assets as at the 1<sup>st</sup> day of the tax period from the beginning of which the accounting policies for taxation purposes prescribe that the linear method of charging amortization is to be applied.

In this respect, the amortization norm for each item of amortizable assets shall be determined in accordance with clause 2 of Article 259.1 of this Code on the basis of the residual useful life of an item of amortizable assets as determined as at the 1<sup>st</sup> day of the tax period from the beginning of which the accounting policies for taxation purposes prescribe that the linear method of charging amortization is to be applied.

### **Article 323 Special Considerations Relating to the Maintenance of Tax Records of Operations Involving Amortizable Assets**

A taxpayer shall determine profit (losses) from the sale or disposal of amortizable assets on the basis of analytical records for each item as at the date on which income (an expense) is recognised.

Records of income and expenses associated with amortizable assets shall be maintained on an item-by-item basis, with the exception of amortization charged on items of amortizable assets where the non-linear method of charging of amortization is applied.

Analytical records must contain information:

- on the historical cost of amortizable assets sold (disposed of) in the accounting (tax) period;
- on changes in the historical cost of such fixed assets upon further construction, further equipping, reconstruction or partial liquidation;



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- on the useful lives assumed by the organization for fixed assets and intangible assets;
  
- on the amount of amortization charged on amortizable fixed assets and intangible assets for the period from the date on which the charging of amortization commenced up to the end of the month in which the assets were sold (disposed of) – for items on which amortization is charged using the linear method;
  
- on the amount of amortization charged and the aggregate balance of each amortization group and each amortization subgroup (where the non-linear method of charging amortization is applied);
  
- on the net book value of items of amortizable assets within amortization groups (subgroups) as determined in accordance with clause 1 of Article 257 of this Code – when items of amortizable assets are disposed of;
  
- on the sale price of amortizable assets on the basis of the conditions of the purchase and sale agreement;
  
- on the date of acquisition and the date of sale (disposal) of assets;
  
- on the date on which assets were transferred for use, on the date on which assets were excluded from the composition of amortizable assets on the grounds envisaged by clause 3 of Article 256 of this Code, on the date on which assets were put back into use, on the date of termination of an agreement on use without consideration, on the date of completion of reconstruction work, on the date of modernization;
  
- on expenses incurred by the taxpayer in connection with the sale (disposal) of amortizable assets, and in particular the expenses which are envisaged by subsection 8 of clause 1 of Article 265 of this Code and expenses associated with the storage, servicing and transportation of the assets sold (disposed of).

As at the date on which an operation is carried out the taxpayer shall determine the profit (loss) from the sale of amortizable assets in accordance with clause 3 of Article 268 of this Code.

There shall be recorded in analytical records as the date of sale of amortizable assets the amount of the profit (loss) from that operation, which shall be taken into account as follows for the purpose of determining the tax base.

Profit received by the taxpayer must be included in the composition of the tax base in the accounting period in which the sale of the assets took place.

Any loss resulting for the taxpayer shall be reflected in analytical records as miscellaneous expenses of the taxpayer in accordance with the procedure which is established by Article 268 of this Code.

Analytical records must contain information on the items in respect of which there are amounts of such expenses, the number of months during which those expenses may be

included in the composition of miscellaneous expenses associated with production and sales, and the amount of expenses attributable to each month. The time period shall be determined in months and shall be calculated as the difference between the number of months of the useful life of the assets and the number of months for which the assets were used prior to sale, including the month in which the assets were sold.

**Article 324    The Procedure for Maintaining Tax Records of Expenses for the Repair of Fixed Assets**

1.            In analytical records the taxpayer shall determine the amount of expenses associated with the repair of fixed assets with account taken of the classification of all expenses incurred, including the cost of spare parts and consumables used for repairs, expenses associated with payment for the labour of employees who carry out repairs and other expenses associated with the performance of those repairs using the taxpayer's own manpower, and with account taken of expenditures on payment for work performed using outside manpower.
  
2.            A taxpayer which forms a reserve against future repair expenses shall calculate allocations to that reserve on the basis of the aggregate value of fixed assets as calculated in accordance with the procedure established by this clause and the allocation norms which are approved by the taxpayer independently in accounting policies for taxation purposes.

The aggregate value of fixed assets shall be determined as the sum of the historical cost of all amortizable fixed assets which have been commissioned as at the beginning of the tax period in which the reserve against future expenses for the repair of fixed assets is formed. The aggregate value of amortizable fixed assets which were commissioned before the entry into force of this Chapter shall be computed on the basis of the replacement value as determined in accordance with clause 1 of Article 257 of this Code.

For the purpose of determining norms of allocations to the reserve against future expenses for the repair of fixed assets the taxpayer shall be obliged to determine the maximum amount of allocations to the reserve against future expenses for the repair of fixed assets on the basis of the periodicity of repairs to an item of fixed assets, the frequency with which components of fixed assets (in particular units, parts and structures) are replaced and the estimated cost of those repairs. In this respect, the maximum amount of the reserve against future expenses for those repairs may not exceed the average amount of actual repair expenses over the last three years. Where a taxpayer accumulates resources for the purpose of carrying out especially complex and expensive types of capital repairs to fixed assets over more than one tax period, the maximum amount of allocations to the reserve against future expenses for the repair of fixed assets may be increased by the amount of allocations for the financing of those repairs insofar as they fall in the tax period in question in accordance with the schedule for the performance of those types of repairs, provided that the same or similar repairs were not carried out in previous tax periods.

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During the tax period allocations to the reserve against future expenses for the repair of fixed assets shall be charged to expenses in equal portions as at the last day of the accounting (tax) period in question.

Where a taxpayer creates a reserve against future expenses for the repair of fixed assets, the amount of expenditures actually incurred for the performance of repairs shall be charged to the resources in that reserve.

Where the amount of expenditures actually incurred for the repair of fixed assets in an accounting (tax) period exceeds the amount of the created reserve against future expenses for the repair of fixed assets, the balance of expenditures shall, for taxation purposes, be included in the composition of miscellaneous expenses as at the date on which the tax period ends.

If, at the end of the tax period, the balance of resources in the reserve against future expenses for the repair of fixed assets exceeds the amount of expenditures actually incurred in the current tax period for the repair of fixed assets, the amount of that excess as at the last date of the current tax period shall, for taxation purposes, be included in the composition of the taxpayer's income.

Where, in accordance with the accounting policies for taxation purposes and on the basis of the schedule for the performance of capital repairs to fixed assets, a taxpayer accumulates resources for the financing of such repairs over more than one tax period, the balance of those resources as at the end of the current tax period shall not be included in the composition of income for taxation purposes.

3. Where a taxpayer carries out types of activity in relation to which the tax base for tax is calculated separately in accordance with Article 274 of this Code, analytical records of expenses for the repair of fixed assets shall, for taxation purposes, be organized by type of production and by type of activity.

### **Article 324.1 The Procedure for Accounting for Expenses for the Formation of a Reserve Against Future Expenses Associated with Vacation Pay and a Reserve for the Payment of the Annual Bonus for Long Service**

1. A taxpayer which has adopted a decision whereby future expenses associated with vacation pay for employees are taken into account evenly for taxation purposes must reflect its adopted method of forming reserves in accounting policies for taxation purposes and determine the maximum amount of allocations and the monthly percentage of allocations to that reserve.

For these purposes the taxpayer must draw up a special computation (estimate) showing the computation of the size of monthly allocations to the above-mentioned reserve on the basis of information on the estimated annual amount of expenses for vacation pay, including the amount of insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against

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industrial accidents and occupational illnesses. In this respect, the percentage of allocations to that reserve shall be determined as the ratio of the estimated amount of vacation pay expenses for the year to the estimated amount of labour payment expenses for the year.

2. Expenses for the formation of the reserve against future expenses for vacation pay shall be taken to accounts used to record expenses associated with payment for the labour of the relevant categories of employees.
3. The taxpayer must make an inventory of the above-mentioned reserve as at the end of the tax period.

Amounts of the above-mentioned reserve which remain unused as at the last day of the current tax period must be included in the composition of the tax base for the current tax period.

In the event that the resources of the actually accrued reserve as confirmed by an inventory as at the last day of the tax period are insufficient, the taxpayer must include in expenses as at December 31 of the year in which the reserve was accrued the amount of actual expenses for vacation pay and the amount of insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses accordingly for which the above-mentioned reserve was not previously created.

4. The reserve against future expenses associated with vacation pay for employees must be adjusted on the basis of the number of days of unused leave, the average daily amount of labour payment expenses for employees (with account taken of the established method of computing average earnings) and compulsory contributions of insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses.

If, according to the results of an inventory of the reserve against future expenses associated with vacation pay, the amount of the calculated reserve with respect to unused leave, as determined on the basis of the average daily amount of labour payment expenses and the number of days of unused leave at the end of the year, exceeds the actual balance of the unused reserve at the end of the year, the amount of the excess shall be included in the composition of labour payment expenses. If, according to the results of an inventory of the reserve against future expenses associated with vacation pay, the amount of the calculated reserve with respect to unused leave, as determined on the basis of the average daily amount of labour payment expenses and the number of days of unused leave at the end of the year, is found to be less than the actual balance of the unused reserve at the end of the year, the negative difference shall be included in the composition of non-sale income.

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5. Should the taxpayer, upon revising its accounting policies for the next tax period, consider that it would be inexpedient to form a reserve against future expenses associated with vacation pay, then the amount of the balance of that reserve revealed as a result of the inventory taken as at December 31 of the year in which it was accrued shall, for taxation purposes, be included in the composition of non-sale income for the current tax period.
6. The taxpayer shall make allocations to the reserve against future expenses for the payment of annual long service and performance bonuses according to a similar procedure.

### **Article 325 The Procedure for the Maintenance of Tax Records of Expenses for the Development of Natural Resources**

1. Taxpayers which have decided to acquire licences to use subsurface resources shall reflect expenses incurred for the purpose of acquiring licences separately in analytical tax ledgers. In this respect, expenses associated with the acquisition of each individual licence shall be recorded separately.

Expenses incurred for the purpose of acquiring a licence shall include, in particular:

- expenses associated with the preliminary appraisal of a deposit;
- expenses associated with the performance of an audit of deposit reserves;
- expenses for the development of a feasibility study (other similar work) and a project for the development of a deposit;
- expenses for the acquisition of geological and other information;
- expenses for the payment of fees for participation in a competitive tender (auction).

Where a taxpayer concludes a licence agreement for the right to use subsurface resources (receives a licence), expenses incurred by the taxpayer for the purposes of acquiring a licence shall form part of the cost of the licence agreement (licence), which shall be included by the taxpayer in the composition of intangible assets on which amortization is charged in accordance with the procedure established by Articles 256 to 259.2 of this Code or, at the taxpayer's choice, in the composition of miscellaneous production and sale expenses over a period of two years. The treatment of the above-mentioned expenses which is chosen by the taxpayer shall be reflected in its accounting policies for taxation purposes.

In the event that, on the basis of the results of a competitive tender (auction), a taxpayer does not conclude a licence agreement for the right to use subsurface resources (does not receive a licence), expenses incurred for the purposes of acquiring a licence shall be included in the composition of miscellaneous expenses from the first of the month following the month in which the

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competitive tender (auction) was held and evenly over two years. Where, after preliminary expenses incurred for the purposes of acquiring a licence have been incurred, a taxpayer decides not to take part in a competitive tender (auction) or decides that the acquisition of the licence would be inexpedient, those expenses shall likewise be included in the composition of miscellaneous expenses from the first of the month following the month in which the taxpayer adopted that decision and evenly over five years. In this respect, the above-mentioned decision shall be documented by an appropriate order (instruction) of the director.

A similar procedure shall apply for the recording of expenses which are incurred for the purpose of acquiring licences to use subsurface resources where such licences are issued to a taxpayer without competitive tenders being held.

2. The expenses for the development of natural resources which are envisaged by clause 1 of Article 261 of this Code shall be reflected in analytical tax ledgers separately for each site of subsurface resources (deposit) or section of a territory (water area) which is reflected in the taxpayer's licence agreement (licence to use subsurface resources).

In this respect, depending on the specific type of expenses, expenses shall be grouped as:

- general expenses for a developed site (deposit) as a whole;
- expenses relating to individual parts of the area of a site under development;
- expenses relating to a particular facility which is created in the process of the development of a site.

General expenses shall include, in particular:

- expenses for the exploration and appraisal of deposits of commercial minerals (including audits of reserves), prospecting for commercial minerals and (or) hydrogeological surveys which are carried out on a site of subsurface resources in accordance with licences (permits) granted in accordance with the established procedure, and expenses for the acquisition of necessary geological and other information from third parties.

Expenses relating to individual parts of the area of a site under development shall include, on the basis of primary accounting documents, in particular:

- expenses for the preparation of an area for the conduct of mining, construction and other work in accordance with established requirements relating to safety and the protection of lands, subsurface resources and other natural resources;
- other expenses associated with the development of a part of the area of a site.

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The amount of general expenses shall be recorded with respect to each part of the area of a site (deposit) which is under development in a proportion determined on the basis of the ratio of the amount of expenses relating to individual parts of the area of the site which is under development to the total amount of expenses which are incurred for the development of the site (deposit) in question.

Expenses relating to a particular facility which is created in the process of the development of a site shall include expenses which are directly connected with the construction of installations which, on the basis of a decision of the taxpayer, may subsequently be recognised as permanently operated fixed assets.

3. Where geological exploration work and geological prospecting work involving prospecting for commercial minerals is carried out, the amount of expenses incurred by the taxpayer shall be determined on the basis of certificates of work performed under agreements with contractors and on the basis of amounts of expenditures actually incurred by the taxpayer which are classified as expenses for the development of natural resources in accordance with the provisions of this Article.

The taxpayer shall organize tax accounting for the above-mentioned expenses for each agreement and each facility connected with the development of natural resources.

Analytical tax ledgers must contain information on the completion of work separately for each agreement involving such work on each individual site of subsurface resources.

Expenses incurred under an agreement with a contractor shall be included in the composition of miscellaneous expenses from the 1<sup>st</sup> of the month in which an appropriate certificate for work (phases of work) performed under that agreement is signed. The expenses incurred shall be included in the composition of miscellaneous expenses in equal portions over the periods envisaged by Article 261 of this Code.

Current expenses for the maintenance of facilities associated with the development of natural resources (including labour payment expenses, expenses associated with the maintenance and operation of temporary structures and other similar expenses) and expenses for the supplementary exploration of a deposit or of areas thereof which are within the boundaries of an organization's mining or land allotment shall be wholly included in the composition of expenses for the accounting (tax) period in which they were incurred. In this respect, expenses for supplementary exploration shall include expenses associated with supplementary exploration work on deposits which have been brought into use and commercially developed.

The above-mentioned accounting procedure shall apply to all geological exploration and geological prospecting work, including expenses incurred for work which is recognised as unsuccessful or devoid of prospects or the continuation of which is deemed to be inexpedient.

In the event that a site which is under development (part of the area of a site which is under development) is deemed by a taxpayer to be devoid of prospects or the continuation of its development is deemed to be inexpedient, amounts of expenses incurred by the taxpayer for the development of that site shall be included in the composition of miscellaneous expenses according to the standard procedure which is envisaged by Article 261 of this Code.

4. In the event that expenses of a taxpayer which are incurred as part of expenses for the development of natural resources are directly connected with the construction of facilities which, on the basis of a decision of the taxpayer, may subsequently become permanently operated fixed assets (including wells), those expenses shall be recorded in analytical tax ledgers in relation to each item of fixed assets which is created. Those items of fixed assets shall be amortized in accordance with the procedure which is established by this Chapter.

Expenses for the construction of temporary structures (including temporary approach paths and roads; sites and facilities for the preservation of the fertile layer of soil and the storage of extracted rocks and waste; temporary structures for the residence of participants in geological prospecting work and other similar facilities) shall be included in the composition of miscellaneous expenses from the first of the month in which work on the creation thereof is completed on the basis of certificates of work performed.

5. In the event that a well proves (is deemed) to be unproductive, expenses incurred by the taxpayer for the abandonment of that well shall also be included in the composition of expenses which are recorded in tax records in relation to that facility in accordance with the procedure which is established by Article 261 of this Code. The total amount of expenses reflected in tax records in relation to the facility in question shall be included in the composition of miscellaneous expenses in accordance with the procedure which is envisaged by this Article.

6. Where the right to use a subsurface site (subsurface sites) passes (is transferred) to a third party in accordance with the legislation of the Russian Federation, expenses for the development of natural resources which were actually incurred by the taxpayer which previously held the licence shall be taken into account by that taxpayer in accordance with the procedure established by this Article.

Where the right to use a subsurface site (subsurface sites) is transferred in connection with the re-organization of an organization, expenses shall be taken into account in accordance with clause 2.1 of Article 252 of this Code.



**Article 325.1 Tax Accounting Treatment of Expenses Associated with the Ensuring of Safe Working Conditions and Occupational Protection in Connection with Coal Mining**

1. Where a taxpayer applies a tax deduction for tax on the extraction of commercial minerals in accordance with Article 343.1 of this Code, the taxpayer shall ensure that expenses associated with the ensuring of safe working conditions and occupational protection in connection with coal mining at a particular subsurface site are recorded separately from other expenses associated with the development of that subsurface site.
2. Expenses associated with the ensuring of safe working conditions and occupational protection in connection with coal mining which have been incurred by a taxpayer shall be recorded separately for each subsurface site in the accounting (tax) period in which they were incurred.
3. Where expenses such as are referred to in clause 2 of this Article are incurred in relation to a number of subsurface sites (and it is impossible for the expenses to be separated), for the purposes of applying the tax deduction established by Article 343.1 of this Code the expenses in question shall be recognised separately for each subsurface site in a proportion to be determined by the taxpayer in accordance with the accounting policies adopted by the taxpayer for taxation purposes.
4. The range of types of expenses associated with the ensuring of safe working conditions and occupational protection in connection with coal mining which may be deducted from the amount of tax on the extraction of commercial minerals shall be determined by the Government of the Russian Federation with account taken of the provisions of clause 5 of Article 343.1 of this Code.
5. An amount of expenses which is not taken into account in calculating a tax deduction in accordance with the procedure established by clause 4 of Article 343.1 of this Code within 36 tax periods for tax on the extraction of commercial minerals shall be recognised as an expense incurred by a taxpayer in calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code according to the following rules:
  - 1) expenses such as are referred to in subsection 1 of clause 5 of Article 343.1 of this Code shall be taken into account evenly over the course of a year commencing from the day following the day on which the expenses in question cease to be recognised in accordance with Article 343.1 of this Code;
  - 2) expenses such as are referred to in subsections 2 and 3 of clause 5 of Article 343.1 of this Code shall be taken into account in accordance with the procedure established by Articles 256 to 259.3 of this Code. In this respect, the net book value of amortizable assets shall be understood to be the difference between the historical cost which is determined in accordance with the procedure established by Article 257 of this Code and amounts taken into account in applying the tax deduction for tax on the extraction of commercial minerals in accordance with Article 343.1 of this Code.

**Article 326 Procedure for the Maintenance of Tax Records for Term Transactions Where the Accrual-Basis Method is Used**

A taxpayer in respect of transactions involving term transaction financial instruments shall determine the tax base on the basis of data in tax ledgers.

Data in tax ledgers must reflect the procedure for determining the amount of income (expenses) with respect to term transactions which are taken into account for taxation purposes.

Taxpayers shall be obliged to maintain analytical records of claims (obligations) associated with term transaction financial instruments for each type of term transaction financial instrument. Analytical records of claims (obligations) shall be maintained separately for transactions involving term transaction financial instruments which are circulated on the organized market, for transactions involving term transaction financial instruments which are not circulated on the organized market and for operations carried out for hedging purposes.

Data in tax ledgers must indicate in monetary terms the amounts of a taxpayer's claims (obligations) against contract partners in accordance with the conditions of agreements concluded:

- for delivery term transactions;
- for cash settlement term transactions.

Claims (obligations) in respect of term transaction financial instruments, whether or not circulated on the organized market, shall not be subject to ongoing revaluation in connection with changes in the market price, market quotation or currency exchange rate or the values of interest rates, stock indices or other indicators of the underlying asset with account taken of the provisions of this Article.

Taxpayers shall reflect changes in the current value of term transaction financial instruments circulated on the organized market in the tax base to the extent of monetary amounts calculated by an exchange (clearing organization). This requirement shall not apply to term transaction financial instruments whose conditions provide that the fulfilment of the obligation of one party to the term transaction financial instrument shall take place upon the presentation of demands by the other party to that transaction, including where this depends on circumstances whose occurrence is uncertain.

Claims (obligations) in respect of transactions classified as transactions for deferred delivery of the subject of the transaction shall likewise not be subject to ongoing revaluation in connection with changes in the market price, market quotation or currency exchange rate or the values of interest rates, stock indices or other indicators of the underlying asset with account taken of the provisions of this Article.

A taxpayer shall reflect in analytical records as at the date of conclusion of a transaction the amount of claims (obligations) which have arisen in relation to contract partners on the basis of the conditions of the transaction and claims (obligations) in respect of the underlying asset (including goods, monetary resources, precious metals, securities and interest rates).

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The tax base shall be determined by the taxpayer as at the date of execution of a term transaction with account taken of the provisions of this Chapter.

Upon the delivery of securities circulated on the organized market which are the underlying asset of a term transaction financial instrument, the financial result from transactions involving that underlying asset shall be determined on the basis of the actual delivery price of the underlying asset in accordance with the conditions of execution of the term transaction financial instrument.

Where the conditions of a term transaction financial instrument or of a term transaction classified as a transaction for deferred delivery of the subject of the transaction provide for interim settlements (excluding advance payments) to be made, including when the assessed value of claims (obligations) changes in connection with changes in the market price, market quotation or currency exchange rate or the values of interest rates, stock indices or other indicators of the underlying asset, the taxpayer shall determine income (expenses) as at each date on which such settlements are made in accordance with the conditions of the transaction in question.

The premium for an option contract which is agreed upon by the parties, irrespective of whether the contract is qualified as a term transaction financial instrument or as a transaction for deferred delivery of the subject of the transaction, shall be included in relevant income (expenses) on a lump-sum basis on the date on which settlements in respect of the option premium are made in the case of taxpayers which apply the accrual-basis method, irrespective of whether or not the option contract is performed and irrespective of the type of underlying asset.

When a term transaction financial instrument falls due the taxpayer shall assess claims and obligations as at the date of execution in accordance with the conditions of conclusion of the transaction and shall determine the amount of income (expenses) to be included in the tax base.

A taxpayer shall assign to separate records transactions involving term transaction financial instruments which are concluded for the purpose of offsetting possible losses arising as a result of an unfavourable change in the price or other indicator of the underlying asset (hedged item).

A taxpayer shall prepare a statement for each individual hedging operation, which shall contain the following:

- a description of the hedging operation, including the name of the hedged item, the types of insured risks (price, currency, credit, interest or other similar risks), planned action in relation to the hedged item (purchase, sale and other action), the term transaction financial instruments which it is planned to use and the conditions of execution of the transactions;
- the commencement date of the hedging operation, its end date and (or) duration, and interim settlement conditions. The commencement date of the hedging operation may be established by setting out a procedure for determining that date;

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- the volume, date and price of the transaction (transactions) involving the hedged item (in the case of expected (planned) transactions – the volume, date, price and other essential conditions of the transaction);
  
- the volume, date and price of the transaction (transactions) involving term transaction financial instruments.

The statement may also contain other information, at the taxpayer's discretion, which serves as evidence that the operation was performed for hedging purposes.

Where claims (obligations) arising from a set of transactions are hedged, or where assets of a taxpayer are hedged, the commencement date and end date of the hedging operation shall be determined by the taxpayer independently on the basis of projected indicators for the hedged item.

Taking into account the provisions of this Article and Articles 301 to 305 of this Code, income (expenses) associated with term transaction financial instruments concluded for the purpose of offsetting unfavourable consequences which might arise for taxpayers as a result of changes in price, currency exchange rate or the values of interest rates, stock indices or other indicators of the hedged item shall be taken into account as at the end of the accounting (tax) period and as at the date of performance of a transaction (transactions), irrespective of the date on which income (expenses) associated with the hedged item arises (arise).

Upon completion of a hedging operation income (expenses) associated with term transaction financial instruments shall be determined with account taken of income (expenses) included in the tax base in preceding tax periods.

Where claims (obligations) in respect of a particular transaction are hedged, in the event that the transaction is cancelled early (or terminated on other grounds) income (expenses) associated with term transaction financial instruments shall be determined as at the end of the accounting (tax) period in which the early cancellation (termination on other grounds) of the transaction involving the hedged item occurred, or as at the date of execution of the transaction (transactions) if that date of execution fell before the accounting date of the period, and shall be included in the tax base, which shall be calculated with account taken of income (expenses) associated with the hedged item. In this respect, income (expenses) associated with term transaction financial instruments which arises (arise) after the accounting date of the period in which the early cancellation occurred shall be taken into account in determining the tax base in respect of term transaction financial instruments with account taken of income (expenses) previously included in the tax base in connection with operations involving the hedged item.

Income (expenses) associated with the early cancellation (termination on other grounds) of term transaction financial instruments which are used in a hedging operation shall be taken into account according to the same procedure and in the same tax base as income (expenses) associated with term transaction financial instruments which are used for hedging purposes.

The amount of the underlying asset of a term transaction financial instrument circulated on the organized market which is concluded for hedging purposes (a hedging instrument) may exceed the amount of the hedged item within a single hedging instrument if that excess is due to the standardization by the exchange of the amount of the underlying asset of a term transaction financial instrument.

Where expenses associated with financial instruments in term transactions concluded for hedging purposes and expenses incurred in connection with the corresponding hedging operations exceed income from those term transaction financial instruments as at the end of an accounting (tax) period or as at the date of execution of a transaction, that excess shall not cause the hedging operation to be reclassified as ordinary transactions involving term transaction financial instruments.

For the purposes of determining income (expenses) which is (are) to be included in the tax base, a taxpayer shall have the right to make provision in its tax accounting policies for term transaction financial instruments which are used for hedging purposes to undergo ongoing revaluation based on changes in the market price, market quotation or currency exchange rate or in the value of an interest rate, stock index or other indicators characterizing the underlying asset, provided that the hedged item is subject to revaluation in accordance with the requirements of this Code. In this respect, income (expenses) resulting from such revaluation shall be determined as at the end of the accounting (tax) period on the basis of changes in indicators specified in tax accounting policies relative to the corresponding indicators which are laid down in a term transaction financial instrument.

A taxpayer shall make an assessment of claims (obligations) as at the date of execution of a term transaction financial instrument in accordance with the conditions of the transaction, and shall determine the amount of income (expenses) with account taken of amounts previously included in income (expenses) for taxation purposes.

In the case of term transaction financial instruments which envisage the purchase and sale of foreign currency, or precious metals, or securities denominated in foreign currency, the taxpayer shall determine income (expenses) as at the date of execution of the transaction with account taken of exchange rate differences determined as the difference between the exchange rate of a foreign currency which is specified in the agreement and is applied for the purpose of executing the transaction and the official exchange of the foreign currency to the Russian Federation rouble which is set by the Central Bank of the Russian Federation and official prices for precious metals as at the date of execution of the transaction.

**Article 327    The Procedure for the Organization of Tax Accounting for Term Transactions Where the Cash-Basis Method is Used**

Taxpayers which use the cash-basis method of recognising income and expenses shall organize tax accounting in accordance with the principles which are set forth in this Chapter. Taxpayers which use the cash-basis method of recognising income and expenses shall determine income and expenses arising from operations involving term transaction financial instruments as at the date on which monetary resources are actually received (transferred).

**Article 328    The Procedure for the Maintenance of Tax Records of Income (Expenses) in the Form of Interest Under Loan, Credit, Bank Account and Bank Deposit Agreements and Interest on Securities and Other Debt Obligations**

1.            A taxpayer shall, on the basis of analytical records of non-sale income and expenses, maintain a breakdown of income (expenses) in the form of interest

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on securities, under loan, credit, bank account and bank deposit agreements and (or) on other forms of debt obligations.

The taxpayer shall independently reflect in analytical records the amount of income (expenses) in the amount of interest which is payable in accordance with the conditions of the above-mentioned agreements (or, in the case of securities, in accordance with the conditions of issue, or in the case of bills of exchange, in accordance with the conditions of issue or transfer (sale)) separately for each type of debt obligation with account taken of Article 269 of this Code.

The amount of income (expenditure) in the form of interest on debt obligations shall be recorded in analytical records on the basis of the rate of return established for each type of debt obligation and the period of validity of that debt obligation in the accounting period as at the date on which income (expenditure) is recognised, as determined in accordance with the provisions of Articles 271 to 273 of this Code.

2. Interest which is payable by a bank under a bank account agreement shall be included by the taxpayer in the tax base on the basis of a statement of the movement of monetary resources on the taxpayer's bank account, unless otherwise stipulated by this Chapter. If the bank account service agreement does not require settlements for the bank's services to be made each time that settlement and cash operation is carried out, the date of receipt of income for a taxpayer which has transferred to the accrual-basis method for the recognition, recording and determination of income and expenses shall be the last day of the accounting month.
3. Interest on credit and loan agreements and other similar agreements and other debt obligations (including securities) shall be accounted for as at the date on which income (expenditure) is recognised in accordance with this Chapter.
4. Interest received (receivable) by a taxpayer for the provision of monetary resources for use shall be included in the composition of income which is (expenses which are) included in the tax base on the basis of a statement on the movement of the taxpayer's monetary resources in a bank account, unless otherwise stipulated by this Article.

A taxpayer which recognises income (expenses) according to the accrual-basis method shall determine the amount of income (an expense) which has been received (paid) or is receivable (payable) in an accounting period in the form of interest in accordance with the conditions of an agreement on the basis of the rate of return established for each type of debt obligation and the period of validity of such debt obligation in the accounting period with account taken of the provisions of this clause. In analytical records the taxpayer must, on the basis of reports from the responsible person who is charged with maintaining records of income (expenses) in respect of debt obligations, include in the composition of income (expenses) the amount of interest which is receivable (payable) as at the end of the month.

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In the event that a debt obligation is settled early interest shall be determined on the basis of the interest rate envisaged by the conditions of the agreement with account taken of the provisions of Article 269 of this Code and the actual time of use of the borrowed funds.

The procedure for the recognition of income (expenses) in the form of interest which is established by this Article with respect to any type of debt obligation shall also be applied by organizations for which operations involving such debt obligations are deemed to be sales operations in accordance with their statutory activities.

5. In the case of State and municipal securities income in the form of interest shall be determined in accordance with Articles 271 and 273 of this Code and may be recognised as at the date on which they are sold on the basis of a purchase and sale agreement, or as at the date on which interest is paid on the basis of a bank statement, or as at the last date of the accounting period in accordance with the provisions of this Chapter. Interest shall be reflected in tax records on the basis of a report of the responsible person who calculates profit from securities transactions.

Where a taxpayer recognises income and expenses according to the cash-basis method, interest shall be deemed to have been received as at the date on which monetary resources are received. The basis for the inclusion of such amounts in the composition of income received in the form of interest shall be a bank statement concerning the movement of monetary resources in bank accounts.

Where a taxpayer uses the accrual-basis method of recognising income and expenses, the amount of interest which has been received by the taxpayer (is due to the taxpayer) in respect of State and municipal securities shall be recognised as income as at the date on which the security is sold, or as at the date on which such interest is paid (a coupon is redeemed) in accordance with the conditions of issue, or as at the last date of the accounting period in accordance with the provisions of this Chapter.

Where the sale price of State and municipal securities includes accumulated coupon income, the taxpayer shall, as at the date of sale, independently determine the amount of income in the form of interest on the basis of the purchase and sale agreement with account taken of the provisions of clauses 6 and 7 of this Article.

6. Where transactions are carried out involving State and municipal securities in respect to which, upon the sale thereof, accumulated coupon income (income in the form of interest) is included in the transaction price, a taxpayer which has transferred to the cash-basis method of recognising income (expenses) shall calculate income in the form of interest as the difference between the amount of accumulated coupon income received from the purchaser and the amount of accumulated coupon income paid to the seller. In the event that interest payments were made by the issuer in accordance with the conditions of issue between the date on which the security was sold and the date on which it was acquired, the date of receipt of income shall be deemed to be the date of payment of interest upon the redemption of the coupon. In this

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respect, income shall be determined as the difference between the amount of interest paid upon the redemption of the coupon and the amount of accumulated coupon income paid to the seller. Upon the sale of a security on which, while it was in the taxpayer's possession, the issuer paid interest income which was included in the composition of income in accordance with the procedure which is envisaged by this paragraph, interest income shall be deemed to be the amount received from the purchaser of that security.

7. A taxpayer which recognises income and expenses according to the accrual-basis method and carries out transactions involving State and municipal securities in respect to which, upon the sale thereof, accumulated interest (coupon) income is included in the transaction price shall determine income in the form of interest with account taken of the following provisions. If the security has not been sold by the end of the accounting (tax) period, the taxpayer must, as at the last day of the accounting (tax) period, determine the amount of interest income which is due on an accrual basis for that period.

In this respect, interest income for the accounting (tax) period shall be deemed to be the difference between the amount of accumulated interest (coupon) income calculated as at the end of the accounting (tax) period in accordance with the conditions of issue and the amount of accumulated interest (coupon) income calculated as at the end of the preceding tax period, unless the issuer made interest payments (coupon redemptions) after the end of the preceding tax period.

If the issuer made interest payments (coupon redemptions) in the current accounting (tax) period, then, in addition to interest income which was calculated and taken into account in respect of those payments (redemptions) in accordance with paragraph 4 of this clause, interest income shall be taken to be equal to the amount of accumulated interest (coupon) income calculated as at the end of that accounting (tax) period.

When the first payment of interest (coupon redemption) is made in an accounting (tax) period, interest income shall be calculated as the difference between the amount of interest which is payable (the coupon which is redeemed) and the amount of accumulated interest (coupon) income calculated as at the end of the preceding tax period. When subsequent payments of interest (coupon redemptions) are made in the accounting (tax) period, interest income shall be taken to be equal to the amount of interest which is payable (the coupon which is redeemed).

If the security concerned was acquired in the current tax period, interest income shall be calculated in accordance with the provisions of paragraphs 1 to 4, where the amount of accumulated interest (coupon) income calculated as at the end of the preceding tax period shall be replaced in calculations by the amount of accumulated interest (coupon) income paid by the taxpayer to the seller of the security.

Upon the sale of the above-mentioned security interest income shall be calculated in accordance with the provisions of subsection 1 to 4 of this clause, where the amount of accumulated interest (coupon) income calculated



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as at the end of the accounting (tax) period shall be replaced in calculations by the amount of accumulated interest (coupon) income calculated as at the date of sale.

### **Article 329    The Procedure for the Maintenance of Tax Records Upon the Sale of Securities**

Income from securities transactions shall be deemed to be receipts from the sale of securities in accordance with the conditions of a sale agreement.

Income and expenses associated with securities transactions shall be recognised in accordance with the procedure which is established by Article 271 or Article 273 of this Code depending on the method of recognising income and expenses which is used by the taxpayer.

In the case of the sale of securities the expense shall be the acquisition price of the securities sold as calculated with account taken of the method of accounting for securities which has been established by the taxpayer (FIFO, LIFO, unit cost).

Where the sale price of State and municipal securities which are circulated on the organized securities market includes a portion of accumulated coupon income, the amount of income and expenses in respect of such securities shall be calculated without the accumulated coupon income.

Profit (losses) from the sale of securities shall be recorded in tax records separately for sales of securities which are circulated on the organized securities market and securities which are not circulated on the organized securities market.

Interest income on State and municipal securities in respect to which it is envisaged that a portion of accumulated interest income shall be deducted from the transaction price shall be determined as at the date of sale on the basis of the purchase and sale agreement with account taken of the provisions of Article 328 of this Code and shall be recorded in tax records on the basis of a report of the responsible person who calculates profit (income) from securities transactions.

### **Article 330    Special Considerations Relating to the Maintenance of Tax Records of Income and Expenses of Insurance Organizations**

Taxpayers which are insurance organizations shall maintain tax records of income (expenses) received (incurred) under insurance, co-insurance and re-insurance agreements by agreement concluded and by type of insurance.

Income of a taxpayer in the form of the entire amount of an insurance contribution which is receivable shall be recognised as at the date of the inception of the taxpayer's liability to the policyholder under the agreement concluded which follows from the conditions of insurance, co-insurance and re-insurance agreements, irrespective of the procedure for the payment of the insurance contribution which is set forth in the agreement concerned (with the exception of life insurance and pension insurance agreements). In the case of life insurance and pension insurance agreements, income in the form of a portion of the insurance contribution shall be

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recognised at the moment when the taxpayer's right to receive the next regular insurance premium arises in accordance with the conditions of those agreements.

A taxpayer shall, according to the procedure and subject to the conditions which are established by the legislation of the Russian Federation, form insurance reserves. Taxpayers shall reflect changes in the sizes of insurance reserves by type of insurance.

Insurance payments under an agreement which are payable in accordance with the conditions of that agreement shall be included in the composition of expenses as at the date on which there arises for the taxpayer an obligation to pay an insurance indemnity in favour of the policyholder or insured persons (in the case of liability insurance - in favour of the beneficiary) in respect of an insured event which has actually occurred, expressed as an absolute monetary amount which must be calculated in accordance with the legislation of the Russian Federation and the rules of insurance. Income (an expense) in the form of amounts of reimbursements of a portion of insurance payments shall be recognised as at the date on which there arises for the re-insurer an obligation to make payments to the re-insured in respect of an insured event which has actually occurred, expressed as an absolute monetary amount, according to the conditions of the re-insurance agreement.

Amounts of reimbursements which are due to the taxpayer as a result of the satisfaction of recourse actions or which have been acknowledged by the guilty parties shall be recognised as income:

- as at the date on which the court decision enters into legal force;
- as at the date of a written undertaking of the guilty party to make restitution for losses caused.

In this respect, a portion of the above-mentioned amounts which are reimbursable to re-insurers by the re-insured shall be included in the income (expenses) of the re-insured and the re-insurer respectively at the moment which is established for those taxpayers in accordance with this Article.

A taxpayer shall maintain records of insurance premiums (contributions) under co-insurance agreements to the extent of the taxpayer's portion thereof in accordance with the conditions of those agreements.

Income of a taxpayer which carries out compulsory medical insurance in the form of resources received from territorial compulsory medical insurance funds shall be recognised as at the date on which those resources are transferred, as specified by the financing agreement, and in an amount to be determined on the basis of the financing procedure which is set out in that agreement.

Insurance payments under an agreement on the compulsory insurance of the civil liability of vehicle owners which have been made on behalf of a taxpayer – insurance organization by another insurer which is a party to a direct indemnification agreement in accordance with the legislation of the Russian Federation concerning the compulsory insurance of the civil liability of vehicle owners shall be included in expenses as at the date on which a demand is received from the insurer which effected direct indemnification for the payment of the amount for which it indemnified the injured party.

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The items of income referred to in subsections 11.1 and 11.2 of clause 2 of Article 293 of this Code and the expense items referred to in subsections 9.1 and 9.2 of clause 2 of Article 294 of this Code shall be recognised where the settlement of obligations between insurers under a direct indemnification agreement takes place on the basis of the number of satisfied claims during an accounting period and average amounts of insurance payments. The amounts of such income and expenses shall be determined after the end of each accounting period by comparing the aggregate amounts of accumulated positive and negative differences which have arisen as a result of settlements with each individual insurer. In this respect, only those direct indemnification operations shall be taken into account for which settlements have been completed as at the end of the accounting (tax) period:

- for an insurer which insured the civil liability of an injured party, provided that the payment due to the injured party has been made and indemnification for that payment has been received in the amount of the average insurance payment amount from the insurer which insured the civil liability of the tortfeasor;
- for an insurer which insured the civil liability of a tortfeasor, provided that the insurance payment made by the insurer which insured the civil liability of the injured party has been recognised as an expense and reimbursement for that payment has been made in the amount of the average insurance payment amount.

Direct indemnification operations for which settlements have not been completed shall be taken into account in the following accounting (tax) period.

### **Article 331 Special Considerations Relating to the Maintenance of Tax Records of Income and Expenses of Banks**

Taxpayers which are banks shall maintain tax records of income and expenses received from (incurred in the course of) carrying out banking activities through the reflection of operations and transactions in analytical records in accordance with the procedure for the recognition of income and expenditure which is established by this Chapter.

Analytical records of income and expenses which are received (incurred) in the form of interest on debt obligations shall be maintained in accordance with the procedure which is envisaged by Article 328 of this Code.

Income and expenses attributable to economic and other operations relating to future accounting periods in respect of which advance payments have been made in the current accounting period shall be included in the amount of resources to be taken to expenses when the accounting period to which they relate is reached. Analytical records of income and expenses for economic operations shall be broken down by agreement, reflecting the date and amount of the advance received (paid) and the period during which that amount is taken to income and expenses.

Commission charges for services associated with correspondence relations which are paid by a taxpayer and expenses associated with settlement and cash services, the opening of accounts with other banks and other similar operations shall be taken to expenses as at the date of completion of the operation where the agreement envisages settlements for each individual

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operation or as at the last day of the accounting (tax) period. The taxpayer shall maintain records in similar fashion for income associated with the performance of operations involving the provision of settlement and cash services to clients, correspondent relations and other similar operations.

The amount of positive (negative) differences arising from the adjustment of the book value of precious metals when it is changed shall be included in the composition of income in the form of the balance of the excess of positive over negative adjustments and in the composition of expenses in the form of the balance of the excess of negative over positive adjustments as at the last day of the accounting (tax) period. Upon the sale of precious metals, a positive difference between the sale price and the book value of such precious metals as at the date on which they are sold shall be deemed to be income, and a negative difference shall be deemed to be an expense. The book value of precious metals shall be understood to mean their purchase cost with account taken of any adjustment which is made while those metals are in the taxpayer's possession in accordance with a requirement of the Central Bank of the Russian Federation.

In the case of transactions involving the purchase and sale of precious stones, a taxpayer shall reflect in tax records the quantitative and value indicators (mass and price) of precious stones which have been acquired and sold. An adjustment of the purchase cost of precious stones to listed prices shall not be regarded as income (expenditure) of the taxpayer. Upon the disposal of precious stones which are sold, income (loss) shall be determined in the form of the difference between the sale price and the book value. The book value shall be understood to mean the acquisition price of the precious stones.

Analytical records shall be maintained for each agreement on the purchase and sale of precious stones. There shall be recorded in analytical records the dates of completion of purchase and sale operations, the purchase price, the sale price and quantitative and qualitative characteristics of the precious stones.

### **Article 332 Special Considerations Relating to the Maintenance of Tax Records of Income and Expenses Upon the Performance of a Fiduciary Agreement**

A taxpayer - organization which is an asset manager under the conditions of a fiduciary agreement shall be obliged to maintain separate analytical records for income and expenses associated with the performance of the fiduciary agreement and for income received in the form of a fee from fiduciary management, with a breakdown by individual fiduciary agreement.

Analytical records must provide information which makes it possible to determine the principal and the beneficiary, the date of entry into force and the date of termination of the fiduciary agreement, the value and composition of assets received for fiduciary management and the procedure and time limits for settlements in respect of the fiduciary management. When operations are carried out involving assets received for fiduciary management, income and expenses shall be reflected in accordance with the rules for the determination of income and expenses which are established by this Chapter.

Income of a principal and a fiduciary under a fiduciary agreement shall be determined in each accounting (tax) period irrespective of whether or not the agreement in question provides for settlements to be made during the period of validity of the fiduciary agreement.

The amount of the fee payable to the fiduciary shall be deemed an expense under the fiduciary agreement and shall reduce the amount of income received from operations involving the assets placed under fiduciary management. If a third person - a beneficiary - is designated as the beneficiary under the fiduciary agreement, expenses (losses) (other than the fee) associated with the performance of the fiduciary agreement shall not reduce other types of income received by the principal.

When amortizable assets are returned to a principal, such assets shall be included in the same amortization group and amortization shall be charged at the same rates and according to the same procedure as prior to the commencement of the fiduciary agreement. The amount of amortization charged for the entire period of use of such assets up to the date on which they are returned to the principal shall be taken into account in determining the net book value of such assets. Where the beneficiary is a third party, expenses (losses) from the reduction in the value of such assets shall not reduce the principal's tax base when the assets are returned.

**Article 333 Special Considerations Relating to the Maintenance of Tax Records of Income (Expenses) Associated With Repo Transactions**

Analytical records of repo transactions shall be maintained in analytical tax ledgers specially allocated for those purposes in relation to each transaction, in which respect monetary resources in foreign currency shall be indicated as a dual value: in foreign currency and in roubles.

The value of securities which are transferable in the second leg of the repo shall be recorded by the taxpayer who is the seller in the first leg of the repo.

The purchaser in the first leg of the repo shall keep records of the value of securities over the period from the date on which securities are acquired in the first leg of the repo up to the date on which they are sold in the second leg of the repo.

There shall be reflected in analytical records the date of sale (acquisition) and value of securities sold (acquired) in the first leg of the repo and the date of acquisition (sale) and value of securities to be acquired (sold) upon the execution of the second leg of the repo.

Where the object of a repo transaction is securities denominated in foreign currency, obligations (claims) arising for the purchaser (seller) in the first leg of the repo for the repurchase of those securities shall not be revalued in connection with changes in the official exchange rates of foreign currencies to the Russian Federation rouble which are set by the Central Bank of the Russian Federation.

Obligations (claims) in respect of monetary resources in foreign currency in the second leg of a repo where income (expenses) in respect of a repo transaction is (are) regarded in accordance with clauses 3 and 4 of Article 282 of this Code as interest on a loan provided (received) in the form of securities shall be subject to revaluation in connection with changes in the official exchange rate of foreign currency to the Russian Federation rouble which is set by the Central Bank of the Russian Federation.

The amount of monetary obligations (claims) to be revalued in connection with changes in the official exchange rate of a foreign currency to the Russian Federation rouble which is set

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by the Central Bank of the Russian Federation may be adjusted if, in accordance with the conditions of a repo agreement, payments made by an issuer on securities or monetary settlements occurring in connection with a change in the price of securities or in other cases provided for in the repo agreement in the period between the dates of execution of the first and second legs of the repo reduce the amount of monetary resources payable by the seller in the first leg of the repo when it subsequently acquires securities in the second leg of the repo.

The result of that revaluation shall be included in the organization's non-sale income (expenses).

**CHAPTER 25.1. LEVIES FOR THE USE OF FAUNA AND FOR THE USE OF  
AQUATIC BIOLOGICAL RESOURCES**

**Article 333.1 Payers of the Levies**

1. The payers of the levy for the use of fauna other than fauna classified as aquatic biological resources (hereafter in this Chapter referred to as “payers”) shall be organizations and physical persons, including private entrepreneurs, which receive in accordance with the established procedure a permit for the harvesting of fauna in the territory of the Russian Federation.
2. The payers of the levy for the use of aquatic biological resources (hereafter in this Chapter referred to as “payers”) shall be organizations and physical persons, including private entrepreneurs, which receive in accordance with the established procedure a permit for the harvesting (catching) of aquatic biological resources in the internal waters, in the territorial sea and on the continental shelf of the Russian Federation, in the exclusive economic zone of the Russian Federation and in the Azov, Caspian and Barents seas and in the area of the Spitzbergen archipelago.

**Article 333.2 Objects of Assessment**

1. The objects of assessment shall be as follows:
  - items of fauna in accordance with the list established by clause 1 of Article 333.3 of this Code, the removal of which from their habitat is carried out on the basis of a permit for the harvesting of fauna which is issued in accordance with the legislation of the Russian Federation;
  - items of aquatic biological resources in accordance with the list established by clauses 4 and 5 of Article 333.3 of this Code, the removal of which from their habitat is carried out on the basis of a permit for the harvesting (catching) of aquatic biological resources which is issued in accordance with the legislation of the Russian Federation, including items of aquatic biological resources which are to be removed from their habitat as authorized bycatch.
2. For the purposes of this Chapter there shall not be recognised as objects of assessment fauna and aquatic biological resources which are used to meet personal needs by representatives of indigenous small national communities of the North, Siberia and the Far East of the Russian Federation (according to a list to be approved by the Government of the Russian Federation) and by persons who do not belong to indigenous small national communities but permanently reside in areas of their traditional habitation and traditional economic activity, and for whom hunting and fishing form the basis of their existence. This right shall apply only to such quantity (volume) of fauna and aquatic biological resources as are harvested to meet personal needs in areas of the traditional habitation and traditional economic activity of a given category of payers. Limits on the use of fauna and limits and quotas on the

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harvesting (catching) of aquatic biological resources to meet personal needs shall be established by executive bodies of constituent entities of the Russian Federation in consultation with authorized federal executive bodies.

#### **Article 333.3 Rates of the Levies**

1. The rates of the levy for each item of fauna shall be established at the following levels, unless otherwise established by clauses 2 and 3 of this Article:

Name of item of fauna	Rate of levy in roubles (per one animal)
Ox, hybrid between European bison and North American bison or domestic cattle	15,000
Bear (with the exception of Kamchatka populations and Asiatic black bear)	3,000
Brown bear (Kamchatka populations), Asiatic black bear	6,000
Red deer, elk	1,500
Spotted deer, fallow deer, snow ram, Siberian mountain goat, chamois, Caucasian mountain goat, moufflon	600
Roe deer, wild boar, musk deer, lynx, wolverine	450
Wild reindeer, saiga antelope	300
Sable, otter	120
Badger, marten, marmot, beaver	60
Himalayan marten	100
Raccoon	30
Steppe cat, reed cat	100
Marsh otter	30
Capercaillie, black-billed capercaillie	100
Caucasian snowcock	100
Pallas's sandgrouse	30
Pheasant, black grouse, water-rail, little crake, Baillon's crake, crake, band-bellied crake, common moorhen	20

2. In the case of the removal of young stock (aged under one year) of wild ungulates, the rates of the levy for the use of fauna shall be established at a level equal to 50 per cent of the rates established by clause 1 of this Article.
3. The rates of the levy for each item of fauna indicated in clause 1 of this Article shall be established at 0 roubles in the event that such items of fauna are used for the purpose of:
  - protecting public health, eliminating a threat to human life, protecting agricultural and domestic animals against illnesses, regulating the species composition of items of fauna and preventing damage to the economy and to fauna and its habitat, and for the purpose of the replenishment of items of



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fauna where this is carried out in accordance with a permit issued by an authorized executive body;

- examining stock levels, and for scientific purposes in accordance with the legislation of the Russian Federation.

4. The rates of the levy for each item of aquatic biological resources, other than marine mammals, shall be established at the following levels, unless otherwise established by clause 6 of this Article:

Name of item of aquatic biological resources	Rate of the levy in roubles (per one tonne)
Far Eastern basin (internal sea waters, territorial sea and exclusive economic zone of the Russian Federation and continental shelf of the Russian Federation in the Chukotsk, East Siberian and Bering Seas, the Sea of Okhotsk, the Sea of Japan and the Pacific Ocean)	
Walleye pollock of the Sea of Okhotsk	3,500
Walleye pollock of other harvesting areas	2,000
Cod	3,000
Bering Sea herring	400
Sea of Okhotsk herring in the spring / summer harvesting season	400
Herring of other harvesting areas and periods	200
Halibut	3,500
Rock trout	750
Sea perch	1,500
Sablefish	1,500
Tuna	600
Smelt	200
Saury	150
Loach	200
Humpbacked salmon	3,500
Dog salmon	4,000
Amur autumn dog salmon	3,000
Silver salmon	4,000
King salmon	6,000
Red salmon	20,000
Cherry salmon	6,000
Thorny-head	200
Sturgeons*	5,500
Plaice, navaga, capelin, anchovy, eelpout, grenadier, Arctic cod, hakeling, sculpin, swell-fish, sand lance, sharks, skates, mullets, other	10
Red king crab of the western coast of Kamchatka	35,000
Red king crab of the northern Sea of Okhotsk	35,000
Red king crab of other harvesting areas	35,000

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Blue king crab	35,000
Golden king crab	20,000
Sea of Okhotsk bairdi crab	35,000
Bairdi crab of other harvesting areas	13,000
Opilio snow crab	35,000
Triangle tanner crab	8,000
Red snow crab	8,000
Vermillion crab	200
Tanner crab	200
Scarlet king crab	200
Spiny king crab of the southern Kurile Islands	25,000
Spiny king crab of other harvesting areas	13,000
Hair crab of the area of south-eastern Sakhalin and Aniva Bay in the Sea of Okhotsk zone and of south-western Sakhalin in the Sea of Japan zone	20,000
Hair crab of other harvesting areas	9,000
Humpy shrimp	200
Northern shrimp	3,000
Bering Sea northern shrimp	200
Hokkai shrimp	2,600
Coonstripe shrimp	5,000
Other species of shrimp	200
Squid	500
Primorye subzone squid	200
Octopus	1,000
Common whelk	12,000
Sea scallop	9,000
Other molluscs (mussels, surf clam, Asian clam, et al.)	20
Sea cucumber	30,000
Cucumaria	300
Grey sea urchin	6,000
Black sea urchin	2,600
Other sea urchin (pale, polyacanthus, green, et al.)	6,000
Seaweed	10
Other aquatic biological resources	200
Northern basin (White Sea, internal sea waters, territorial sea and exclusive economic zone of the Russian Federation and continental shelf of the Russian Federation in the Laptev Sea and the Kara Sea and in the Barents Sea and the area of the Spitzbergen archipelago)	
Cod	5,000
Haddock	3,500
Atlantic salmon (semga)	7,500
Humpbacked salmon	200
Herring	400

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Chosa and White Sea herring	100
Plaice	200
Black halibut	7,000
Sea perch	1,500
Pollock	50
Whitefish	1,800
Vendace, smelt, navaga, catfish	200
Arctic cod, capelin, lumpsucker, European sand lance, thorny skate, sleeper shark, cusk, other	20
Kamchatka crab	30,000
Northern shrimp	3,000
Sculptured shrimp	2,000
Other shrimp (euphausiids)	20
Sea scallop	9,000
Other molluscs	20
Green sea urchin	3,000
Cucumaria	300
Seaweed	10
Baltic basin (internal sea waters, territorial sea and exclusive economic zone of the Russian Federation and continental shelf of the Russian Federation in the Baltic Sea, the Vistula Lagoon, the Courland Lagoon and the Gulf of Finland)	
Baltic herring	20
Sprat (kilka)	20
Atlantic salmon (Baltic salmon)	7,500
Cod	2,500
Siberian whitefish	1,500
Turbot	400
Other flatfish species	50
Eel	10,000
Lamprey	7,000
Pike perch	1,500
Vimba	1,800
Perch	400
Vendace, bream, pike, burbot, stickleback, roach, smelt, ruffe, whitebait, sabrefish, red-eye, silver bream, other	20
Caspian basin (areas of the Caspian Sea in which the Russian Federation exercises jurisdiction over fishing)	
Kilka (anchovy, big-eyed, common)	20
Herring (dolginka, Caspian shad, big-eyed shad, Caspian anadromous shad)	20
Large <i>chastik</i> (grey mullet, sand smelt, bream, sazan, sheat-fish, silver bream, pike, other, excluding pike perch and kutum)	150
Pike perch	1,000
Kutum	1,000

### Levies for Use of Fauna and Aquatic Resources

Caspian roach	200
Sturgeons*	5,500
Red-eye, tench, perch, crucian carp, other freshwater fish caught as bycatch	20
Azov-Black Sea basin (internal sea waters and territorial sea and exclusive economic zone of the Russian Federation in the Black Sea, areas of the Sea of Azov with Taganrog Bay in which the Russian Federation exercises jurisdiction over fishing)	
Pike perch	1,000
Black Sea turbot	2,000
All species of grey mullet	1,000
Bream	150
Sea roach	150
Black Sea anchovy	20
Tyulka	20
Sprat (kilka)	20
Vimba	1,800
Goatfish	1,800
Herring	450
Mugil soiuy	450
Sturgeons*	5,500
Skate, sabrefish, dogfish, horse-mackerel, sand smelt, sculpin, ark clam, whiting, other	10
Other aquatic biological resources (molluscs, seaweed)	10
Internal water bodies (rivers, reservoirs, lakes)	
Sturgeons*	5,500
Atlantic salmon (Baltic salmon, semga), king salmon, Amur autumn dog salmon, silver salmon, nelma salmon, Danube salmon, red salmon, eel	5,000
Dog salmon, cherry salmon, European sea trout	3,000
Baikal black grayling, broad whitefish, muksun	2,100
White-spotted char, bull trout, loach, brook trout, all species of trout, Manchurian trout, whitefish, omul, humpback whitefish, barbel, black-backed shad, vimba, asp, grayling, Danube bleak, kutum, sheat-fish, lamprey	1,200
Grass carp, asp, silver carp and sheat fish of the River Volga	150
Large <i>chastik</i> (other than pike perch)	150
Pike perch	1,000
Ladoga vendace, sea roach, Caspian roach, vendace	80
Brine shrimp	2,000
Gammarus	1,000
Crayfish	1,000
Other items of aquatic biological resources	20

\* The levy is charged in the case of authorized harvesting.

### Levies for Use of Fauna and Aquatic Resources

5. The rates of the levy for each item of aquatic biological resources that is a marine mammal shall be established at the following levels unless otherwise established by clause 6 of this Article:

Name of item of aquatic biological resources (marine mammal)	Rate of the levy in roubles (per one tonne)
Killer whale and other cetaceans (excluding the white whale)	30,000
White whale	7,000
Pacific walrus	1,500
Fur seal	10
Ringed seal (akiba)	10
Ribbon seal	10
Bearded seal (lakhtak)	10
Spotted seal	10
Greenland seal	10
Caspian seal	10
Baikal seal	10

6. The rates of the levy for each item of aquatic biological resources indicated in clauses 4 and 5 of this Article shall be established at 0 roubles in the event that the use of such items of aquatic biological resources occurs in connection with:

- fishing carried out for the purposes of the replenishment and acclimatization of aquatic biological resources;
- fishing carried out for research and control purposes.

7. The rates of the levy for each item of aquatic biological resources referred to in clauses 4 and 5 of this Article for town- and settlement-forming Russian fishing organizations which are included in a list to be approved by the Government of the Russian Federation, and for Russian fishing organizations, including fishing artels (collective farms), shall be established at a level equal to 15 per cent of the levy rates envisaged by clauses 4 and 5 of this Article.

For the purposes of this Chapter, town- and settlement-forming Russian fishing organizations shall be understood to mean organizations which satisfy the following criteria:

- they engage in fishing on fishing fleet vessels which are owned by them, or use them on the basis of chartering agreements (bareboat charter and time charter);
- they have been registered as a legal entity in accordance with the legislation of the Russian Federation;

### Levies for Use of Fauna and Aquatic Resources

- income from the sale of aquatic biological resources harvested (caught) by them and (or) of other products from aquatic biological resources which were produced from aquatic biological resources harvested (caught) by them accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the calendar year preceding the year in which a permit to harvest (catch) aquatic biological resources is issued;

- the number of employees, including family members residing with them, as at January 1 of the calendar year in which a permit to harvest (catch) aquatic biological resources is issued accounts for not less than half of the population of the corresponding inhabited locality.

For the purposes of this Chapter, fishing organizations shall be understood to mean organizations which engage in the catching of fish and (or) the production of fish products and other products from aquatic biological resources (including on fishing fleet vessels which are used on the basis of chartering agreements) and which sell those catches and products, provided that income from the sale of their catches of aquatic biological resources and (or) of fish products and other products from aquatic biological resources which were produced from those catches accounts for not less than 70 per cent of the total income of such organizations from the sale of goods (work and services).

#### **Article 333.4 Procedure for the Calculation of the Levies**

1. The amount of the levy for the use of fauna shall be determined for each item of fauna indicated in clauses 1 to 3 of Article 333.3 of this Code as the product of the relevant quantity of items of fauna and the rate of the levy which is established for that particular item of fauna.
2. The amount of the levy for the use of aquatic biological resources shall be determined for each item of aquatic biological resources indicated in clauses 4 to 7 of Article 333.3 of this Code as the product of the relevant quantity of items of aquatic biological resources and the rate of the levy which is established for that particular item of aquatic biological resources as at the date of commencement of the term of the permit.

#### **Article 333.5 Procedure and Time Limits for the Payment of the Levies. Procedure for the Crediting of the Levies**

1. The payers referred to in clause 1 of Article 333.1 of this Code shall pay the amount of the levy for the use of fauna upon receiving a permit for the harvesting of fauna.
2. The payers referred to in clause 2 of Article 333.1 of this Code shall pay the amount of the levy for the use of aquatic biological resources in the form of a one-time instalment and regular instalments, or, in cases envisaged by this Chapter, in the form of a lump-sum payment.

### **Levies for Use of Fauna and Aquatic Resources**

The amount of the one-time instalment shall be determined as a proportion of the calculated amount of the levy which is equal to 10 per cent.

The one-time instalment shall be paid upon receiving a permit for the harvesting (catching) of aquatic biological resources.

The remaining amount of the levy, which is determined as the difference between the calculated amount of the levy and the amount of the one-time instalment, shall be paid in equal portions in the form of regular instalments over the entire period of validity of the permit for the harvesting (catching) of aquatic biological resources, on a monthly basis not later than the 20<sup>th</sup>.

The amount of the levy for the use of aquatic biological resources which are to be removed from their habitat as authorized bycatch on the basis of a permit to harvest (catch) aquatic biological resources shall be paid in the form of a lump-sum payment not later than the 20th of the month following the last month of the period of validity of the permit to harvest (catch) aquatic biological resources.

3. The levy for the use of fauna shall be paid by taxpayers at the location of the body which issued the permit for the harvesting of fauna.

The levy for the use of aquatic biological resources shall be paid:

- by payers which are physical persons, with the exception of private entrepreneurs – at the location of the body which issued the permit for the harvesting (catching) of aquatic biological resources;

- by payers which are organizations and private entrepreneurs – at the place where they are registered.

4. Amounts of the levies for the use of aquatic biological resources shall be credited to accounts of Federal Treasury bodies for subsequent allocation in accordance with the budget legislation of the Russian Federation.

### **Article 333.6 Procedure for the Presentation of Information by Bodies Which Issue Licences (Permits)**

1. Bodies which issue a permit for the harvesting of fauna and a permit for the harvesting (catching) of aquatic biological resources in accordance with the established procedure shall, not later than the 5th of each month, present to the tax authorities where they are registered information on permits that have been issued and the amount of the levy which is payable in respect of each permit, and information on the time limits for the payment of the levy.
2. The forms in which information is to be presented by bodies which issue permits in accordance with the established procedure shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

**Article 333.7 Procedure for the Presentation of Information by Organizations and Private Entrepreneurs and the Offsetting or Refund of Amounts of the Levy in Respect of Unused Licences (Permits)**

1. Organizations and private entrepreneurs which use fauna on the basis of a permit for the harvesting of fauna shall, not later than 10 days from the date of receipt of such permit, present to the tax authority at the location of the body which issued that permit information on permits for the use of fauna that have been received, on amounts of the levy that are payable and on amounts of levies actually paid.

Upon the expiry of the period of validity of a permit for the harvesting of fauna, organizations and private entrepreneurs shall have the right to apply to the tax authority at the location of the body which issued that permit for an offset or refund of amounts of the levy in respect of unused permits for the use of fauna that were issued by an authorized body.

Amounts of the levy in respect of unused permits for the use of fauna shall be offset or refunded in accordance with the procedure established by Chapter 12 of this Code subject to the presentation of documents of a range to be approved by the federal tax authority.

2. Organizations and private entrepreneurs which use aquatic biological resources on the basis of a permit for the harvesting (catching) of aquatic biological resources shall, not later than 10 days from the date of receipt of that permit, present to the tax authorities where they are registered information on permits for the harvesting (catching) of aquatic biological resources that have been received and on amounts of the levy that are payable in the form of a one-time instalment and regular instalments.

Information on the quantity of items of aquatic biological resources which are to be removed from their habitat as authorized bycatch on the basis of a permit to harvest (catch) aquatic biological resources shall be submitted by organizations and private entrepreneurs to the tax authorities where they are registered not later than the due dates for the payment of the lump-sum payment which are established by paragraph 5 of clause 2 of Article 333.5 of this Code in a form to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

3. The information referred to in clauses 1 and 2 of this Article shall be presented by organizations and private entrepreneurs which engage in the use of fauna and the use of aquatic biological resources in forms to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.



**CHAPTER 25.2. WATER TAX**

**Article 333.8 Taxpayers**

1. The taxpayers of the water tax (hereafter in this Chapter referred to as “taxpayers”) shall be organizations and physical persons which engage in specific and (or) special types of water use in accordance with the legislation of the Russian Federation which is deemed to be an object of taxation in accordance with Article 333.9 of this Code.
2. There shall not be recognised as taxpayers organizations and physical persons which or who use water on the basis of water use agreements or decisions on the granting of water bodies for use which were, respectively, concluded and adopted after the implementation of the Water Code of the Russian Federation.

**Article 333.9 Objects of Taxation**

1. Unless otherwise provided by clause 2 of this Article, the following types of use of bodies of water (hereafter in this Chapter referred to as “types of water use”) shall be deemed to be objects of assessment to the water tax (hereafter in this Chapter referred to as “tax”):
  - 1) the withdrawal of water from bodies of water;
  - 2) the use of the water area of bodies of water, with the exception of timber floating in rafts and booms;
  - 3) the use of bodies of water without water withdrawal for hydropower purposes;
  - 4) the use of bodies of water for the floating of timber in rafts and booms.
2. The following shall not be deemed to be objects of taxation:
  - 1) the withdrawal from underground water bodies of water containing commercial minerals and (or) natural curative resources, and of thermal waters;
  - 2) the withdrawal of water from bodies of water for fire safety purposes and for the relief of natural disasters and the consequences of accidents;
  - 3) the withdrawal of water from bodies of water for sanitary, ecological and navigation releases;
  - 4) the withdrawal of water from bodies of water by marine vessels, inland water vessels and mixed-navigation (river-sea) vessels to provide for the operation of technological equipment;

## Water Tax

- 5) the withdrawal of water from bodies of water and use of the water area of bodies of water for fishing and the replacement of aquatic biological resources;
- 6) the use of the water area of bodies of water for navigation on vessels, including small floating craft, and for one-time landings (take-offs) of aircraft;
- 7) the use of the water area of bodies of water for the siting and mooring of floating craft and for the siting of supply lines, buildings, structures, installations and equipment for use in carrying out activities associated with the protection of waters and aquatic biological resources, the protection of the environment against the harmful impact of waters, and the performance of such activities on bodies of water;
- 8) the use of the water area of bodies of water for the conduct of State monitoring of bodies of water and other natural resources, and for geodesic, topographic, hydrographic and exploratory surveying work;
- 9) the use of the water area of bodies of water for the siting and construction of hydraulic structures intended to serve hydropower, reclamative, commercial fishing, water transport, water supply and sewerage functions;
- 10) the use of the water area of bodies of water for organized recreation by organizations whose sole purpose is the maintenance and care of disabled persons, veterans and children;
- 11) the use of bodies of water to carry out dredging and other work associated with the operation of navigable waterways and hydraulic structures;
- 12) the special use of bodies of water to provide for national defence and State security requirements;
- 13) the withdrawal of water from bodies of water for the irrigation of agricultural lands (including meadows and pastures), for the watering of horticultural, market-garden and dacha plots and plots of private subsidiary farms of citizens, and for the watering and care of cattle and poultry owned by agricultural organizations and citizens;
- 14) the withdrawal of mining waters and collector and drainage waters from underground bodies of water;
- 15) the use of the water area of bodies of water for fishing and hunting.

### **Article 333.10 Tax Base**

1. For each type of water use which is deemed to be an object of taxation in accordance with Article 333.9 of this Code, the tax base shall be determined by the taxpayer separately with respect to each body of water.

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Where various tax rates have been established for a body of water, the tax rate shall be determined by the taxpayer with respect to each tax rate.

2. In the case of water withdrawal the tax base shall be determined as the volume of water withdrawn from a body of water in the tax period.

The volume of water withdrawn from a body of water shall be determined on the basis of readings from water metering devices which are entered in a primary record of water use.

Where there are no water metering devices, the volume of water withdrawn shall be determined on the basis of the operating time and productivity of technical equipment. Where it is impossible to determine the volume of water withdrawn on the basis of the operating time and productivity of technical equipment, the volume of water withdrawn shall be determined on the basis of the norms of water consumption.

3. In the case of the use of the water area of bodies of water, except for the floating of timber in rafts and booms, the tax base shall be determined as the area of water space made available.

The area of water space made available shall be determined on the basis of data in the licence for water use (agreement on water use) or, if such data are not contained in the licence (agreement), on the basis of materials in relevant technical and planning documentation.

4. In the case of the use of bodies of water without water withdrawal for hydropower purposes, the tax base shall be determined as the quantity of electrical power generated in the tax period.

5. In the case of the use of bodies of water for the floating of timber in rafts and booms, the tax base shall be determined as the product of the volume of timber floated in rafts and booms in the tax period, expressed in thousands of cubic metres, and the distance floated, expressed in kilometres, divided by 100.

### **Article 333.11 Tax Period**

The tax period shall be a quarter.

### **Article 333.12 Tax Rates**

1. The tax rates shall be established by river, lake and sea basin and by economic area at the following levels:
  - 1) in the case of water withdrawal from:
    - surface and underground bodies of water within the prescribed quarterly (annual) limits of water use:

## Water Tax

Economic area	River or lake basin	Tax rate in roubles per 1,000 cubic metres of water withdrawn	
		from surface water bodies	from underground water bodies
1	2	3	4
Northern	Volga	300	384
	Neva	264	348
	Pechora	246	300
	Northern Dvina	258	312
	Other rivers and lakes	306	378
North-Western	Volga	294	390
	Western Dvina	288	366
	Neva	258	342
	Other rivers and lakes	282	372
Central	Volga	288	360
	Dnieper	276	342
	Don	294	384
	Western Dvina	306	354
	Neva	252	306
	Other rivers and lakes	264	336
Volga-Vyatka	Volga	282	336
	Northern Dvina	252	312
	Other rivers and lakes	270	330
Central-Black Earth	Dnieper	258	318
	Don	336	402
	Volga	282	354
	Other rivers and lakes	258	318
Volga Region	Volga	294	348
	Don	360	420
	Other rivers and lakes	264	342
North Caucasus	Don	390	486
	Kuban	480	570
	Samur	480	576
	Sulak	456	540
	Terek	468	558
	Other rivers and lakes	540	654
Urals	Volga	294	444
	Ob	282	456
	Ural	354	534
	Other rivers and lakes	306	390
West Siberian	Ob	270	330
	Other rivers and lakes	276	342
East Siberian	Amur	276	330
	Yenisei	246	306
	Lena	252	306
	Ob	264	348
	Lake Baikal and its basin	576	678
	Other rivers and lakes	282	342

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Far East	Amur	264	336
	Lena	288	342
	Other rivers and lakes	252	306
Kaliningrad Province	Neman	276	324
	Other rivers and lakes	288	336;

- the territorial sea of the Russian Federation and internal sea waters within the prescribed quarterly (annual) limits of water use:

Sea	Tax rate in roubles per 1,000 cubic metres of sea water
Baltic	8.28
White	8.40
Barents	6.36
Azov	14.88
Black	14.88
Caspian	11.52
Kara	4.80
Laptev	4.68
East Siberian	4.44
Chukotsk	4.32
Bering	5.28
Pacific Ocean (within the bounds of the territorial sea of the Russian Federation)	5.64
Okhotsk	7.68
Japan	8.04;

2) in the case of the use of the water area:

- of surface water bodies, except for the floating of timber in rafts and booms:

Economic area	Tax rate (thousands of roubles a year) per 1 square kilometre of water area used
1	2
Northern	32.16
North-Western	33.96
Central	30.84
Volga-Vyatka	29.04
Central-Black Earth	30.12
Volga Region	30.48
North Caucasus	34.44
Urals	32.04
West Siberian	30.24
East Siberian	28.20
Far East	31.32

Kaliningrad Province	30.84;
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- of the territorial sea of the Russian Federation and internal sea waters:

Sea	Tax rate (thousands of roubles a year) per 1 square kilometre of water area used
1	2
Baltic	33.84
White	27.72
Barents	30.72
Azov	44.88
Black	49.80
Caspian	42.24
Kara	15.72
Laptev	15.12
East Siberian	15.00
Chukotsk	14.04
Bering	26.16
Pacific Ocean (within the bounds of the territorial sea of the Russian Federation)	29.28
Okhotsk	35.28
Japan	38.52;

3) in the case of the use of bodies of water without water withdrawal for hydropower purposes:

River, lake or sea basin	Tax rate in roubles per 1,000 kW of electrical power
1	2
Neva	8.76
Neman	8.76
Rivers of basins of Lakes Ladoga and Onega and of Lake Ilmen	9.00
Other rivers of Baltic Sea basin	8.88
Northern Dvina	8.76
Other rivers of White Sea basin	9.00
Rivers of Barents Sea basin	8.76
Amur	9.24
Volga	9.84
Don	9.72
Yenisei	13.70
Kuban	8.88
Lena	13.50
Ob	12.30
Sulak	7.20

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Terek	8.40
Ural	8.52
Basin of Lake Baikal and River Angara	13.20
Rivers of East Siberian Sea basin	8.52
Rivers of Chukotsk and Bering Sea basins	10.44
Other rivers and lakes	4.80;

- 4) in the case of the use of bodies of water for the floating of timber in rafts and booms:

River, lake or sea basin	Tax rate in roubles per 1,000 cubic metres of timber floated in rafts and booms for every 100 km floated
1	2
Neva	1,656.0
Rivers of basins of Lakes Ladoga and Onega and of Lake Ilmen	1,705.2
Other rivers of Baltic Sea basin	1,522.8
Northern Dvina	1,650.0
Other rivers of White Sea basin	1,454.4
Pechora	1,554.0
Amur	1,476.0
Volga	1,636.8
Yenisei	1,585.2
Lena	1,646.4
Ob	1,576.8
Other rivers and lakes along which the floating of timber in rafts and booms takes place	1,183.2.

2. In the case of water withdrawal in excess of the prescribed quarterly (annual) limits of water use, tax rates in respect of such excess shall be established at five times the tax rates established by clause 1 of this Article. Where a taxpayer does not have approved quarterly limits, quarterly limits shall be determined on a calculated basis as one quarter of the approved annual limit.
3. The rate of water tax for the withdrawal of water from bodies of water for the supply of water to the general public shall be established at 70 roubles per one thousand cubic metres of water withdrawn from a body of water.

### **Article 333.13 Tax Calculation Procedure**

1. The taxpayer shall calculate the amount of tax independently.
2. The amount of tax based on the results for each tax period shall be calculated as the product of the tax base and the tax rate corresponding to that tax base.

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3. The total amount of tax shall be the amount obtained as a result of adding together amounts of tax calculated in accordance with clause 2 of this Article with respect to all types of water use.

### **Article 333.14 Procedure and Time Limits for the Payment of Tax**

1. The total amount of tax calculated in accordance with clause 3 of Article 333.13 of this Code shall be paid at the location of the object of taxation.
2. Tax shall be payable not later than the 20th of the month following a tax period which has ended.

### **Article 333.15 Tax Declaration**

1. A tax declaration shall be submitted by the taxpayer to the tax authority at the location of an object of taxation within the time limit established for the payment of tax.

In this respect, taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations (computations) to the tax authority where they are registered as major taxpayers.

2. Taxpayers which are foreign persons shall also submit a copy of the tax declaration to the tax authority at the location of the body which issued the licence for water use within the time limit established for the payment of tax.



**CHAPTER 25.3. STATE DUTY**

**Article 333.16 State Duty**

1. State duty is a levy which is collected from the persons referred to in Article 333.17 of this Code when they apply to State bodies, local government bodies, other bodies and (or) officials which have been authorized in accordance with legislative acts of the Russian Federation, legislative acts of constituent entities of the Russian Federation and normative legal acts of local government bodies for the performance in relation to those persons of legally significant acts which are envisaged by this Chapter, with the exception of acts which are performed by consular institutions of the Russian Federation.

For the purposes of this Chapter, the issue of documents (duplicates thereof) shall be equated with legally significant acts.

2. The bodies and officials referred to in clause 1 of this Article, with the exception of consular institutions, shall not have the right to charge payments other than State duty for the performance of the legally significant acts which are envisaged by this Chapter.

**Article 333.17 Payers of State Duty**

1. The following shall be payers of State duty (hereafter in this Chapter referred to as “payers”):
  - 1) organizations;
  - 2) physical persons.
2. The persons referred to in clause 1 of this Article shall be deemed to be payers in the event that they:
  - 1) apply for the performance of legally significant acts which are envisaged by this Chapter;
  - 2) act as respondents in courts of general jurisdiction and arbitration courts or in cases examined by magistrates, and, in this respect, the court finds against them and the plaintiff is exempted from the payment of State duty in accordance with this Chapter.

**Article 333.18 The Procedure and Time Limits for the Payment of State Duty**

1. Payers shall pay State duty, unless otherwise established by this Chapter, within the following time limits:

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- 1) for applications to the Constitutional Court of the Russian Federation, courts of general jurisdiction, arbitration courts or magistrates – prior to the filing of a request, petition, motion, statement of claim or appeal (including an appellate, cassation or supervisory appeal);
  - 2) the payers referred to in subsection 2 of clause 2 of Article 333.17 of this Code – within ten days from the day on which the court’s decision enters into legal force;
  - 3) when applying for the performance of notarial acts – before the notarial acts are performed;
  - 4) when applying for the issue of documents (duplicates thereof) – before the documents (duplicates thereof) are issued;
  - 5) when applying for the affixation of an apostille – before the apostille is affixed;
  - 5.1) when applying for annual confirmation of the registration of a vessel in the Russian International Register of Vessels – not later than March 31 of the year following the year in which the vessel was registered in that register or following the last year in which such confirmation was made;
  - 6) when applying for the performance of legally significant acts, other than the legally significant acts which are referred to in subsections 1 to 5.1 of this clause – before applications and (or) documents relating to the performance of those acts are submitted or before relevant documents are submitted.
2. State duty shall be paid by the payer unless otherwise established by this Chapter.

Where a number of payers which are not entitled to the concessions established by this Chapter apply simultaneously for the performance of a legally significant act, State duty shall be paid by the payers in equal proportions.

Where one person (a number of persons) among persons who have applied for the performance of a legally significant act is (are) exempt from the payment of State duty, the rate of State duty shall be reduced in proportion to the number of persons who are exempt from the payment thereof in accordance with this Chapter. In this respect, the remainder of the amount of State duty shall be paid by the person (persons) who is (are) not exempt from the payment of State duty in accordance with this Chapter.

Special considerations relating to the payment of State duty according to the type of legally significant acts which are performed and the category of payers or according to other circumstances are established by Articles 333.20, 333.22, 333.25, 333.27, 333.29, 333.32 and 333.34 of this Code.

State duty shall not be paid by a payer where amendments are made to an issued document which are intended to correct errors which occurred through

## **State Duty**

the fault of the body and (or) official who or which issued the document when that body and (or) official performed a legally significant act.

3. State duty shall be paid at the place of performance of a legally significant act in cash or without cash transfer.

The fact of the payment of State duty by a payer without cash transfer shall be confirmed by a payment order marked as executed by a bank or an appropriate territorial body of the Federal Treasury (another body which opens and operates accounts), including one which conducts settlements in electronic form.

The fact of the payment of State duty by a payer in cash shall be confirmed by a standard receipt issued to the payer by a bank or by a receipt issued to the payer by an official or the cash office of the body to which payment was made.

4. Foreign organizations, foreign citizens and stateless persons shall pay State duty in accordance with the procedure and at the rates which are established by this Chapter for organizations and physical persons respectively.
5. The range and forms of documents required for the performance of legally significant acts such as are envisaged by subsection 6 of clause 1 of this Article and the procedure for the submission thereof shall be established by federal laws.

### **Article 333.19 Rates of State Duty for Cases Which Are Examined by Courts of General Jurisdiction and by Magistrates**

1. For cases which are examined by courts of general jurisdiction and by magistrates, State duty shall be paid at the following rates:
  - 1) upon the filing of a property-related statement of claim which has a quantifiable value, where the amount in dispute is:
    - up to 20,000 roubles – 4 per cent of the amount in dispute, but not less than 400 roubles;
    - from 20,001 roubles to 100,000 roubles – 800 roubles plus 3 per cent of the amount in excess of 20,000 roubles;
    - from 100,001 roubles to 200,000 roubles – 3,200 roubles plus 2 per cent of the amount in excess of 100,000 roubles;
    - from 200,001 roubles to 1,000,000 roubles – 5,200 roubles plus 1 per cent of the amount in excess of 200,000 roubles;
    - above 1,000,000 roubles – 13,200 roubles plus 0.5 per cent of the amount in excess of 1,000,000 roubles, but not more than 60,000 roubles;

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- 2) upon the filing of a petition for the issue of a court order – 50 per cent of the rate of State duty which is levied upon the filing of a property-related statement of claim;
- 3) upon the filing of a property-related statement of claim which does not have a quantifiable value or a statement of claim of a non-property-related nature:
  - for physical persons – 200 roubles;
  - for organizations – 4,000 roubles;
- 4) upon the filing of a supervisory appeal – the rate of State duty which is payable upon the filing of a statement of claim of a non-property-related nature;
- 5) upon the filing of a statement of claim concerning the annulment of a marriage – 400 roubles;
- 6) upon the filing of a petition contesting (in full or in part) normative legal acts of State government bodies, local government bodies or officials:
  - for physical persons – 200 roubles;
  - for organizations – 3,000 roubles;
- 7) upon the filing of a petition contesting a decision or action (inaction) of State government bodies, local government bodies, officials or State or municipal servants which have violated the rights and freedoms of citizens or organizations – 200 roubles;
- 8) upon the filing of a petition in relation to cases subject to special proceedings – 200 roubles;
- 9) upon the filing of an appellate appeal and (or) a cassation appeal – 50 per cent of the rate of State duty which is payable upon the filing of a non-property-related statement of claim;
- 10) upon the filing of an application for the re-issue of copies of decisions, verdicts, court orders and determinations of a court, rulings of the presidium of a court of the supervisory instance and copies of other case documents which are issued by a court, and upon the filing of an application for the issue of duplicates of enforcement documents – 4 roubles per one page of a document, but not less than 40 roubles;
- 11) upon the filing of an application for the issue of writs of execution for the enforcement of decisions of a mediation court – 1,500 roubles;
- 12) upon the filing of a petition for injunctive relief in respect to an action which is being examined by a mediation court – 200 roubles;

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- 13) upon the filing of a petition for the reversal of a decision of a mediation court – 1,500 roubles;
  - 14) upon the filing of a petition in relation to cases concerning the recovery of alimony – 100 roubles. Where a court renders a decision concerning the recovery of alimony both for the maintenance of children and for the maintenance of the plaintiff, the rate of State duty shall be doubled;
  - 15) upon the filing of a petition for the award of compensation for violation of the right to judicial proceedings within a reasonable time period and the right to the execution of a judicial decision within a reasonable time period:
    - for physical persons – 200 roubles;
    - for organizations – 4,000 roubles.
2. The provisions of this Article shall be applied with account taken of the provisions of Article 333.20 of this Code.

### **Article 333.20 Special Considerations Relating to the Payment of State Duty in Relation to Applications Made to Courts of General Jurisdiction and to Magistrates**

1. For cases which are examined by courts of general jurisdiction and by magistrates, State duty shall be paid with account taken of the following special considerations:
  - 1) upon the filing of statements of claim which contain both property-related and non-property-related claims there shall be payable both State duty which is established for statements of claim of a property-related nature and State duty which is established for statements of claim of a non-property-related nature;
  - 2) the amount in dispute on the basis of which State duty is calculated shall be determined by the plaintiff or, in instances established by legislation, by a judge according to the rules which are established by the civil procedure legislation of the Russian Federation;
  - 3) upon the filing of statements of claim concerning the division of property which is in common ownership and upon the filing of statements of claim concerning the apportionment of a share of such property or concerning the recognition of the right to a share of the property, the rate of State duty shall be calculated as follows:
    - if a dispute concerning the recognition of the ownership right of the plaintiff (plaintiffs) in the property concerned has not previously been resolved by a court - in accordance with subsection 1 of clause 1 of Article 333.19 of this Code;

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- if a court has previously issued a decision concerning the recognition of the ownership right of the plaintiff (plaintiffs) in the property concerned - in accordance with subsection 3 of clause 1 of Article 333.19 of this Code;
- 4) upon the filing of a counter-action, and of petitions for the intervention in a case of third parties filing independent claims in relation to the subject-matter of a dispute, State duty shall be paid in accordance with the provisions of Article 333.19 of this Code;
  - 5) where, by determination of a court, a defunct party is replaced by its legal successor (in the event of the death of a physical person, the re-organization of an organization, the cession of a claim and the transfer of debt and in other instances in which the parties to obligations change), State duty shall be paid by such legal successor unless it was paid by the replaced party;
  - 6) where a judge assigns one claim or a number of combined claims to a separate proceeding, State duty paid upon the filing of the action shall not be recalculated and shall not be refunded. State duty shall not be paid again in relation to the matters assigned to a separate proceeding;
  - 7) upon the filing of a cassation appeal by co-parties and third parties acting in proceedings on the same side as a party which has filed a cassation appeal, State duty shall not be paid;
  - 8) where a plaintiff is exempt from the payment of State duty in accordance with this Chapter, State duty shall be paid by the respondent (unless it is exempt from the payment of State duty) in proportion to the amount of claims allowed by the court;
  - 9) where it is difficult to determine the amount in dispute at the time when an action is filed, the rate of State duty shall be provisionally established by a judge and any additional amount of State duty shall subsequently be paid on the basis of the amount in dispute which is determined by the court upon resolving the dispute within the time limit which is established by subsection 2 of clause 1 of Article 333.18 of this Code;
  - 10) in the event that a plaintiff increases the amount of claims, the additional amount of State duty shall be paid in accordance with the increased dispute amount within the time limit which is established by subsection 2 of clause 1 of Article 333.18 of this Code. In the event that a plaintiff reduces the amount of claims, the amount of State duty paid in excess shall be refunded according to the procedure prescribed by Article 333.40 of this Code. The rate of State duty shall be determined in similar fashion in the event that a court goes beyond the claims stated by a plaintiff on the basis of the circumstances of a particular case;
  - 11) upon the filing of statements of claim whereby heirs claim a share of property belonging to them, State duty shall be paid in accordance with the procedure is established in relation to the filing of statements of claim of a property-related nature which does not have a quantifiable value if a dispute concerning

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the recognition of ownership rights in that property has already been resolved by a court;

- 12) upon the filing of statements of claim concerning the annulment of a marriage and the simultaneous division of the jointly acquired property of the spouses, State duty shall be paid at the rates established both for statements of claim concerning the annulment of a marriage and for statements of claim of a property-related nature;
  - 13) when a statement of claim or a petition for the issue of a court order is not accepted for consideration, State duty paid upon the filing of the action or the petition for the issue of a court order shall be reckoned towards State duty which is payable.
2. Courts of general jurisdiction or magistrates may, on the basis of a payer's material status, reduce the rate of State duty payable in respect of cases which are examined by those courts or magistrates or grant a deferral (instalment plan) for the payment thereof in accordance with the procedure prescribed by Article 333.41 of this Code.
  3. The provisions of this Article shall be applied with account taken of the provisions of Articles 333.35 and 333.36 of this Code.

### **Article 333.21 Rates of State Duty for Cases Which Are Examined by Arbitration Courts**

1. For cases which are examined by arbitration courts, State duty shall be paid at the following rates:
  - 1) upon the filing of a property-related statement of claim which has a quantifiable value, where the amount in dispute is:
    - up to 100,000 roubles – 4 per cent of the amount in dispute, but not less than 2,000 roubles;
    - from 100,001 roubles to 200,000 roubles – 4,000 roubles plus 3 per cent of the amount in excess of 100,000 roubles;
    - from 200,001 roubles to 1,000,000 roubles – 7,000 roubles plus 2 per cent of the amount in excess of 200,000 roubles;
    - from 1,000,001 roubles to 2,000,000 roubles – 23,000 roubles plus 1 per cent of the amount in excess of 1,000,000 roubles;
    - over 2,000,000 roubles – 33,000 roubles plus 0.5 per cent of the amount in excess of 2,000,000 roubles, but not more than 200,000 roubles;
  - 2) upon the filing of a statement of claim in relation to disputes arising in connection with the conclusion, amendment or termination of agreements, and

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- in relation to disputes concerning the invalidation of transactions – 4,000 roubles;
- 3) upon the filing of petitions for a normative legal act to be declared inoperative, for a non-normative legal act to be invalidated and for decisions and actions (inaction) of State bodies, local government bodies, other bodies and officials to be declared unlawful:
    - for physical persons – 200 roubles;
    - for organizations – 2,000 roubles;
  - 4) upon the filing of other statements of claim of a non-property-related nature, including a petition seeking the recognition of a right or a petition seeking a judgement for specific performance of an obligation – 4,000 roubles;
  - 5) upon the filing of a petition for a debtor to be declared insolvent (bankrupt) – 4,000 roubles;
  - 6) upon the filing of a petition seeking the establishment of facts of legal significance – 2,000 roubles;
  - 7) upon the filing of a petition for the intervention in a case of third parties filing independent claims in relation to the subject-matter of the dispute:
    - in relation to disputes of a property-related nature where the claim does not have a quantifiable value, and in relation to disputes of a non-property-related nature – at the rate of State duty which is payable upon the filing of a statement of claim of a non-property-related nature;
    - in relation to disputes of a property-related nature – at the rate of State duty which is payable on the basis of the amount contested by a third party;
  - 8) upon the filing of a petition for the issue of writs of execution for the enforcement of a decision of a mediation court – 2,000 roubles;
  - 9) upon the filing of a petition for injunctive relief – 2,000 roubles;
  - 10) upon the filing of a petition for the reversal of a decision of a mediation court – 2,000 roubles;
  - 11) upon the filing of a petition for the recognition and execution of a decision of a foreign court, or of a foreign arbitration decision – 2,000 roubles;
  - 12) upon the filing of an appellate appeal and (or) a cassation or supervisory appeal against decisions and (or) rulings of an arbitration court and against determinations of a court to terminate proceedings, to leave a statement of claim without consideration, to issue writs of execution for the enforcement of decisions of a mediation court or not to issue writs of execution – 50 per cent of the rate of State duty payable upon the filing of a statement of claim of a non-property-related nature;



- 13) upon the filing of a petition for the re-issue of copies of decisions, determinations and rulings of a court and copies of other case documents issued by an arbitration court, and upon the filing of a petition for the issue of a duplicate of a writ of execution (including copies of minutes of a court session) – 4 roubles per one page of a document, but not less than 40 roubles;
  - 14) upon the filing of a petition for the award of compensation for violation of the right to judicial proceedings within a reasonable time period and the right to the execution of a judicial decision within a reasonable time period:
    - for physical persons – 200 roubles;
    - for organizations – 4,000 roubles.
2. The provisions of this Article shall be applied with account taken of the provisions of Article 333.22 of this Code.

**Article 333.22 Special Considerations Relating to the Payment of State Duty in Relation to Applications Made to Arbitration Courts**

1. For cases which are examined by arbitration courts, State duty shall be paid with account taken of the following special considerations:
  - 1) upon the filing of statements of claim containing both property-related and non-property-related claims there shall be payable both State duty which is established for statements of claim of a property-related nature and State duty which is established for statements of claim of a non-property-related nature;
  - 2) the amount in dispute shall be determined by the plaintiff or, in the event that the amount in dispute is indicated incorrectly, by the arbitration court. Amounts of forfeitures (fines, penalties) and interest which are indicated in a statement of claim shall be included in the dispute amount;
  - 3) in the event that a plaintiff increases the amount of claims, the additional amount of State duty shall be paid in accordance with the increased dispute amount within the time limit which is established by subsection 2 of clause 1 of Article 333.18 of this Code. In the event that a plaintiff reduces the amount of claims, the amount of State duty paid in excess shall be refunded according to the procedure prescribed by Article 333.40 of this Code. The rate of State duty shall be determined in similar fashion in the event that a court goes beyond the claims stated by a plaintiff on the basis of the circumstances of a particular case. The amount in dispute for an action consisting of a number of independent claims shall be determined on the basis of the sum of all the claims;
  - 4) where a plaintiff is exempt from the payment of State duty in accordance with this Chapter, State duty shall be paid by the respondent (unless it is exempt from the payment of State duty) in proportion to the amount of claims allowed by the arbitration court;

- 5) upon the filing of petitions for a refund (reimbursement) of monetary resources from the budget, State duty shall be paid on the basis of the contested amount of money at the rates established by subsection 1 of clause 1 of Article 333.21 of this Code;
- 6) upon the filing of petitions for the review of judicial acts on a supervisory basis, provided that the judicial acts have not been contested in the cassation instance.
2. Arbitration courts may, on the basis of a payer's material status, reduce the rate of State duty payable in respect of cases which are examined by those courts or grant a deferral (instalment plan) for the payment thereof in accordance with the procedure prescribed by Article 333.41 of this Code.
3. The provisions of this Article shall be applied with account taken of the provisions of Articles 333.35 and 333.37 of this Code.

**Article 333.23 Rates of State Duty for Cases Which Are Examined by the Constitutional Court of the Russian Federation and Constitutional (Charter) Courts of Constituent Entities of the Russian Federation**

1. For cases which are examined by the Constitutional Court of the Russian Federation, State duty shall be payable at the following rates:
  - 1) upon the sending of a request or petition – 4,500 roubles;
  - 2) upon the sending of an appeal by an organization – 4,500 roubles;
  - 3) upon the sending of an appeal by a physical person – 300 roubles.
2. For cases which are examined by constitutional (charter) courts of constituent entities of the Russian Federation, State duty shall be payable at the following rates:
  - 1) for an application made by an organization – 3,000 roubles;
  - 2) for an application made by a physical person – 200 roubles.
3. The Constitutional Court of the Russian Federation and constitutional (charter) courts of constituent entities of the Russian Federation may, on the basis of a payer's material status, reduce the rate of State duty payable for cases which are examined by those courts or grant a deferral (instalment plan) for the payment thereof in accordance with the procedure prescribed by Article 333.41 of this Code.
4. The provisions of this Article shall be applied with account taken of the provisions of Article 333.35 of this Code.

**Article 333.24 Rates of State Duty for the Performance of Notarial Acts**

1. For the performance of notarial acts by notaries of State notarial offices and (or) by officials of executive bodies and local government bodies who have been authorized in accordance with legislative acts of the Russian Federation and (or) legislative acts of constituent entities of the Russian Federation to perform notarial acts, State duty shall be payable at the following rates:
  - 1) for certifying powers of attorney to perform transactions (a transaction) for which notarial form is required in accordance with the legislation of the Russian Federation – 200 roubles;
  - 2) for certifying other powers of attorney for which notarial form is required in accordance with the legislation of the Russian Federation – 200 roubles;
  - 3) for certifying powers of attorney which are issued by way of substitution where such certification is required in accordance with the legislation of the Russian Federation – 200 roubles;
  - 4) for certifying mortgage agreements where such a requirement is established by the legislation of the Russian Federation:
    - for certifying agreements on the mortgaging of a residential property as security for the repayment of credit (a loan) provided for the acquisition or construction of a house or apartment – 200 roubles;
    - for certifying agreements on the mortgaging of other immovable property, with the exception of marine vessels, aircraft and inland water vessels – 0.3 per cent of the amount of the agreement, but not more than 3,000 roubles;
    - for certifying agreements on the mortgaging of marine vessels, aircraft and inland water vessels – 0.3 per cent of the amount of the agreement, but not more than 30,000 roubles;
  - 5) for certifying other agreements the subject-matter of which has a quantifiable value, where such certification is required in accordance with the legislation of the Russian Federation – 0.5 per cent of the amount of the agreement, but not less than 300 roubles and not more than 20,000 roubles;
  - 6) for certifying transactions the subject-matter of which does not have a quantifiable value and which are required to be notarially certified in accordance with the legislation of the Russian Federation – 500 roubles;
  - 7) for certifying agreements on the cession of a claim in respect of an agreement on the mortgaging of a residential property, or in respect of a credit agreement or a loan agreement which is secured by a mortgage of a residential property – 300 roubles;
  - 8) for certifying foundation documents (copies of foundation documents) of an organization – 500 roubles;

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- 9) for certifying an agreement on the payment of alimony – 250 roubles;
- 10) for certifying a marriage contract – 500 roubles;
- 11) for certifying surety agreements – 0.5 per cent of the amount for which the undertaking is made, but not less than 200 roubles and not more than 20,000 roubles;
- 12) for certifying an agreement on the amendment or termination of a notarially certified agreement – 200 roubles;
- 13) for certifying wills and accepting a closed will – 100 roubles;
- 14) for opening an envelope with a closed will and reading a closed will – 300 roubles;
- 15) for certifying powers of attorney for the right to use and (or) dispose of property, other than the property envisaged by subsection 16 of this clause:
  - issued to children, including adopted children, a spouse, parents and blood siblings – 100 roubles;
  - issued to other physical persons – 500 roubles;
- 16) for certifying powers of attorney for the right to use and (or) dispose of motor vehicles:
  - issued to children, including adopted children, a spouse, parents and blood siblings – 250 roubles;
  - issued to other physical persons – 400 roubles;
- 17) for executing a ship's protest – 30,000 roubles;
- 18) for verifying a translation of a document from one language to another – 100 roubles per one page of the translation of the document;
- 19) for making an endorsement of execution – 0.5 per cent of the amount to be recovered, but not more than 20,000 roubles;
- 20) for accepting sums of money or securities on deposit where such acceptance on deposit is required in accordance with the legislation of the Russian Federation – 0.5 per cent of the accepted sum of money or of the market value of securities, but not less than 20 roubles and not more than 20,000 roubles;
- 21) for authenticating a signature where such authentication is required in accordance with the legislation of the Russian Federation:
  - on documents and applications, other than bank cards and applications for the registration of legal entities – 100 roubles;

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- on bank cards and applications for the registration of legal entities (for each person and each document) – 200 roubles;
  - 22) for issuing a certificate of legal and testamentary succession:
    - to the children, including orphaned children, spouse, parents and blood siblings of the testator – 0.3 per cent of the value of inherited property, but not more than 100,000 roubles;
    - to other heirs – 0.6 per cent of the value of inherited property, but not more than 1,000,000 roubles;
  - 23) for taking measures to protect an inheritance – 600 roubles;
  - 24) for protesting non-payment of a bill of exchange, non-acceptance and non-dating of an acceptance and for attesting non-payment of a cheque – 1 per cent of the unpaid amount, but not more than 20,000 roubles;
  - 25) for issuing duplicates of documents kept in the files of State notarial offices and executive bodies – 100 roubles;
  - 26) for performing other notarial acts for which the legislation of the Russian Federation prescribes mandatory notarial form – 100 roubles.
2. The provisions of this Article shall be applied with account taken of the provisions of Article 333.25 of this Code.

### **Article 333.25 Special Considerations Relating to the Payment of State Duty in Relation to Applications for the Performance of Notarial Acts**

1. State duty for the performance of notarial acts shall be payable with account taken of the following special considerations:
- 1) for notarial acts which are performed away from the premises of a State notarial office, executive bodies and local government bodies, State duty shall be payable at a rate increased by a factor of one and a half;
  - 2) for certifying a power of attorney issued to a number of persons, only one payment of State duty shall be required;
  - 3) where there a number of successors (in particular, legal successors, testamentary successors or successors entitled to a mandatory share of an inheritance), State duty shall be paid by each successor;
  - 4) for the issue of a certificate of inheritance which is issued on the basis of court decisions invalidating a previously issued certificate of inheritance, State duty shall be payable in accordance with the procedure and at the rates which are established by this Chapter. In this respect, the amount of State duty paid on the previously issued certificate shall be refundable in accordance with the procedure established by Article 333.40 of this Code. Upon the payer's

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application the State duty paid in respect of the previously issued certificate may be reckoned towards the State duty payable for the issue of the new certificate within one year from the date of entry into legal force of the relevant court decision. The same procedure shall apply to the repeat certification of agreements which have been invalidated by a court;

- 5) for the purpose of calculating the rate of State duty for the certification of agreements which are subject to valuation there shall be taken as a basis the amount of the agreement which is specified by the parties, but not less than the amount determined in accordance with subsections 7 to 10 of this clause. For the purpose of calculating the rate of State duty for the issue of certificates of inheritance there shall be taken as a basis the value of inherited property which is determined in accordance with subsections 7 to 10 of this clause. The basis for calculating the rate of State duty for the certification of transactions involving the alienation of a participating interest or portion of a participating interest in the charter capital of a limited liability company and transactions which establish an obligation to alienate a participating interest or portion of a participating interest in the charter capital of a limited liability company shall be taken to be the amount of the agreement which is specified by the parties, but not lower than the nominal value of the participating interest or portion of a participating interest.

At the payer's option, for the purpose of calculating State duty there may be submitted a document showing the inventory, market, cadastral or other (nominal) value of the property, issued by the organizations (bodies) or specialist valuers (experts) which are referred to in subsections 7 to 10 of this clause. Notaries and officials who perform notarial acts shall not have the right to determine the type of value of property (method of valuation) for purposes of calculating State duty or to require a payer to present a document confirming the type of value (method of valuation) in question.

Where a number of documents issued by the organizations (bodies) or specialist valuers (experts) referred to in subsections 7 to 10 of this clause are presented and the property value specified in those documents varies, the lowest of the specified property values shall be taken for the purpose of calculating the rate of State duty;

- 6) the value of inheritance property shall be determined on the basis of the value of inherited property (the exchange rate of the Central Bank of the Russian Federation in relation to foreign currency and foreign currency securities) as at the date of the commencement of succession;
- 7) the value of means of transport may be determined by organizations which carry out the valuation of means of transport, by valuation specialists (experts) or by judicial expert institutions of a judicial authority;
- 8) the value of immovable property, with the exception of plots of land, may be determined either by organizations which carry out the valuation of immovable property, or by organizations (bodies) responsible for registering items of immovable property at the location of such property;

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- 9) the value of plots of land may be determined either by organizations which carry out the valuation of plots of land or by the federal body which carries out cadastral registration, maintains the State cadastre of immovable property and carries out the State registration of rights in immovable property and transactions involving such property and its territorial subdivisions;
  - 10) the value of property not covered by subsections 7 to 9 of this clause shall be determined by specialist valuers;
  - 11) the value of an inherited patent shall be determined on the basis of all amounts of State duty paid as at the date of the death of the testator for the patenting of an invention, industrial design or utility model. The same procedure shall apply in determining the value of inherited rights to receive a patent;
  - 12) the value of inherited property rights shall be determined on the basis of the value of the property (the exchange rate of the Central Bank of the Russian Federation in relation to foreign currency and foreign currency securities) in respect of which property rights are transferred as at the date of commencement of succession;
  - 13) the value of inheritance property which is situated outside the territory of the Russian Federation or of inherited property rights in such property shall be determined on the basis of the amount indicated in a valuation document which has been drawn up abroad by officials of competent authorities and which is applicable in the territory of the Russian Federation in accordance with the legislation of the Russian Federation.
2. The provisions of this Article shall be applied with account taken of the provisions of Articles 333.35 and 333.38 of this Code.

### **Article 333.26 Rates of State Duty for the State Registration of Acts of Civil Status and Other Legally Significant Acts Which Are Performed by Civil Registry Authorities and Other Authorized Bodies**

1. For the State registration of acts of civil status and other legally significant acts which are performed by civil registry authorities and other authorized bodies, State duty shall be paid at the following rates:
  - 1) for the State registration of the conclusion of a marriage, including the issue of a certificate – 200 roubles;
  - 2) for the State registration of the annulment of a marriage, including the issue of a certificate:
    - where it is by mutual consent of spouses who do not have common children of minority age – 400 roubles for each spouse;
    - in the case of the annulment of a marriage through the courts – 400 roubles for each spouse;

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- in the case of the annulment of a marriage on the petition of one of the spouses where the other spouse has been declared missing or legally incapable or has been sentenced to more than three years' imprisonment for the commission of a crime – 200 roubles;
  - 3) for the State registration of the establishment of paternity, including the issue of a certificate of the establishment of paternity – 200 roubles;
  - 4) for the State registration of a change of name, including surname, first name and (or) patronymic, including the issue of a certificate of a change of name – 1,000 roubles;
  - 5) for the making of corrections and amendments to records of acts of civil status, including the issue of certificates – 400 roubles;
  - 6) for the issue of a repeat certificate of State registration of an act of civil status – 200 roubles;
  - 7) for the issue to physical persons of statements from the archives of civil registry authorities and other authorized bodies – 100 roubles.
2. The provisions of this Article shall be applied with account taken of the provisions of Article 333.27 of this Code.

### **Article 333.27 Special Considerations Relating to the Payment of State Duty for the State Registration of Acts of Civil Status and Other Legally Significant Acts Which Are Performed by Civil Registry Authorities and Other Authorized Bodies**

1. In respect to the State registration of acts of civil status or the performance of the acts referred to in Article 333.26 of this Code, State duty shall be payable with account taken of the following special considerations:
- 1) when corrections and (or) amendments are made to records of acts of civil status on the basis of a report of a civil registry authority, State duty shall be payable at the rate established by subsection 5 of clause 1 of Article 333.26 of this Code irrespective of the number of records of acts of civil status to which corrections and (or) amendments are made and the number of certificates issued;
  - 2) for the issue of certificates of State registration of acts of civil status in connection with a change of name, State duty shall be payable at the rate established by subsection 6 of clause 1 of Article 333.26 of this Code for each certificate.
2. State duty shall not be payable for the issue of a certificate of State registration of an act of civil status where a particular record of an act of civil status has been restored on the basis of a court decision.



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- 2.1 State duty shall not be payable for the issue of a certificate of State registration of acts of civil status and other documents confirming the State registration of acts of civil status which are transmitted in accordance with international agreements of the Russian Federation and on the basis of requests from diplomatic representations and consular institutions of the Russian Federation.
3. The provisions of this Article shall be applied with account taken of the provisions of Articles 333.35 and 333.39 of this Code.

### **Article 333.28 Rates of State Duty for the Performance of Acts Associated With the Acquisition of Citizenship of the Russian Federation or the Renunciation of Citizenship and With Entry into the Russian Federation and Departure from the Russian Federation**

1. For the performance of acts associated with the acquisition of citizenship of the Russian Federation or the renunciation of citizenship of the Russian Federation and with entry into the Russian Federation and departure from the Russian Federation, State duty shall be payable at the following rates:
- 1) for the issue of a passport certifying the identity of a citizen of the Russian Federation outside the territory of the Russian Federation – 1,000 roubles;
  - 2) for the issue of a passport certifying the identity of a citizen of the Russian Federation outside the territory of the Russian Federation which contains an electronic information carrier (a new-generation passport) – 2,500 roubles;
  - 3) for the issue of a seafarer's passport or a seafarer's identity card – 800 roubles;
  - 4) for the making of amendments to a seafarer's passport or a seafarer's identity card – 200 roubles;
  - 5) for the issue of a passport certifying the identity of a citizen of the Russian Federation outside the territory of the Russian Federation to a citizen of the Russian Federation aged up to 14 years – 300 roubles;
  - 6) for the issue of a passport certifying the identity of a citizen of the Russian Federation outside the territory of the Russian Federation which contains an electronic information carrier (a new-generation passport) to a citizen of the Russian Federation aged up to 14 years – 1,200 roubles;
  - 7) for the making of amendments to a passport certifying the identity of a citizen of the Russian Federation outside the territory of the Russian Federation – 200 roubles;
  - 8) for the issue of a refugee's travel document or the extension of the period of validity of such document – 200 roubles;

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- 9) for the issue or extension of the period of validity, for a foreign citizen or stateless person who is temporarily residing in the Russian Federation, of a visa for:
  - departure from the Russian Federation – 600 roubles;
  - departure from the Russian Federation and re-entry into the Russian Federation – 600 roubles;
  - multiple crossing of the State Border of the Russian Federation – 1,000 roubles;
- 10) for the provision by the federal executive body in charge of foreign affairs of a decision on the issue of an ordinary single-entry or dual-entry visa which is forwarded to a diplomatic representation or consular institution of the Russian Federation – 400 roubles;
- 11) for the provision by the federal executive body in charge of foreign affairs of a decision on the issue of an ordinary multiple-entry visa which is forwarded to a diplomatic representation or consular institution of the Russian Federation – 600 roubles;
- 12) for the making of amendments by the federal executive body in charge of foreign affairs to a decision on the issue of a visa – 200 roubles;
- 13) for the redirection by the federal executive body in charge of foreign affairs of a decision on the issue of a visa to diplomatic representations or consular institutions of the Russian Federation at the request of an organization – 200 roubles;
- 14) for the initial registration of an organization with the federal executive body in charge of foreign affairs or a territorial body thereof – 1,000 roubles;
- 15) for the annual re-registration of an organization with the federal executive body in charge of foreign affairs or a territorial body thereof – 600 roubles;
- 16) for the issue, extension of the period of validity and replacement of visas for foreign citizens and stateless persons by representations of the federal executive body in charge of foreign affairs which are located at crossing points on the State Border of the Russian Federation – at the rates established by the Government of the Russian Federation (depending on the types of acts carried out), but not more than 9,000 roubles for the issue, extension of the period of validity and replacement of each visa;
- 17) for the issue of an invitation for entry into the Russian Federation to foreign citizens or stateless persons – 500 roubles for each invited person;
- 18) for the issue or extension of the period of validity of a residence permit for a foreign citizen or stateless person – 2,000 roubles;

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- 19) for the registration of a foreign citizen or stateless person at a place of residence in the Russian Federation –200 roubles;
  - 22) for the issue to a foreign citizen or stateless person of a permit for temporary residence in the Russian Federation – 1,000 roubles;
  - 23) for the issue of permits to engage and use foreign workers – 6,000 roubles for each foreign worker engaged;
  - 24) for the issue of a work permit to a foreign citizen or stateless person – 2,000 roubles;
  - 25) for the grant of citizenship of the Russian Federation, restoration of citizenship of the Russian Federation or renunciation of citizenship of the Russian Federation, and for the determination of the possession of citizenship of the Russian Federation – 2,000 roubles;
  - 26) for the issue of documents which are required for the award and (or) payment of a retirement pension and (or) a State-provided pension in accordance with the pension legislation of the Russian Federation – 20 roubles for each document.
2. The provisions of this Article shall be applied with account taken of the provisions of Article 333.29 of this Code.

### **Article 333.29 Special Considerations Relating to the Payment of State Duty for the Performance of Actions Associated With the Acquisition of Citizenship of the Russian Federation or the Renunciation of Citizenship of the Russian Federation and With Entry into the Russian Federation or Departure from the Russian Federation**

For the performance of the acts referred to in Article 333.28 of this Code, State duty shall be payable with account taken of the following special considerations:

- 2) where citizenship of the Russian Federation is granted to physical persons who had USSR citizenship and who resided and continue to reside in states which formed part of the USSR but did not receive citizenship of those states and, as a result, became stateless persons, State duty shall not be payable. Where, in an application for the grant (reinstatement) of citizenship, a physical person simultaneously requests the grant (reinstatement) of citizenship for children and wards of that physical person who are of minority age, State duty shall be paid at the rate specified by subsection 25 of clause 1 of Article 333.28 of this Code as for the consideration of one application;
- 3) where citizenship of the Russian Federation is granted to orphaned children and children deprived of parental care, State duty shall not be payable;
- 4) State duty shall not be payable for the issue to a citizen of the Russian Federation whose place of residence is the Kaliningrad Province of the

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document envisaged by subsections 1, 2, 5 and 6 of clause 1 of Article 333.28 of this Code;

- 5) State duty for the issue, extension of the period of validity and replacement in exceptional cases of visas for foreign citizens and stateless persons by representations of the federal executive body in charge of foreign affairs which are located at crossing points on the State Border of the Russian Federation may be paid in foreign currency on the basis of the exchange rate established by the Central Bank of the Russian Federation as at the date on which it is paid.

### **Article 333.30 Rates of State Duty for the Performance by an Authorized Federal Executive Body of Acts Involving the State Registration of a Computer Programme, a Database or an Integrated Circuit Topography**

1. When an application is made to an authorized federal executive body for the performance of acts involving the State registration of a computer programme, a database or an integrated circuit topography, State duty shall be payable at the following rates:
  - 1) for the State registration of a computer programme, a database or an integrated circuit topography in the Register of Computer Programmes, the Register of Databases and the Register of Integrated Circuit Topographies respectively, including the issue to the applicant of a certificate of State registration of the computer programme, database or integrated circuit topography and the publication of details of the registered computer programme, database or integrated circuit topography in an official bulletin:
    - for an organization – 2,600 roubles;
    - for a physical person – 1,700 roubles;
  - 2) for the making of amendments to documents and materials pertaining to an application for the registration of a computer programme, a database or an integrated circuit topography prior to publication in an official bulletin – 700 roubles;
  - 3) for the making of amendments to deposited documents and materials on the applicant's initiative and the issue to the applicant of a new certificate of State registration of a computer programme, a database or an integrated circuit topography prior to publication in an official bulletin:
    - for an organization – 1,400 roubles;
    - for a physical person – 700 roubles;
  - 4) for the State registration of an agreement on the alienation of the exclusive right in a registered computer programme or database or on the alienation or pledge of the exclusive right in an integrated circuit topography, or a licence agreement on the granting of the right to use a registered integrated circuit

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topography, and for the making of amendments to the above-mentioned documents and the State registration of those amendments – 3,000 roubles and a further 1,500 roubles for each computer programme, database and integrated circuit topography envisaged in the agreement;

- 5) for the State registration of the transfer of the exclusive right in a registered computer programme, database or integrated circuit topography to other persons without an agreement – 500 roubles;
  - 6) for the registration in the Register of Computer Programmes, the Register of Databases or the Register of Integrated Circuit Topographies of details of a change in the holder of an exclusive right on the basis of a registered agreement or other document of entitlement and for the publication of those details in an official bulletin – 1,600 roubles;
  - 7) for the issue of a duplicate of a certificate of State registration of a computer programme, a database or an integrated circuit topography – 800 roubles.
2. Where an application for the performance of an act such as is envisaged by clause 1 of this Article is made by organizations and physical persons who or which are the legal holders of the exclusive right in a computer programme, a database or an integrated circuit topography, the amount of the portion of State duty that is payable by each payer shall be determined in proportion to the number of payers on the basis of clause 2 of Article 333.18 of this Code with reference to the established rates for organizations and physical persons.

### **Article 333.31 Rates of State Duty for the Performance of Acts by Authorized State Institutions in Exercising Federal Assay Supervision**

1. For the performance of acts by authorized State institutions in exercising federal assay supervision, State duty shall be payable at the rates established by the Government of the Russian Federation within the following limits (depending on the types of acts to be performed):
  - 1) for the assaying and hallmarking of jewellery and other household articles of precious metals:
    - for articles of gold – up to 120 roubles per one unit;
    - for articles of silver – up to 300 roubles per one unit;
    - for articles of platinum – up to 120 roubles per one unit;
    - for articles of palladium – up to 120 roubles per one unit;
  - 2) for the expert examination of jewellery and other household articles of precious metals and the expert examination and gemmological examination of precious stones, except in cases envisaged in subsections 3 and 4 of this clause – up to 3,400 roubles per one unit;

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- 3) for the expert examination of precious metals, precious and ornamental stones and inlays of various materials in articles, when performed by authorized State institutions for museums – up to 50 roubles per one unit;
  - 4) for the performance of the acts referred to in subsections 2 and 3 of this clause when carried out at the request of law enforcement bodies – up to 240 roubles per one unit;
  - 5) for analysing materials containing precious metals – up to 1,400 roubles for the identification of one element;
  - 6) for the performance of miscellaneous work – up to 600 roubles per one unit of measure.
2. For the purposes of this Article, miscellaneous work shall be understood to mean:
- 1) the registration of marks of manufacturers of jewellery and other household articles of precious metals;
  - 2) the manufacture of electrode marks for manufacturers of jewellery and other household articles of precious metals;
  - 3) the electric-spark imprinting of marks on jewellery and other household articles for manufacturers of jewellery and other household articles of precious metals;
  - 4) the destruction of imprints of false assay marks and hallmarks on jewellery and other household articles;
  - 5) the manufacture of assay reagents;
  - 6) the storage of valuables over and above the prescribed time period.
3. The provisions of this Article shall be applied with account taken of the provisions of Article 333.32 of this Code.

### **Article 333.32 Special Considerations Relating to the Payment of State Duty for the Performance of Acts by Authorized State Institutions in Exercising Federal Assay Supervision**

1. State duty for the performance of the acts referred to in Article 333.31 of this Code shall be paid:
  - 1) before articles are issued – when jewellery and other household articles are presented for assaying and hallmarking;
  - 2) before the results of an expert examination are issued – when various items, articles, materials and stones are presented for expert examination.

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Where an expert examination is carried out on the premises of museums and an expert examination of various stones is carried out on the request of law enforcement bodies, State duty shall be payable after the examination has been carried out and the relevant documents have been drawn up, but before the results of the examination are issued.

2. For the performance of assaying, hallmarking or expert examinations and the performance of analyses at the request of an organization or physical person for whom those acts are carried out within a shorter time period than is required by administrative documents of the Russian State Assay Office, State duty shall be charged at rates increased:
  - 1) where hallmarked articles are issued within twenty-four hours after the articles were received – by 200 per cent;
  - 2) where hallmarked articles are issued within forty-eight hours after the articles were received – by 100 per cent;
  - 3) where the results of an expert examination or the results of analyses are issued within twenty-four hours after articles were received – by 200 per cent.
3. On the basis of specific characteristics of jewellery and other household articles presented for assaying and hallmarking, the rate of State duty shall be increased:
  - 1) when articles with set stones (inlays) are presented, with the exception of articles which are presented after repair – by 100 per cent;
  - 2) when articles are presented whose constituent parts (components) have been manufactured from various alloys of precious metals – by 100 per cent. In this respect, the rate of State duty shall be established in relation to the precious metal of the main part of the article on which the main State assay mark is placed;
  - 3) in the case of articles which are presented in individual packings or with affixed labels (marks, seals, and the like) and therefore require more handling time – 50 per cent.
4. Where articles are marked with a combined tool (hallmark and State assay mark), the rate of State duty shall be increased by 50 per cent.
5. Where an expert examination is performed in relation to non-transportable (old and fragile or large-sized) articles, and where an expert examination of other articles is performed on the premises of a museum at the request of the person commissioning the examination, the rate of State duty shall be increased by 25 per cent.
6. The increase in the rates of State duty which is envisaged by clauses 2 to 5 of this Article shall be computed on the basis of the State duty rates established in accordance with Article 333.31 of this Code.

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7. State duty for the storage of valuables over and above the prescribed time period shall be calculated beginning on the 15<sup>th</sup> calendar day after the expiry of the prescribed time limit for the performance of work.
8. When calculating the rate of State duty for the manufacture of assay reagents the value of precious metals used in manufacturing them shall not be taken into account.

### **Article 333.32.1 Rates of State Duty for the Performance of Acts by an Authorized Federal Executive Body in Connection with the State Registration of Medicinal Products**

For the performance by an authorized federal executive body of acts associated with the State registration of medicinal products in accordance with the Federal Law “Concerning the Circulation of Medicinal Drugs”, State duty shall be payable at the following rates (depending on the types of acts to be performed):

1. for the performance of an expert appraisal of documents required to obtain permits for the conduct of clinical trials of a medicinal product for medical use and an ethical appraisal when an application is made for the State registration of a medicinal product – 75,000 roubles;
- 2) for the performance of an expert appraisal of the quality of a medicinal drug and an expert appraisal of the risk-benefit ratio of a medicinal product for medical use for the purpose of its State registration – 225,000 roubles;
- 3) for the performance of an expert appraisal of the quality of a medicinal drug and an expert appraisal of the risk-benefit ratio of a medicinal product which has been authorized for medical use in the territory of the Russian Federation for more than twenty years for the purpose of the State registration of the medicinal product – 30,000 roubles;
- 4) for the performance of an expert appraisal of the quality of a medicinal drug and an expert appraisal of the risk-benefit ratio of a medicinal product for medical use in relation to which international multi-centre clinical trials have been conducted, some of them in the territory of the Russian Federation, for the purpose of the State registration of medicinal product – 225,000 roubles;
- 5) for the performance of an expert appraisal of the quality of a medicinal drug and an expert appraisal of the risk-benefit ratio of a medicinal product for veterinary use for the purpose of its State registration – 150,000 roubles;
- 6) for confirmation of the State registration of a medicinal product for medical use – 100,000 roubles;
- 7) for confirmation of the State registration of a medicinal product for veterinary use – 50,000 roubles;
- 8) for the amendment of directions for the use of a medicinal product for medical use – 50,000 roubles;



- 9) for the amendment of directions for the use of a medicinal product for veterinary use – 50,000 roubles;
- 10) for the amendment of the composition of a medicinal product for medical use – 100,000 roubles;
- 11) for the inclusion of a pharmaceutical substance not used for the manufacture of medicinal products in the State register of medicinal drugs – 100,000 roubles;
- 12) for the issue of a permit for the conduct of an international multi-centre clinical trial of a medicinal product for medical use – 200,000 roubles;
- 13) for the issue of a permit for the conduct of a post-registration clinical trial of a medicinal product for medical use – 50,000 roubles.

**Article 333.33 Rates of State Duty for State Registration and for the Performance of Other Legally Significant Acts**

1. State duty shall be payable at the following rates:
  - 1) for the State registration of a legal entity, excluding the State registration of the liquidation of legal entities and (or) the State registration of political parties and regional divisions of political parties – 4,000 roubles;
  - 2) for the State registration of a political party and of each regional division of a political party – 2,000 roubles;
  - 3) for the State registration of amendments which are made to the foundation documents of a legal entity and for the State registration of the liquidation of a legal entity, except where the liquidation of a legal entity occurs by way of the application of a bankruptcy procedure – 20 per cent of the rate of State duty established by subsection 1 of this clause;
  - 4) for the entry of details of a commercial organization in the State register of self-regulatory organizations (for the inclusion of a non-commercial organization in the Unified State Register of Self-Regulatory Organizations) – 4,000 roubles;
    - 4.1) for the entry of details of a legal entity in the State register of microfinance organizations – 1,000 roubles;
    - 4.2) for the issue of a duplicate certificate of the entry of details of a legal entity in the State register of microfinance organizations in place of one that has been lost or mutilated – 200 roubles;
  - 5) for the accreditation of branches of foreign organizations which are established in the territory of the Russian Federation – 120,000 roubles for each branch;

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- 6) for the State registration of a physical person as a private entrepreneur – 800 roubles;
- 7) for the State registration of the cessation by a physical person of activities as a private entrepreneur – 20 per cent of the rate of State duty which is established by subsection 6 of this clause;
- 8) for the re-issue of a certificate of State registration of a physical person as a private entrepreneur or a certificate of State registration of a legal entity – 20 per cent of the rate of State duty paid for State registration;
- 9) for the issue of a certificate of registration of a person who carries out operations involving straight-run petrol – 2,000 roubles;
- 10) for the issue of a certificate of registration of an organization which carries out operations involving denatured ethyl alcohol – 2,000 roubles;
- 11) for the State registration of mass media whose products are intended for distribution primarily in the entire territory of the Russian Federation, outside that territory or in the territories of a number of constituent entities of the Russian Federation:
  - a periodical print publication – 4,000 roubles;
  - an information agency – 4,800 roubles;
  - a radio, television or video programme, a newsreel programme or another mass medium – 6,000 roubles;
- 12) for the State registration of mass media whose products are intended for distribution primarily in the territory of a constituent entity of the Russian Federation, a district, a town, another inhabited locality, a district within a town or a subdistrict:
  - a periodical printed publication – 2,000 roubles;
  - an information agency – 2,400 roubles;
  - a radio, television or video programme, a newsreel programme or other mass media – 3,000 roubles;
- 13) for the issue of a duplicate of a certificate of State registration of a mass medium – 200 roubles;
- 14) for the making of amendments to a certificate of State registration of a mass medium – 200 roubles;
- 16) for the registration of a foreign citizen or a stateless person residing in the territory of the Russian Federation at his place of residence – 200 roubles;

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- 17) for the issue of a passport of a citizen of the Russian Federation – 200 roubles;
- 18) for the issue of a passport of a citizen of the Russian Federation in place of one that has been lost or mutilated – 500 roubles;
- 19) for the State registration of an agreement on a pledge of means of transport, including the issue of a certificate – 1,000 roubles;
- 20) for the issue of a duplicate of a certificate of State registration of an agreement on a pledge of means of transport in place of one that has been lost or mutilated – 500 roubles;
- 21) for the State registration of rights in an enterprise as an asset complex, an agreement on the alienation of an enterprise as an asset complex and limitations (encumbrances) of rights in an enterprise as an asset complex – 0.1 per cent of the value of the assets, property rights and other rights of which the enterprise as an asset complex is comprised, but not more than 60,000 roubles;
- 22) for the State registration of rights and limitations (encumbrances) of rights in immovable property and agreements on the alienation of immovable property, with the exception of the legally significant acts which are envisaged by subsections 21, 22.1, 23 to 26, 28 to 31 and 61 of this clause:
  - for physical persons – 1,000 roubles;
  - for organizations – 15,000 roubles;
- 22.1) for the State registration of rights in immovable property which forms part of a mutual investment fund – 15,000 roubles;
- 23) for the State registration of a share interest in the common ownership of common immovable property in an apartment building – 100 roubles;
- 24) for the State registration of the ownership right of a physical person in a plot of land which is intended to be used to carry on private subsidiary plot and dacha plot farming, market gardening, horticulture or private garage or private residential construction, or in an immovable property item which is being or has been created on such a plot of land – 200 roubles;
- 25) for the State registration of rights and limitations (encumbrances) of rights in land plots forming part of agricultural lands and transactions on the basis of which rights therein are limited (encumbered) – 100 roubles;
- 26) for the State registration of a share interest in the common ownership of land plots forming part of agricultural lands – 50 roubles;
- 27) for the making of amendments to entries in the Unified State Register of Rights in Immovable Property and Transactions Involving Such Property, with the exception of legally significant acts such as are envisaged by subsection 32 of this clause:

- for physical persons – 200 roubles;

- for organizations – 600 roubles;

28) for the State registration:

- of a mortgage agreement, including the insertion in the Unified State Register of Rights to Immovable Property and Transactions Involving Such Property of an entry concerning a mortgage as an encumbrance of rights in immovable property:

for physical persons – 1,000 roubles;

for organizations – 4,000 roubles;

- of an agreement on the amendment or termination of a mortgage agreement, including the making of appropriate amendments to entries in the Unified State Register of Rights to Immovable Property and Transactions Involving Such Property:

for physical persons – 200 roubles;

for organizations – 600 roubles.

Where a mortgage agreement or an agreement which includes a mortgage arrangement which guarantees the fulfilment of an obligation, with the exception of an agreement which gives rise to a mortgage by operation of law, has been concluded between a physical person and a legal entity, State duty for the legally significant acts which are envisaged by this subsection shall be levied at the rate established for physical persons;

29) for the State registration:

- of a change of mortgagee as a result of the cession of rights in respect of the principal obligation which is secured by a mortgage or in respect of a mortgage agreement, inter alia a transaction involving the cession of rights of claim, including the insertion in the Unified State Register of Rights to Immovable Property and Transactions Involving Such Property of an entry concerning a mortgage which is made in the event of a change of mortgagee – 1,000 roubles;

- of a change of owner of a mortgage bond, inter alia a transaction involving the cession of rights of claim, including the insertion in the Unified State Register of Rights in Immovable Property and Transactions Involving Such Property of an entry concerning a mortgage which is made in the event of a change of owner of a mortgage bond – 200 roubles;

30) for the State registration:

- of a shared construction participation agreement:

for physical persons – 200 roubles;

for legal entities – 4,000 roubles;

- of an accord on the amendment or cancellation of a shared construction participation agreement or the cession of rights under a shared construction participation agreement, including the making of relevant amendments to the Unified State Register of Rights to Immovable Property and Transactions Involving Such Property – 200 roubles;

31) for the State registration of servitudes:

- in the interests of physical persons – 1,000 roubles;

- in the interests of organizations – 4,000 roubles;

32) for the making of amendments and additions to a registration entry concerning a mortgage – 200 roubles;

33) for the re-issue to rights holders of a certificate of State registration of a right in immovable property (to replace one that has been lost or mutilated or in connection with the making of amendments to an entry concerning the right which is contained in the Unified State Register of Rights in Immovable Property and Transactions Involving Such Property, including the correction of a technical error in such an entry, with the exception of errors committed through the fault of the authority which carries out cadastral registration, the maintenance of the State cadastre of immovable property and the State registration of rights in immovable property and transactions involving such property):

- for physical persons – 200 roubles;

- for organizations – 600 roubles;

34) for the right to export:

- cultural valuables created more than 50 years ago – 10 per cent of the value of the cultural valuables to be exported, unless otherwise provided by this clause;

- cultural valuables created more than 100 years ago and imported into the territory of the Russian Federation after August 1, 2009 – 5 per cent of the value of the cultural valuables to be exported, but not more than 1,000,000 roubles;

- cultural valuables created 50 years ago or less – 5 per cent of the value of the cultural valuables to be exported;

- collectors' pieces of palaeontological interest – 10 per cent of the value of the cultural valuables to be exported;

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- collectors' pieces of mineralogical interest – 5 per cent of the value of the cultural valuables to be exported;
- 35) for the right to export cultural valuables on a temporary basis – 0.01 of the insured value of the cultural values which are to be temporarily exported;
- 36) for the State registration of vehicles and the performance of other registration procedures involving:
- the issue of State registration plates for automobiles, including by way of replacing plates that have been lost or mutilated – 1,500 roubles;
  - the issue of State registration plates for motorcycle-type vehicles, trailers, tractors, self-propelled road-building machinery and other self-propelled machinery, including by way of replacing plates that have been lost or mutilated – 1,000 roubles;
  - the issue of a vehicle certificate, including by way of replacing one that has been lost or mutilated – 500 roubles;
  - the issue of a vehicle registration certificate, including by way of replacing one that has been lost or mutilated – 300 roubles;
- 37) for the temporary registration of previously registered vehicles at the place where they are kept – 200 roubles;
- 38) for the making of amendments to a previously issued vehicle certificate – 200 roubles;
- 39) for the issue of “Transit” vehicle State registration plates, including by way of replacing plates that have been lost or mutilated:
- made of metal-based materials, for automobiles – 1,000 roubles;
  - made of metal-based materials, for motorcycle-type vehicles, trailers, tractors, self-propelled road-building machinery and other self-propelled machinery – 500 roubles;
  - made of paper-based materials – 100 roubles;
- 40) for the issue of a certificate for a detached numbered vehicle part, including by way of replacing one that has been lost or mutilated – 200 roubles;
- 41) for the issue of a State technical inspection ticket for a vehicle, including by way of replacing one that has been lost or mutilated – 300 roubles;
- 42) for the issue of an international technical inspection certificate, including by way of replacing one that has been lost or mutilated – 300 roubles;

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- 43) for the issue of a national driver's licence or a tractor operator's (tractor driver's) licence, including by way of replacing one that has been lost or mutilated:
- made from paper-based materials – 400 roubles;
  - made from plastic-based materials – 800 roubles;
- 44) for the issue of an international driving permit, including by way of replacing one that has been lost or mutilated – 1,000 roubles;
- 45) for the issue of a provisional driving permit, including by way of replacing one that has been lost or mutilated – 500 roubles;
- 46) for the issue of a certificate confirming the conformity of a vehicle's design to road safety requirements, including by way of replacing one that has been lost or mutilated – 500 roubles;
- 47) for the issue to training institutions of certificates of compliance with requirements relating to educational equipment and facilities in order for the appropriate bodies to consider the award of accreditation and the issue to those institutions of licences to train tractor drivers and operators of self-propelled machinery – 1,000 roubles;
- 48) for the affixing of an apostille – 1,500 roubles per document;
- 49) for the issue of a certificate concerning the recognition and establishment of the equivalence of a document issued in a foreign state concerning a person's education, academic degree or academic title – 4,000 roubles;
- 50) for the issue of a duplicate of a certificate concerning the recognition and establishment of the equivalence of a document issued in a foreign state concerning a person's education, academic degree or academic title – 200 roubles;
- 51) for the legalization of documents – 200 roubles for each document;
- 52) for the requesting and obtaining of documents from the territory of foreign states – 200 roubles for each document;
- 53) for the performance by an authorized body of acts associated with the State registration of issues (additional issues) of issuance securities:
- for the State registration of an issue (additional issue) of issuance securities which are distributed by subscription – 0.2 per cent of the nominal value of the issue (additional issue), but not more than 200,000 roubles;
  - for the State registration of an issue (additional issue) of issuance securities which are distributed by means other than subscription – 20,000 roubles;

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- for the State registration of a report on the results of an issue (additional issue) of issuance securities, except where such report is registered at the same time as the State registration of an issue (additional issue) of issuance securities – 20,000 roubles;
  - for the registration of a securities prospectus (where the State registration of an issue (additional issue) of issuance securities was not accompanied by the registration of a prospectus for those securities) – 20,000 roubles;
  - for the State registration of an issue of Russian depositary receipts or an issue (additional issue) of issuer options – 200,000 roubles;
  - for the State registration of a prospectus for Russian depositary receipts or issuer options (where the State registration of an issue of Russian depositary receipts or an issue (additional issue) of issuer options was not accompanied by the registration of a related prospectus) – 20,000 roubles;
  - for the State registration of amendments made to a decision concerning an issue (additional issue) of issuance securities and (or) to a related prospectus – 20,000 roubles;
- 54) for the performance by an authorized body of acts associated with the registration of pension and insurance rules of non-State pension funds:
- for the registration of the pension and insurance rules of a non-State pension fund – 2,000 roubles;
  - for the registration of amendments made to the pension and insurance rules of a non-State pension fund – 1,000 roubles;
- 55) for the performance of the following acts:
- for the issue of an authorization for the placement and (or) circulation of issuance securities of Russian issuers outside the Russian Federation, including by means of the placement in accordance with foreign law of securities of foreign issuers which certify rights in respect of issuance securities of Russian issuers – 20,000 roubles;
  - for the issue of an authorization confirming the status of a self-regulatory organization of professional participants in the securities market or a self-regulatory organization of management companies of joint stock investment funds, mutual investment funds and non-State pension funds – 20,000 roubles;
- 56) for the performance of registration procedures associated with mutual investment funds:
- for the registration of the rules for the fiduciary management of a mutual investment fund – 60,000 roubles;
  - for the registration of amendments made to the rules for the fiduciary management of a mutual investment fund – 10,000 roubles;



57) for the performance of registration procedures associated with activities on the securities market:

- for the registration of amendments made to documents of an organizer of trade on the securities market or a stock exchange and to the rules for carrying out clearing activities – 20,000 roubles;

- for the registration of the regulations of a specialized depository of a mortgage pool, joint stock investment funds, mutual investment funds and non-State pension funds, a specialized depository which handles pension assets transferred to non-State pension funds which carry out activities as insurer for compulsory pension insurance, or the regulations of a specialized depository which handles pension assets transferred by the Pension Fund of the Russian Federation to private management companies and a State management company, or the regulations of a specialized depository which handles savings for housing provision for servicemen – 10,000 roubles;

- for the registration of amendments made to the regulations of a specialized depository of a mortgage pool, joint stock investment funds, mutual investment funds and non-State pension funds, a specialized depository which handles pension assets transferred to non-State pension funds which carry out activities as insurer for compulsory pension insurance, or to the regulations of a specialized depository which handles pension assets transferred by the Pension Fund of the Russian Federation to private management companies and a State management company, or to the regulations of a specialized depository which handles savings for housing provision for servicemen – 2,000 roubles;

- for the registration of the rules for the maintenance of a register of holders of investment units in mutual investment funds – 10,000 roubles;

- for the registration of amendments made to the rules for the maintenance of a register of holders of investment units in mutual investment funds – 2,000 roubles;

- for the registration of the rules for the organization and conduct of internal control of a management company, a specialized depository and a non-State pension fund – 10,000 roubles;

- for the registration of amendments made to the rules for the organization and conduct of internal control of a management company, a specialized depository and a non-State pension fund – 2,000 roubles;

58) for the provision of:

- a licence to carry out activities involving the organization of trade on the securities market, a stock exchange licence or a licence to carry out clearing activities – 200,000 roubles for each licence;

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- a licence to carry out activities involving the management of investment funds, mutual investment funds and non-State pension funds, and a licence to carry out activities of a specialized depositary of investment funds, mutual investment funds and non-State pension funds – 20,000 roubles for each licence;
  - a licence to carry out other types of activity (professional activity) on the securities market – 20,000 roubles for each licence;
- 59) for the State registration in the State Register of Ships, a vessel register or a bareboat charter register of:
- marine vessels – 6,000 roubles;
  - inland water vessels – 2,000 roubles;
  - combined (river-sea) vessels – 3,000 roubles;
  - pleasure boats, including sailboats, with a passenger carrying capacity of not more than 12 persons, irrespective of the power of the main engines and the tonnage, which are used for seafaring – 1,000 roubles;
  - cutters with main engines of a power less than 55 kW, motor boats with outboard motors of a power exceeding 10 h.p., waverunners (water cycles) and non-self-propelled vessels with a tonnage of less than 80 tonnes – 500 roubles;
  - motor boats with outboard motors of a power up to 10 h.p., rowing boats, canoes and inflatable non-motorized vessels – 100 roubles;
- 60) for the State registration of amendments made to the State Register of Ships, a vessel register or a bareboat charter register in relation to:
- marine vessels – 1,200 roubles;
  - inland water vessels – 500 roubles;
  - combined (river-sea) vessels – 600 roubles;
  - small vessels – 100 roubles;
- 61) for the issue of a certificate of ownership and for the State registration of limitations (encumbrances) of rights in:
- a marine vessel – 6,000 roubles;
  - an inland water vessel – 2,000 roubles;
  - a combined (river-sea) vessel – 3,000 roubles;
  - a small vessel – 500 roubles;

- 62) for the issue of a certificate of the right to sail under the State Flag of the Russian Federation:
- for marine vessels – 6,000 roubles;
  - for inland water vessels – 2,000 roubles;
  - for combined (river-sea) vessels – 3,000 roubles;
- 63) for the issue of a document confirming the seaworthiness of a small vessel – 60 roubles;
- 64) for the issue of a pilotage certificate – 200 roubles;
- 65) for the issue of a vessel seaworthiness certificate – 200 roubles;
- 66) for the issue of a vessel certificate – 500 roubles, except for the issue of a vessel certificate for a small vessel; for the issue of a vessel certificate for a small vessel – 100 roubles;
- 67) for the issue of a duplicate of a vessel certificate to replace one that has been lost or mutilated – 100 roubles;
- 68) for the replacement of a licence to operate a vessel – 400 roubles;
- 69) for the issue of a ship radio station permit or an aircraft radio station permit – 2,000 roubles;
- 70) for the issue of a vessel sanitary certificate for the right to sail – 1,000 roubles;
- 71) for the right to use the names “Russia”, “Russian Federation” and words and word combinations formed on the basis thereof in the names of legal entities – 50,000 roubles;
- 72) for the following acts performed by authorized bodies when carrying out skill assessment in cases where such assessment is required by the legislation of the Russian Federation:
- the issue of a diploma, certificate or other document confirming level of qualification – 800 roubles;
  - the making of amendments to a diploma, certificate or other document confirming level of qualification in connection with a change of surname, first name or patronymic – 200 roubles;
  - the issue of a duplicate diploma, certificate or other document confirming level of qualification – 800 roubles;
  - the extension (renewal) of the validity of a diploma, certificate or other document confirming level of qualification – 400 roubles;

- 73) for the issue of a document confirming the accreditation of organizations, with the exception of the acts referred to in subsections 74, 75 and 127 to 131 of this clause – 3,000 roubles;
- 74) for the accreditation of organizations which carry out the skill assessment of physical persons in the area of professional activities on the securities market in the form of qualification examinations and the issue of qualification certificates – 60,000 roubles;
- 75) for the issue of a document confirming the accreditation of organizations and private entrepreneurs for the performance of work and (or) the rendering of services in the area of technical regulation and ensuring the uniformity of measurements – 2,000 roubles;
- 76) for the issue of a certificate of approval of a reference standard or a standard measuring instrument – 1,000 roubles;
- 77) for the issue of a duplicate document confirming accreditation (State accreditation) – 200 roubles;
- 78) for the issue of an authorization:
- for the transborder transportation of hazardous waste – 200, 000 roubles;
  - for the transborder transportation of ozone-destroying substances and products containing such substances – 100,000 roubles;
  - for the importation of poisonous substances into the territory of the Russian Federation – 200,000 roubles;
- 79) for the issue of authorizations for the exportation from the Russian Federation and for the importation into the Russian Federation of species of animals and plants and parts and derivatives thereof which are covered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora – 2,000 roubles;
- 80) for the State registration of aircraft in the State Register of Civil Aircraft of the Russian Federation:
- Class I aircraft – 4,000 roubles;
  - Class II and Class III aircraft – 3,000 roubles;
  - Class IV aircraft – 2,000 roubles;
- 81) for the State registration in the appropriate State registers of:
- a civil aerodrome of Class A, B or C – 80,000 roubles;
  - a civil aerodrome of Class D, E or F – 40,000 roubles;

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- an airport – 10,000 roubles;
- 82) for the extension of the periods of validity of a certificate of the State registration and serviceability of airports and civil aerodromes – 50 per cent of the rate of State duty paid for State registration;
- 83) for the registration of light-signal equipment systems with high- or low-intensity lights, and for extending the validity of a certificate of serviceability for such light-signal equipment systems:
  - with high-intensity lights – 10,000 roubles;
  - with low-intensity lights – 1,400 roubles;
- 84) for the making of amendments to the State registers referred to in subsections 80 and 81 of this clause and to a certificate of serviceability for the equipment referred to in subsection 83 of this clause – 200 roubles;
- 85) for the State registration of basic technological equipment for the manufacture of ethyl alcohol and (or) alcoholic products – 10,000 roubles per unit of basic technological equipment;
- 86) for the State registration of a new food product, material or article – 3,000 roubles;
- 87) for the State registration of a particular type of product which presents a potential human hazard, and of a type of product which is imported into the territory of the Russian Federation for the first time – 3,000 roubles;
- 88) for the making of amendments to certificates confirming the State registration which is envisaged by subsections 85 to 87 of this clause – 200 roubles;
- 89) for the consideration of a petition envisaged by anti-monopoly legislation – 20,000 roubles;
- 90) for the consideration of a petition envisaged by the legislation concerning natural monopolies – 10,000 roubles;
- 91) for the issue of a rental certificate for cinematographic and video films – 2,000 roubles;
- 92) for the following acts of authorized bodies which are connected with licensing, with the exception of the acts referred to in subsections 93 to 95 and 110 of this clause:
  - the grant of a licence – 2,600 roubles;
  - the issue of a replacement document confirming possession of a licence and (or) an appendix to that document in connection with the updating of details concerning the addresses of locations where the licensed activity is carried out

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and concerning work performed and services rendered as part of the licensed activity, including education syllabi which are taught – 2,600 roubles;

- the issue of a replacement document confirming possession of a licence of a licence and (or) an appendix to that document in other cases – 200 roubles;

- the grant of a provisional licence to carry out educational activities – 200 roubles;

- the issue of a duplicate of a document confirming possession of a licence – 200 roubles;

- extension of the period of validity of a licence – 200 roubles;

93) for the provision of a licence to carry out banking operations upon the establishment of a bank – 0.1 per cent of the declared charter capital of the bank which is established, but not more than 80,000 roubles;

94) for the following acts of acts of authorized bodies which are connected with the licensing of activities associated with the production and circulation of ethyl alcohol and alcoholic and alcohol-containing products:

- the provision of a licence for the production, storage and supply of produced ethyl alcohol (including denatured) – 6,000,000 roubles;

- the provision of a licence for the production, storage and supply of produced alcoholic products (excluding wine) – 6,000,000 roubles;

- the provision of a licence for the production, storage and supply of produced wine – 500,000 roubles;

- the provision of a licence for the production, storage and supply of produced alcohol-containing food products – 500,000 roubles;

- the provision of a licence for the production, storage and supply of produced alcohol-containing non-food products (including denatured products) – 500,000 roubles;

- the provision of a licence for the procurement, storage and supply of alcoholic products – 500,000 roubles;

- the provision of a licence for the storage of ethyl alcohol and alcoholic and alcohol-containing food products – 500,000 roubles;

- the provision of a licence for the procurement, storage and supply of alcohol-containing products – 500,000 roubles;

- the issue of a replacement licence upon the re-organization of a legal entity (except in the case of the re-organization of legal entities in the form of a merger provided that, as at the date of State registration of the legal successor of the re-organized organizations, each legal entity involved possesses a

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licence to carry out one and the same type of activity) – at the rate established by this subsection for the provision of the type of licence in question;

- the issue of a replacement licence in the case of the re-organization of legal entities in the form of a merger provided that, as at the date of State registration of the legal successor of the re-organized organizations, each legal entity involved possesses a licence to carry out one and the same type of activity) – 2,000 roubles;

- the issue of a replacement licence in connection with a change in the name of a legal entity (without re-organization), in its location or the place of activity shown in the licence in other details given in the licence, and in connection with the loss of the licence – 2,000 roubles;

- the extension of the period of validity of a licence – at the rate established by this subsection for the provision of the relevant type of licence;

- the provision of a licence for the retail sale of alcoholic products – 40,000 roubles for each year of the period of validity of the licence;

95) for the following acts of authorized bodies which are connected with the licensing of activities involving the conduct of work associated with the use of atomic energy:

- the provision of a licence for the siting, construction, operation and decommissioning of nuclear installations – 20,000 roubles;

- the provision of a licence for the siting, construction, operation and decommissioning of a radiation source, for the handling of nuclear materials and radioactive substances, including in the context of exploration for and the extraction of uranium ores and in the context of the production, use, processing, transportation and storage of nuclear materials and radioactive substances, for the handling of radioactive waste in the context of the storage, processing, transportation and burial of such waste, and for the design and manufacture of equipment for nuclear installations, radiation sources, facilities for the storage of nuclear materials and radioactive substances and radioactive waste storage sites – 10,000 roubles;

- the provision of a licence for the siting, construction, operation and decommissioning of a storage facility, for the planning and design of nuclear installations, radiation sources, facilities for the storage of nuclear materials and radioactive substances and radioactive waste storage sites – 15,000 roubles;

- the provision of a licence for the use of nuclear materials and (or) radioactive substances in the context of the conduct of research and development activities, for the conduct of expert appraisals of planning, design and technological documentation and documents supporting the nuclear and radiation safety of nuclear installations, radiation sources, facilities for the storage of nuclear materials and radioactive substances and radioactive waste

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storage sites, and for activities involving the handling of nuclear materials and radioactive substances and waste – 5,000 roubles;

- the issue of a replacement document confirming possession of a licence – 1,000 roubles;

- the issue of a duplicate of a document confirming possession of a licence – 200 roubles;

- the extension of the period of validity of a document confirming possession of a licence – 200 roubles;

96) for the provision of a permit for the harvesting of fauna – 400 roubles;

97) for the provision of a permit for the harvesting (capture) of aquatic biological resources:

- for an organization – 500 roubles;

- for a physical person – 200 roubles;

98) for the issue of a duplicate of a permit for the harvesting of fauna – 200 roubles;

99) for the making of amendments to a permit for the harvesting (capture) of aquatic biological resources:

- for an organization – 200 roubles;

- for a physical person – 100 roubles;

100) for the State registration of product names of ethyl alcohol and alcohol-containing solutions obtained from non-food raw materials, ethyl alcohol from raw foodstuffs, alcoholic and alcohol-containing food products and other alcohol-containing products and alcohol-containing perfumes and cosmetics – 2,000 roubles;

101) for the State registration of medical products and medical equipment – 3,000 roubles;

102) for the State registration of pesticides and agrochemicals and potentially hazardous chemical and biological substances – 3,000 roubles;

103) for making amendments to certificates confirming the State registration envisaged by subsections 15 and 100 to 102 of this clause;

104) for the issue of a certificate of conformity to compulsory certification requirements in civil aviation – 400 roubles;

105) for the issue of a permit to install an advertising structure – 3,000 roubles;



- 106) for the receipt of a numbering resource by a communications operator:
- for one telephone number from the numbering plan of the seventh world numbering zone for the public telephone network, with the exception of the allocation of numbering capacity from access codes for telecommunication services – 20 roubles;
  - for one identification code of mobile radiotelephony and mobile radio communication networks from the numbering resource of identification codes for communication networks and network components and terminal equipment – 2,000,000 roubles;
  - for one number from access codes for telecommunication services from the numbering plan for the seventh world numbering zone for the public telephone network – 20,000 roubles;
  - for one number from the numbering plan of a designated network of the unified telecommunication network of the Russian Federation – 20 roubles;
  - for one trunk routing code of telegraph network centres – 20,000 roubles;
  - for one identification code of a data transmission network – 20,000 roubles;
  - for one identification code of nodes and terminal equipment from the numbering resource for codes of points in the CCS No. 7 signalling network for fixed telephony, mobile radiotelephony and satellite mobile radio communication for interconnection at international level – 200,000 roubles;
  - for one identification code of nodes and terminal equipment from the numbering resource for codes of points in the CCS No. 7 signalling network for fixed telephony, mobile radiotelephony and satellite mobile radio communication for interconnection at intercity level – 20,000 roubles;
  - for one identification code of nodes and terminal equipment from the numbering resource for codes of points in the CCS No. 7 signalling network for fixed telephony, mobile radiotelephony and satellite mobile radio communication for interconnection at local level – 2,000 roubles;
- 107) for the registration of a declaration of the conformity of communications equipment and communications services to requirements – 2,000 roubles;
- 108) for the registration of vessels in the Russian International Register of Vessels:
- where the gross tonnage of the vessel is from 80 units of gross tonnage up to 3,000 units of gross tonnage inclusively – 52,000 roubles plus 9.4 roubles per unit of gross tonnage;
  - where the gross tonnage of the vessel is above 3,000 units of gross tonnage and up to 8,000 units of gross tonnage inclusively – 54,000 roubles plus 8.8 roubles per unit of gross tonnage;

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- where the gross tonnage of the vessel is above 8,000 units of gross tonnage and up to 20,000 units of gross tonnage inclusively – 96,000 roubles plus 5.0 roubles per unit of gross tonnage;
  - where the gross tonnage of the vessel is above 20,000 units of gross tonnage – 134,000 roubles plus 3.2 roubles per unit of gross tonnage;
- 109) for the annual confirmation of the registration of a vessel in the Russian International Register of Vessels:
- where the gross tonnage of the vessel is from 80 units of gross tonnage up to 8,000 units of gross tonnage inclusively – 14,000 roubles plus 22.4 roubles per unit of gross tonnage;
  - where the gross tonnage of the vessel is above 8,000 units of gross tonnage and up to 20,000 units of gross tonnage inclusively – 104,000 roubles plus 14.2 roubles per unit of gross tonnage;
  - where the gross tonnage of the vessel is above 20,000 units of gross tonnage and up to 45,000 units of gross tonnage inclusively – 204,000 roubles plus 9.2 roubles per unit of gross tonnage;
  - where the gross tonnage of the vessel is above 45,000 units of gross tonnage – 260,000 roubles plus 8 roubles per unit of gross tonnage;
- 110) for the following acts of authorized bodies which are connected with the issue of licences to carry out activities involving the organization and conduct of games of chance in bookmaking offices and totalizators:
- the issue of a licence – 10,000 roubles;
  - the issue of a replacement licence – 3,000 roubles;
  - the extension of the period of validity of a licence – 3,000 roubles;
- 111) for the issue of a special permit for road use by a vehicle which is used for the transport (with the exception of a vehicle which is used for the international road transport) of:
- dangerous loads – 800 roubles;
  - heavy and (or) oversized loads – 1,000 roubles;
- 112) for the following acts of authorized bodies which are connected with the issue of a private security guard certificate:
- the issue of a private security guard certificate (duplicate certificate) – 1,200 roubles;
  - the re-issue of a private security guard certificate in connection with the extension of the period of validity of a certificate – 400 roubles;

- the making of amendments to a private security guard certificate in connection with a change of place of residence or changes in other details given in the certificate – 200 roubles;
- 113) for the issue of a permit to conduct all-Russian lotteries – 6,000 roubles;
- 114) for the issue of a permit for the use of technical devices at hazardous production facilities – 2,000 roubles;
- 115) for the issue of a permit for the operation of hydraulic structures – 2,000 roubles;
- 116) for the issue of a permit for the emission of harmful substances (pollutants) into the atmosphere – 2,000 roubles;
- 117) for the issue of a permit for harmful physical impact on the atmosphere – 2,000 roubles;
- 118) for the issue of a permit for the discharge of pollutants into the environment – 2,000 roubles;
- 119) for the issue of a permit for the putting into permanent operation of:
  - public railway lines – 120,000 roubles;
  - non-public railway lines – 60,000 roubles;
- 120) for the issue of a permit for building on areas of occurrence of commercial minerals, and for the siting of underground installations at places of occurrence thereof within the boundaries of a mining allotment – 2,000 roubles;
- 121) for the issue of a permit for the conduct of acclimatization, relocation and cross-breeding measures and for the maintenance and breeding of fauna species classified as game and of aquatic biological resources in semi-wild conditions and artificially created habitats – 400 roubles;
- 122) for the issue of a duplicate of a permit for the conduct of acclimatization, relocation and cross-breeding measures and for the maintenance and breeding of fauna species classified as game and of aquatic biological resources in semi-wild conditions and artificially created habitats – 200 roubles;
- 123) for the adoption of an extrajudicial decision on disputes relating to the establishment and application of regulated prices (tariffs) in accordance with the legislation of the Russian Federation concerning natural monopolies – 100,000 roubles;
- 124) for the adoption of a decision in relation to established tariffs and mark-ups in connection with disagreements arising between executive bodies of constituent entities of the Russian Federation responsible for the State

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regulation of tariffs, organizations which carry out regulated types of activity and consumers, and between executive bodies of constituent entities of the Russian Federation which regulate tariffs for goods and services of utility organizations, local government bodies which regulate tariffs and mark-ups of utility organizations and utility organizations – 50,000 roubles;

- 125) for the issue of a a document approving norms for the generation of production and consumption waste and limits on the disposal thereof 1,000 roubles;
- 126) for the re-issue and issue of a duplicate of a document approving production and consumption waste generation norms and waste disposal limits – 200 roubles;
- 127) for the issue of a certificate of State accreditation:
- of an educational institution of higher vocational education – 130,000 roubles plus 70,000 roubles for each major group of higher vocational education courses and specializations at the educational institution and each of its branches that is included in the certificate of State accreditation;
  - of an educational institution of further vocational education or a scientific organization – 120,000 roubles;
  - of an educational institution of intermediate vocational education – 50,000 roubles;
  - of an educational institution of elementary vocational education – 40,000 roubles;
  - of another educational institution – 10,000 roubles;
- 128) for the issue of a replacement certificate of State registration of an educational institution in connection with the establishment of a different State status in relation to:
- an educational institution of higher vocational education – 70,000 roubles;
  - an educational institution of further vocational education – 50,000 roubles;
  - an educational institution of intermediate vocational education – 25,000 roubles;
  - an educational institution of elementary vocational education – 15,000 roubles;
  - another educational institution – 3,000 roubles;
- 129) for the issue of a replacement certificate of State registration of an educational institution or a scientific organization in connection with the State

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accreditation of education syllabi and major groups of courses and specializations:

- each major group of higher vocational education courses and specializations – 70,000 roubles;
- major groups of postgraduate vocational education courses and specializations and additional vocational education syllabi for which federal State requirements have been established – 60,000 roubles;
- major groups of intermediate vocational education and elementary vocational education courses and specializations – 25,000 roubles;
- core general education syllabi – 7,000 roubles;

- 130) for the issue of a replacement certificate of State accreditation of an educational institution or a scientific organization in other cases – 2,000 roubles;
- 131) for the issue of a provisional certificate of State accreditation of an educational institution or a scientific organization – 2,000 roubles.
2. The provisions of this Article shall be applied with account taken of the provisions of Article 333.34 of this Code.

### **Article 333.34 Special Considerations Relating to the Payment of State Duty for the State Registration of an Issue of Securities and Mass Media, for the Right to Export (Export Temporarily) Cultural Valuables, for the Right to Use the Names “Russia”, “Russian Federation” and Words and Word Combinations Formed on the Basis Thereof in the Names of Legal Entities, and for the Receipt of a Numbering Resource**

2. State duty for the right to export (to export temporarily) cultural valuables shall be calculated on the basis of the market price of the cultural valuables which is indicated in the application of the person applying to export them. In the event that the State body which issues a certificate to export cultural valuables determines another value for the cultural valuables, the higher price shall be used for the calculation of State duty for the right to export (to export temporarily) cultural valuables.

State duty for the right to export (to export temporarily) cultural valuables shall be paid on the basis of the price of all cultural valuables which are exported at one time by one person.

In the event that cultural valuables are exported (temporarily exported) by persons who have gifted to the Russian Federation cultural valuables in relation to which a decision has been adopted to include them in State protection lists or registers, for the purpose of determining the rate of State duty for the right to export (export temporarily) cultural valuables the price of

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the cultural valuables to be exported shall be reduced by the price of the cultural valuables which were gifted.

3. State duty for the State registration of mass media shall be paid with account taken of the following special considerations:
  - 1) in the case of the registration of mass media of an advertising nature the rate of State duty for the mass medium in question shall be increased by a factor of five;
  - 2) in the case of the registration of mass media of an erotic nature the rate of State duty for the mass medium in question shall be increased by a factor of ten;
  - 3) in the case of the registration of mass media which specialize in the issue of products for children, adolescents and disabled persons and mass media of an educational and culturally informative nature, the rate of State duty for the mass medium in question shall be reduced by a factor of five.
4. The classification of mass media as mass media of an advertising or erotic nature, as mass media specializing in the issue of products for children, adolescents and disabled persons and as mass media of an educational and culturally informative nature shall be made in accordance with the legislation of the Russian Federation.
5. State duty for the right to use the names “Russia”, “Russian Federation” and words and word combinations formed on the basis thereof in the names of legal entities shall be paid upon the State registration of a legal entity when it is established or upon the registration of relevant amendments to the foundation documents of a legal entity.
6. State duty for the receipt of a numbering resource shall be paid with account taken of the following special considerations:
  - 1) in the event of a change in numbering, State duty for the receipt of a numbering resource shall not be payable. In the event that a numbering resource allocated to a communications operator is wholly or partially withdrawn, State duty paid by that operator shall not be refunded;
  - 2) where an organization is re-organized by means of a merger, acquisition or change of form and documents of entitlement to the numbering resource allocated to that organization are re-issued, State duty shall not be paid for the numbering resource already allocated;
  - 3) where an organization is re-organized by means of a demerger or spin-off and documents of entitlement to an allocated numbering resource are re-issued, State duty shall not be paid for the numbering resource already allocated.

**Article 333.35 Concessions for Particular Categories of Physical Persons and Organizations**

1. The following shall be exempt from the payment of the State duty which is established by this Chapter:
  - 1) management bodies of State non-budgetary funds of the Russian Federation, State-owned institutions, editorial offices of mass media, with the exception of mass media of an advertising and erotic nature, all-Russian social associations, religious associations, political parties – for the right to use “Russia”, “Russian Federation” and words and word combinations formed on the basis thereof in the names of those organizations or associations;
  - 2) courts of general jurisdiction, arbitration courts and magistrates – when sending (filing) requests to the Constitutional Court of the Russian Federation;
  - 3) courts of general jurisdiction, arbitration courts and magistrates and State bodies of a constituent entity of the Russian Federation – when sending (filing) requests to the constitutional (charter) courts of constituent entities of the Russian Federation;
  - 4) federal State government bodies, State government bodies of constituent entities of the Russian Federation and local government bodies – when they apply for the performance of legally significant acts established by this Chapter, except in cases provided for in subsection 124 of clause 1 of Article 333.33 of this Code;
  - 5) the Central Bank of the Russian Federation – with respect to the State registration of issues (additional issues) of issuance securities which are issued by that Bank in implementation of unified State monetary and credit policy in accordance with the legislation of the Russian Federation;
  - 6) organizations – with respect to the State registration of issues (additional issues) of issuance securities which are issued by them for the purpose of restructuring debt obligations to budgets of all levels (while the agreement on the restructuring of such obligations is in effect), in the event that those securities have been transferred and (or) encumbered in favour of an authorized executive body on the basis of an agreement on the settlement of indebtedness in respect of payments to budgets of all levels;
  - 7) organizations – with respect to the State registration of issues (additional issues) of issuance securities which are put into circulation when the charter capital is increased by the amount of a fixed asset revaluation which is carried out in accordance with a decision of the Government of the Russian Federation;
  - 8) State and municipal museums, archives, libraries and other State and municipal repositories of cultural valuables – for the right to export on a temporary basis cultural valuables which are in their permanent stocks;

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- 9) physical persons who are the authors of cultural valuables – for the right to export (export on a temporary basis) cultural valuables;
- 10) State government bodies and local government bodies – for the affixing of an apostille and for the State registration of organizations and for the State registration of amendments to the foundation documents of organizations, and for the State registration of the liquidation of organizations;
- 11) physical persons who are Heroes of the Soviet Union, Heroes of the Russian Federation and full cavaliers of the Order of Glory – with respect to cases which are examined by courts of general jurisdiction, by magistrates and by the Constitutional Court of the Russian Federation, and with respect to applications made to bodies and (or) officials which perform notarial acts and to bodies which carry out the State registration of acts of civil status;
- 12) physical persons who were participants in or disabled as a result of the Great Patriotic War – with respect to cases which are examined by courts of general jurisdiction, by magistrates and by the Constitutional Court of the Russian Federation, and with respect to applications made to bodies and (or) officials which perform notarial acts and to bodies which carry out the State registration of acts of civil status;
- 14) a physical person / citizen of the Russian Federation who is the sole author of a computer programme, database or integrated circuit topography and the holder of rights therein and is seeking a certificate of registration in his own name, where such physical person is a veteran of the Great Patriotic War, a disabled person or a student of educational institutions (irrespective of their form of ownership) – for the performance of the acts envisaged by clauses 1 to 3, 5 and 6 of clause 1 of Article 333.30 of this Code.

The concession which is envisaged by this subsection shall also be granted to a collective of authors and holders of rights where each member of that collective is a disabled person, or a participant in the Great Patriotic War, or a person disabled as a result of the Great Patriotic War;

- 15) physical persons who are recognised as low-income persons in accordance with the Housing Code of the Russian Federation – for the performance of the acts envisaged by subsection 22 of clause 1 of Article 333.33 of this Code, with the exception of the State registration of limitations (encumbrances) of rights in immovable property.
2. The basis for the granting of concessions to the physical persons enumerated in subsections 11 and 12 of clause 1 of this Article shall be a certificate of the standard form.

The concessions envisaged by subsection 14 of clause 1 of this Article shall be granted on the petition of the author (authors). The basis for the granting of a concession shall be copies of appropriate documents: a certificate of a veteran of the Great Patriotic War (war participant), a medical-social examination certificate or a document issued by an educational institution. A petition for the grant of the above-mentioned concessions shall be submitted in place of a



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document confirming the payment of State duty where the concession is exemption from the payment of that duty, or together with that document.

The basis for the granting of the concession which is envisaged by subsection 15 of clause 1 of this Article shall be a document issued in accordance with the established procedure.

3. State duty shall not be payable in the following cases:
  - 1) for the issue of an invitation for the entry of a foreign citizen or stateless person into the Russian Federation for the purpose of studying at a State or municipal educational institution;
  - 2.1) for the issue of a work permit to a foreign citizen who has concluded an employment or civil-law agreement on the performance of work (rendering of services) with a person participating in the implementation of a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” and has arrived in the territory of the “Skolkovo” Innovation Centre;
  - 2.2) for the issue of an invitation for entry to the Russian Federation to a foreign citizen who has concluded an employment or civil-law agreement on the performance of work (rendering of services) with a person participating in the implementation of a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre”;
  - 2.3) for the issue of a visa to, or extension of the period of validity of a visa for, a foreign citizen who has concluded an employment or civil-law agreement on the performance of work (rendering of services) with a person participating in the implementation of a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre”;
  - 3) for the exportation of cultural valuables which have been recovered from the unlawful possession of other persons and are being returned to their owner;
  - 4.1) for the State registration of the right of operational management in respect of immovable property which is in State or municipal ownership;
  - 4.2) for the State registration of limitations (encumbrances) of rights in land plots which are used for northern deer farming;
  - 4.3) for the State registration of the right of permanent (indefinite) use of land plots which are in State or municipal ownership;

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- 4.4) for the making of amendments to the Unified State Register of Rights in Immovable Property and Transactions Involving Such Property in connection with amendments to legislation of the Russian Federation;
- 4.5) for the making of amendments to the Unified State Register of Rights in Immovable Property and Transactions Involving Such Property in connection with the presentation by an organization (body) for the registration of items of immovable property of revised data for an item of immovable property in accordance with the procedure established by Article 17 of Federal Law No. 122-FZ of July 21, 1997 “Concerning the State Registration of Rights in Immovable Property and Transactions Involving Such Property”;
- 5) for the State registration of attachments of immovable property;
- 6) for the State registration of a mortgage arising by virtue of law and for the cancellation of a registration entry concerning a mortgage;
- 7) for the State registration of an agreement on a change in the content of a mortgage bond, including the making of appropriate amendments to entries in the Unified State Register of Rights to Immovable Property and Transactions Involving Such Property;
- 8) for the State registration of a right in an item of immovable property which arose prior to the implementation of Federal Law No. 122-FZ of July 21, 1997 “Concerning the State Registration of Rights to Immovable Property and Transactions Involving Such Property” upon the State registration of the transfer of such right or of a transaction involving the alienation of the item of immovable property. In other cases envisaged by clause 2 of Article 6 of the above-mentioned Federal Law State duty shall be levied for the State registration of a right to an item of immovable property which arose prior to the implementation of that Federal Law at a rate equal to one half of the State duty which is established by this Chapter for the State registration of a right in immovable property;
- 8.1) for the State registration of the termination of rights in connection with the liquidation of an item of immovable property, renunciation of the right of ownership in an item of immovable property, the transfer of the right to a new rights holder and the conversion (reconstruction) of an item of immovable property;
- 8.2) for the State registration of the termination of limitations (encumbrances) on rights in immovable property;
- 9) for the issue of a passport of a citizen of the Russian Federation to orphaned children and children deprived of parental care;
- 10) for the performance of the legally significant acts which are envisaged by clause 2 of part 1 of Article 5 of the Federal Law “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a

Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”;

- 10.1) for the issue of a work permit to a foreign citizen who has concluded an employment or civil-law agreement with a Russian organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and entered the territory of the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which are established by Article 2 of the above-mentioned Federal Law;
- 10.3) for the issue of an invitation for entry to the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which are established by Article 2 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” for a foreign citizen who has concluded an employment or civil-law agreement with a Russian organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games in accordance with Article 3 of the above-mentioned Federal Law;
- 10.4) for the issue of a visa to, or extension of the period of validity of a visa for, a foreign citizen who has concluded an employment or civil-law agreement with a Russian organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and is to enter the territory of the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which are established by Article 2 of the above-mentioned Federal Law;
- 10.6) for the issue of an invitation for entry to the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which are established by Article 2 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” to a foreign citizen who is engaged as a volunteer of the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-

commercial organization and has concluded a corresponding civil-law agreement with that organization;

- 10.7) for the issue of a visa to, or extension of the period of validity of a visa for, a foreign citizen who is engaged as a volunteer of the “Organizing Committee of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games” autonomous non-commercial organization and has concluded a corresponding civil-law agreement with that organization and who entered the territory of the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which are established by Article 2 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”;
- 10.9) for the issue of an invitation for entry to the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which are established by part 2 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” to a foreign citizen who takes part in the organization and (or) holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games as temporary personnel in accordance with Article 10.1 of the above-mentioned Federal Law;
- 10.10) for the issue of a visa to, or extension of the period of validity of a visa for, a foreign citizen who takes part in the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games as temporary personnel in accordance with Article 10.1 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and who entered the territory of the Russian Federation during the period of the organization and (or) the period of the holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games which are established by Article 2 of the above-mentioned Federal Law;
- 11) for the State registration of the ownership right of the Russian Federation in roads transferred for fiduciary management to a legal entity established in the organizational-legal form of a State company and in land plots leased to that legal entity, for the State registration of agreements on the lease of land plots provided to that legal entity and for the State registration of the termination of rights in such roads and land plots;

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- 12) for the affixing of an apostille on civil registry documents and certificates issued by archive bodies upon application of physical persons residing outside the territory of the Russian Federation which are requested through diplomatic representations and consular institutions of the Russian Federation;
13. for the State registration of medicinal products for medical use which were presented for State registration prior to the date of entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”;
- 14) for the State registration of medicinal products for medical use which were presented for expert examination of pharmaceutical drugs prior to the date of entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”;
- 15) for confirmation of the State registration of medicinal products for medical use which were presented for confirmation of State registration prior to the date of entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”;
- 16) for confirmation of the State registration of medicinal products for medical use which were presented for expert examination of pharmaceutical drugs prior to the date of entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”;
- 17) for the adoption of a decision concerning the introduction of amendments to documents contained in the registration file for a registered medicinal product for medical use which were presented prior to the date of entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”;
- 18) for the adoption of a decision concerning the introduction of amendments to documents contained in the registration file for a registered medicinal product for medical use which were presented for expert examination of pharmaceutical drugs prior to the date of entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”;
- 19) for the issue of permits to conduct clinical trials of medicinal products for medical use on the basis of applications submitted prior to the entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs” and on the basis of applications submitted after the entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs” pursuant to expert examinations carried out prior to the entry into force of Federal Law No. 61-FZ of April 12, 2010 “Concerning the Circulation of Pharmaceutical Drugs”.

**Article 333.36 Concessions for Applications Made to Courts of General Jurisdiction and Magistrates**

1. The following shall be exempt from the payment of State duty in relation to cases which are examined by courts of general jurisdiction and by magistrates:
  - 1) plaintiffs – with respect to actions concerning the recovery of salary (monetary allowances) and other claims emanating from employment relations, and with respect to actions relating to the recovery of benefits;
  - 2) plaintiffs – with respect to actions concerning the recovery of alimony;
  - 3) plaintiffs – with respect to actions concerning compensation for damage caused by physical injury or other impairment of health, and by the death of a breadwinner;
  - 4) plaintiffs – with respect to actions concerning compensation for material and (or) moral injury caused by a crime;
  - 5) organizations and physical persons – for the issue of documents to them in connection with criminal cases and cases concerning the recovery of alimony;
  - 6) the parties involved – with respect to the filing of appellate and cassation appeals in relation to marriage annulment actions;
  - 7) organizations and physical persons – with respect to the filing with a court of:
    - applications for the grant of a deferral (instalment plan) for the execution of decisions, for a change in the method or procedure for the execution of decisions, for the overturning of the execution of a decision, the restoration of missed deadlines or the review of a decision, determination or ruling of a court in the light of newly discovered circumstances, or for the review of an extramural decision by the court which adopted that decision;
    - appeals against actions (omissions) of a bailiff and appeals against rulings on cases concerning administrative offences which have been adopted by relevant authorized bodies;
    - private appeals against determinations of a court, including determinations concerning injunctive relief or the replacement of one kind of relief with another, concerning the termination or suspension of proceedings or concerning the non-remission or non-reduction of the amount of a fine imposed by a court;
  - 8) physical persons – when filing cassation appeals in respect to criminal cases in which the correct recovery of material damage caused by a crime is contested;
  - 9) public prosecutors – with respect to petitions in defence of the rights, freedoms and legal interests of citizens or an indefinite range of persons or the interests of the Russian Federation, constituent entities of the Russian Federation and municipalities;

- 10) plaintiffs – with respect to actions for the recovery of material and (or) moral damage resulting from criminal prosecution, including actions associated with the restoration of rights and freedoms;
  - 11) rehabilitated persons and persons recognised as victims of political repressions – when filing petitions in relation to matters arising in connection with the application of the legislation concerning the rehabilitation of victims of political repressions, with the exception of disputes between such persons and their heirs;
  - 12) forced migrants and refugees – when filing appeals against a refusal to register a petition for the recognition of those persons as forced migrants or refugees;
  - 13) the authorized federal executive body responsible for control (supervision) in the area of the protection of consumer rights (territorial bodies thereof) and other federal executive bodies which carry out functions involving control and supervision in the area of the protection of consumer rights and the safety of goods (work and services) (territorial bodies thereof), local government bodies and social organizations of consumers (associations and unions thereof) – with respect to actions filed in the interests of a consumer, a group of consumers or an indefinite range of consumers;
  - 14) physical persons – when filing adoption applications with a court;
  - 15) plaintiffs – with respect to the examination of cases concerning the protection of the rights and interests of a child;
  - 16) the Plenipotentiary on Human Rights in the Russian Federation – when filing a petition for the examination of a decision, verdict, determination or ruling of a court or arbitration court which has entered into legal force;
  - 17) plaintiffs – with respect to non-property-related actions connected with the protection of the rights and legal interests of disabled persons;
  - 18) petitioners – with respect to cases involving the compulsory hospitalization of a citizen in a psychiatric hospital and (or) compulsory psychiatric examination;
  - 19) State bodies and local government bodies acting as plaintiffs or respondents in cases examined by courts of general jurisdiction or by magistrates;
  - 20) physical persons serving sentences in the form of imprisonment – when filing an application for the re-issue of copies of decisions, sentences, court orders, court determinations, rulings of the presidium of a supervisory court and copies of other case documents issued by a court, and when filing an application for the issue of duplicates of enforcement documents.
2. The following shall be exempt from the payment of State duty with respect to cases examined by courts of general jurisdiction and by magistrates with account taken of the provisions of clause 3 of this Article:

- 1) social organizations of disabled persons acting as plaintiffs and respondents;
  - 2) plaintiffs who are disabled persons of Group I or II;
  - 3) veterans of the Great Patriotic War, veterans of combat operations and military service veterans when seeking the defence of their rights as established by legislation concerning veterans;
  - 4) plaintiffs – with respect to actions associated with the violation of consumer rights;
  - 5) plaintiffs who are pensioners and receive pensions granted according to the procedure established by the pension legislation of the Russian Federation – with respect to property-related actions against the Pension Fund of the Russian Federation or non-State pension funds or against federal executive bodies which provide pension support for persons who have done military service.
3. When filing statements of claim of a property-related nature and (or) statements of claim containing both property-related and non-property-related claims with courts of general jurisdiction and magistrates, the payers referred to in clause 2 of this Article shall be exempt from the payment of State duty in the event that the amount in dispute does not exceed 1,000,000 roubles. In the event that the amount in dispute exceeds 1,000,000 roubles, the above-mentioned payers shall pay State duty in an amount calculated in accordance with subsection 1 of clause 1 of Article 333.19 of this Code, reduced by the amount of State duty which is payable for an amount in dispute equal to 1,000,000 roubles.

**Article 333.37 Concessions for Applications Made to Arbitration Courts**

1. The following shall be exempt from the payment of State duty in relation to cases which are examined by arbitration courts:
  - 1) public prosecutors and other bodies when they make applications to arbitration courts in cases envisaged by law in defence of State and (or) social interests;
  - 1.1) State bodies and local government bodies acting as plaintiffs or respondents in cases examined by arbitration courts;
  - 2) plaintiffs with respect to actions associated with the violation of the rights and legal interests of a child.
2. The following shall be exempt from the payment of State duty in relation to cases which are examined by arbitration courts with account taken of the provisions of clause 3 of this Article:



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- 1) social organizations of disabled persons which act as plaintiffs and respondents;
- 2) plaintiffs who are disabled persons of Group I or II.
3. When filing statements of claim of a property-related nature and (or) statements of claim containing both property-related and non-property-related claims with arbitration courts, the payers referred to in clause 2 of this Article shall be exempt from the payment of State duty in the event that the amount in dispute does not exceed 1,000,000 roubles. In the event that the amount in dispute exceeds 1,000,000 roubles, the above-mentioned payers shall pay State duty in an amount calculated in accordance with subsection 1 of clause 1 of Article 333.21 of this Code, reduced by the amount of State duty which is payable for an amount in dispute equal to 1,000,000 roubles.

### **Article 333.38 Concessions for Applications for the Performance of Notarial Acts**

The following shall be exempt from the payment of State duty for the performance of notarial acts:

- 1) State government bodies and local government bodies when they apply for the performance of notarial acts in cases prescribed by law;
- 2) disabled persons of Groups I and II – a concession of 50 per cent for all types of notarial acts;
- 3) physical persons – for the certification of bequests of property in favour of the Russian Federation, constituent entities of the Russian Federation and (or) municipalities;
- 4) social organizations of disabled persons – with respect to all types of notarial acts;
- 5) physical persons – for the issue of certificates of inheritance upon the inheritance of:
  - a house, and the plot of land on which the house stands, an apartment or a room or share interests in the above-mentioned immovable property, if those persons were residing together with the testator at the date of the testator's death and continue to reside in that house (apartment, room) after his death;
  - property of persons who were killed as a result of the performance by them of State or social duties or in connection with the performance of the duty of a citizen of the Russian Federation to save human life and preserve State property and law and order, and property of persons who were subjected to political repressions. Persons killed shall also include persons who died within a period of one year as a result of wounds (contusion) and illnesses which occurred as a result of the above-mentioned circumstances;

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- bank deposits, monetary resources in bank accounts of physical persons, insurance amounts under personal and property insurance agreements, amounts of payment for labour, copyrights and amounts of author's fees envisaged by the intellectual property legislation of the Russian Federation, and pensions.

Heirs who have not attained majority age by the date of commencement of succession and persons suffering from mental disorders over whom a tutelage has been established in accordance with the procedure prescribed by legislation shall be exempt from the payment of State duty upon receiving a certificate of inheritance in all cases, irrespective of the type of inheritance property;

- 6) heirs of employees who were insured at the expense of organizations against death and died as a result of an accident at their place of work (service) – for the issue of certificates of inheritance confirming the right to inherit the insurance amounts;
- 7) financial and tax authorities – for the issue to them of certificates of inheritance rights of the Russian Federation, constituent entities of the Russian Federation or municipalities;
- 8) boarding schools – for the making of endorsements of execution concerning the recovery from parents of arrears for the maintenance of their children in such schools;
- 9) special educational institutions for children with deviant (socially dangerous) behaviour of the federal executive body responsible for education – for the making of endorsements of execution concerning the recovery from parents of arrears for the maintenance of their children in such institutions;
- 10) military units and organizations of the Armed Forces of the Russian Federation and other forces – for the making of endorsements of execution concerning the recovery of indebtedness in respect of compensation for damage;
- 11) persons who received wounds while defending the USSR or the Russian Federation and while performing service duties in the Armed Forces of the USSR and the Armed Forces of the Russian Federation – for the authentication of copies of documents required for the grant of concessions;
- 12) physical persons who have been recognised in accordance with the established procedure as being in need of improved housing conditions – for the certification of transactions involving the acquisition of residential accommodation which is wholly or partly paid for using payments granted from resources of the federal budget, budgets of constituent entities of the Russian Federation and local budgets;
- 13) heirs of employees of internal affairs bodies and servicemen of internal forces of the federal executive body responsible for internal affairs, and servicemen of the Armed Forces of the Russian Federation who were insured through

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compulsory State personal insurance and were killed in connection with service-related activities or died within one year after discharge from service as a result of wounds (contusion) or illness received while doing service – for the issue of certificates of inheritance rights confirming the right to inherit insurance amounts in respect of compulsory State personal insurance;

- 14) physical persons – for the certification of a power of attorney for the receipt of pensions and benefits.

### **Article 333.39 Concessions for the State Registration of Acts of Civil Status**

The following shall be exempt from the payment of State duty for the State registration of acts of civil status and other legally significant acts performed by civil registry bodies and other authorized bodies:

- 1) physical persons:
- for the issue of certificates in the event of the correction and (or) amendment of records of births in connection with adoption and the establishment of paternity;
  - for the making of corrections and (or) amendments to records of acts of civil status and the issue of certificates in connection with errors which were committed upon the State registration of acts of civil status through the fault of employees who carry out the State registration of acts of civil status;
  - for the issue of notices of the registration of acts of civil status for submission to authorized bodies responsible for matters relating to the granting or recalculation of pensions and (or) benefits;
  - for the issue of death certificates in the event of the correction and amendment of records of the deaths of persons who were wrongly repressed and subsequently rehabilitated on the basis of the law on the rehabilitation of victims of political repressions, and for the issue of new death certificates for persons of that category;
  - for the issue of notifications of the absence of records of acts of civil status for the purpose of the restoration of lost records of acts of civil status in accordance with the established procedure;
  - for the State registration of a birth or a death, including the issue of certificates;
- 2) bodies for the administration of education, guardianship and custodianship and commissions for the affairs of minors and the protection of their rights:
- for the issue of new birth certificates for children deprived of parental care and new certificates concerning the death of their parents and concerning changes of name and the conclusion and annulment of marriage by the

deceased parents, and for the requesting and obtaining of such documents from the territory of foreign states;

- for the making of corrections and (or) amendments to civil status records prepared for orphaned children and children deprived of parental care and for their deceased parents, including the issue of certificates.

**Article 333.40 Grounds and Procedure for the Refund or Offsetting of State Duty**

1. State duty which has been paid shall be partially or wholly refundable in the event that:
  - 1) State duty is paid in a greater amount than is required by this Chapter;
  - 2) a petition, appeal or other application is returned or rejected by a court or the performance of notarial acts is denied by the relevant authorized bodies and (or) officials. If State duty is not refunded, the amount thereof shall be reckoned towards the payment of State duty upon the filing of a repeat action unless a period of three years has elapsed since the date on which the preceding decision was adopted and provided that the repeat action is accompanied by the original document concerning the payment of State duty;
  - 3) proceedings on a case are terminated or a petition is left without consideration by a court of general jurisdiction or an arbitration court.

In the event that an amicable settlement is concluded before a decision is adopted by an arbitration court, 50 per cent of the amount of State duty paid by the plaintiff shall be refundable to the plaintiff. This provision shall not apply where an amicable settlement has been concluded in the process of the execution of a judicial act of an arbitration court.

State duty shall not be refundable where a respondent voluntarily meets a plaintiff's claims after the latter has applied to an arbitration court and a determination has been issued concerning the initiation of proceedings in respect of the statement of claim, and where an amicable settlement is approved by a court of general jurisdiction;

- 4) persons who have paid State duty abandon the performance of a legally significant act before applying to the authorized body (official) which (who) performs that legally significant act;
- 5) a person is denied a passport of a citizen of the Russian Federation for departure from the Russian Federation and entry into the Russian Federation which, in cases provided by legislation, certifies the identity of a citizen of the Russian Federation outside the territory of the Russian Federation and in the territory of the Russian Federation, or a refugee's travel document;
- 6) an applicant is sent a notification of the acceptance of his petition for withdrawal of an application for State registration of a computer programme, a database or an integrated circuit topography before the date of registration

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(in the case of the State duty provided for in clause 1 of Article 330.30 of this Code).

2. State duty paid for the State registration of a marriage, the annulment of a marriage or a change of name or for the making of corrections and (or) amendments to records of acts of civil status shall not be refundable in the event that the State registration of the relevant act of civil status did not subsequently take place or corrections and amendments to records of acts of civil status were not subsequently made.
3. An application for a refund of an amount of State duty that has been paid (recovered) in excess shall be submitted by the payer of the State duty to a body (official) authorized to perform the legally significant acts for which the State duty was paid (recovered).

An application for a refund of an amount of State duty that has been paid (recovered) in excess shall be accompanied by the original payment documents if State duty is to be refunded in full or by copies of those payment documents if it is to be refunded in part.

A decision on the refund to a payer of an amount of State duty that has been paid (recovered) in excess shall be adopted by the body (official) which (who) performs the acts for which the State duty was paid (recovered).

The refund of an amount of State duty that has been paid (recovered) in excess shall be effected by a body of the Federal Treasury.

An application for a refund of an amount of State duty that has been paid (recovered) in excess in respect of cases which are examined in courts and by justices of the peace shall be submitted by the payer of State duty to the tax authority in the locality of the court in which the case was examined.

An application for a refund of an amount of State duty that has been paid (recovered) in excess in respect of cases which are examined by courts of general jurisdiction, arbitration courts, the Constitutional Court of the Russian Federation and constitutional (charter) courts of constituent entities of the Russian Federation and justices of the peace shall be accompanied by court decisions, determinations and statements concerning the circumstances which form the basis for the full or partial refund of the amount of State duty that has been paid (recovered) in excess, and by the original payment documents if the State duty is refundable in full or copies of those payment documents if it is refundable in part.

An application for a refund of an amount of State duty that has been paid (recovered) in excess may be submitted within three years from the date on which the amount concerned was paid.

An amount of State duty that has been paid (recovered) in excess shall be refunded within one month from the date of submission of the above-mentioned refund application.

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4. State duty paid for the State registration of rights and limitations (encumbrances) of rights in immovable property and transactions involving such property shall not be refundable in the event that State registration is denied.

Where the State registration of a right or a limitation (encumbrance) of a right in immovable property or of a transaction involving such property is terminated on the basis of appropriate applications from the parties to an agreement one half of State duty paid shall be refundable.

6. A payer of State duty shall have the right to offset an amount of State duty paid (recovered) in excess against the amount of State duty payable for the performance of a similar act.

The above-mentioned offset shall be effected on the basis of an application presented by the payer to the authority (official) to which (to whom) that payer applied for the performance of a legally significant act. An application for an offset of an amount of State duty which has been paid (recovered) in excess may be submitted within three years from the date of adoption of the relevant court decision concerning the refund of State duty from the budget or from the date of payment of that amount to the budget. An application for an offset of an amount of State duty which has been paid (recovered) in excess shall be accompanied by: decisions, determinations and notices of courts, bodies and (or) officials which perform actions for which State duty is paid (recovered) concerning the circumstances which form the basis for the full refund of State duty, and payment orders or receipts bearing an authentic bank mark which confirm the payment of State duty.

7. The refund or offsetting of amounts of State duty which have been paid (recovered) in excess shall take place in accordance with the procedure established by Chapter 12 of this Code.

### **Article 333.41 Special Considerations Relating to the Grant of a Deferral or Instalment Plan for the Payment of State Duty**

1. A deferral or instalment plan for the payment of State duty shall be granted on the petition of an interested party within the limits of the time period established by clause 1 of Article 64 of this Code.
2. Interest shall be charged on the amount of State duty for which a deferral or instalment plan has been granted during the entire period for which the deferral or instalment plan has been granted.

### **Article 333.42 Ensuring Compliance With the Provisions of This Chapter**

Tax authorities shall check the correct calculation and payment of State duty at State notarial offices, civil registry offices and other bodies and organizations which perform in relation to payers acts for which State duty is levied in accordance with this Chapter.

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The bodies and officials referred to in clause 1 of Article 333.16 of this Code shall present information on legally significant acts that have been performed to the tax authorities in accordance with the procedure established by the Ministry of Finance of the Russian Federation.

**CHAPTER 26. TAX ON THE EXTRACTION OF COMMERCIAL MINERALS**

**Article 334 Taxpayers**

The taxpayers of tax on the extraction of commercial minerals (hereafter in this Chapter referred to as “taxpayers”) shall be organizations and private entrepreneurs who are deemed to be users of subsurface resources in accordance with the legislation of the Russian Federation.

**Article 335 Registration as a Taxpayer of Tax on the Extraction of Commercial Minerals**

1. A taxpayer shall be registered as a taxpayer of tax on the extraction of commercial minerals (hereafter in this Chapter referred to as “tax”) at the location of the site of subsurface resources which has been granted to the taxpayer for use in accordance with the legislation of the Russian Federation, unless otherwise stipulated by clause 2 of this Article within 30 calendar days after the State registration of the licence (permit) to use the site of subsurface resources. In this respect, for the purposes of this Chapter the location of the site of subsurface resources which has been granted to the taxpayer for use shall be deemed to be the territory of the constituent entity (entities) of the Russian Federation in which the site of subsurface resources is situated.
2. Taxpayers which carry out the extraction of commercial minerals on the continental shelf of the Russian Federation, in the exclusive economic zone of the Russian Federation and outside the territory of the Russian Federation, where such extraction is carried out in territories which are under the jurisdiction of the Russian Federation (or which are leased from foreign states or used on the basis of an international agreement) on a site of subsurface resources which has been granted to the taxpayer for use, must be registered as taxpayers of tax at the location of an organization or at the place of residence of a physical person.
3. Special considerations relating to the registration of taxpayers as taxpayers of tax shall be determined by the Ministry of Finance of the Russian Federation.

**Article 336 Object of Taxation**

1. The object of taxation for tax on the extraction of commercial minerals (hereafter in this Chapter referred to as “tax”), unless otherwise stipulated by clause 2 of this Article, shall be:
  - 1) commercial minerals extracted from the subsurface in the territory of the Russian Federation on a site of subsurface resources which has been granted to the taxpayer for use in accordance with the legislation of the Russian Federation;



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- 2) commercial minerals recovered from mining waste (losses), where such recovery is subject to separate licensing in accordance with the legislation of the Russian Federation concerning subsurface resources;
  - 3) commercial minerals extracted from the subsurface outside the territory of the Russian Federation where such extraction is carried out in territories which are under the jurisdiction of the Russian Federation (or which are leased from foreign states or used on the basis of an international agreement) on a site of subsurface resources which has been granted to the taxpayer for use.
2. The following shall not be regarded as an object of taxation for the purposes of this Chapter:
- 1) common commercial minerals and underground waters not recorded on the State balance sheet of reserves of commercial minerals which are extracted by a private entrepreneur and used by him directly for personal consumption;
  - 2) extracted (collected) mineralogical, palaeontological and other geological specimens;
  - 3) commercial minerals extracted from the subsurface in the process of the formation, use, reconstruction and repair of specially protected geological sites of scientific, cultural, aesthetic, sanitary or other social value. The procedure for the recognition of geological sites as specially protected geological sites of scientific, cultural, aesthetic, sanitary or other social value shall be established by the Government of the Russian Federation;
  - 4) commercial minerals recovered from own dumps or waste (losses) of mining and associated processing plants if upon their extraction from the subsurface they were subject to taxation in accordance with the generally established procedure;
  - 5) underground drainage waters not recorded on the State balance sheet of reserves of commercial minerals which are extracted upon the development of deposits of commercial minerals or upon the construction and operation of underground facilities.

### **Article 337    Extracted Commercial Mineral**

1. For the purposes of this Chapter, the commercial minerals referred to in clause 1 of Article 336 of this Code shall be referred to as “extracted commercial mineral”. In this respect, a commercial mineral shall be deemed to be a product of the mining industry and quarry development (unless otherwise envisaged by clause 3 of this Article) which is contained in mineral raw materials (rock, liquid or other mixture) actually extracted (recovered) from the subsurface (waste, losses) and is the first in terms of its quality to conform to a State standard of the Russian Federation, a sectoral standard, a regional standard, an international standard or, in the absence of such standards for a particular extracted commercial mineral, a standard (technical specifications) of an organization (enterprise).

Products obtained from the further processing (enrichment, technological conversion) of a commercial mineral which are products of the processing industry may not be deemed to be a commercial mineral.

2. The following shall be types of extracted commercial mineral:
  - 1) oil shales;
    - 1.1) coal (in accordance with the classification established by the Government of the Russian Federation):
      - anthracite;
      - coking coal;
      - brown coal;
      - coal other than anthracite, coking coal and brown coal;
  - 2) peat;
  - 3) raw hydrocarbons:
    - dewatered, desalted and stabilized oil;
    - gas condensate from all kinds of raw hydrocarbon deposits which has undergone field treatment procedures in accordance with the technical design for the development of a deposit before being sent for processing. For the purposes of this Article, the processing of gas condensate shall mean the separation of helium and of sulphurous and other components and impurities if they are present and the obtaining of stable gas condensate, a wide fraction of light hydrocarbons and processed products thereof;
    - natural fuel gas (dissolved gas or a mixture of dissolved gas and gas cap gas) from all kinds of raw hydrocarbon deposits which is extracted via oil wells (hereinafter referred to as “associated gas”);
    - natural fuel gas from all kinds of raw hydrocarbon deposits, other than associated gas;
  - 4) commercial ores:
    - of ferrous metals (iron, manganese, chromium);
    - of non-ferrous metals (aluminium, copper, nickel, cobalt, lead, zinc, tin, tungsten, molybdenum, antimony, mercury, magnesium, other non-ferrous metals not mentioned in other groups);

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- of rare metals which form their own deposits (titanium, zirconium, niobium, rare earths, strontium, lithium, beryllium, vanadium, germanium, cesium, scandium, selenium, zirconium, tantalum, bismuth, rhenium, rubidium);
  - multi-component complex ores;
- 5) commercial components of multi-component complex ore which are recovered therefrom when they are assigned within an organization for further processing (dressing, technological conversion);
  - 6) mining-chemical non-metallic raw materials (apatite-nepheline and phosphorite ores, potassium, magnesium and rock salts, boric ores, sodium sulphate, natural sulphur and sulphur in gas, pyrite and complex ore deposits, barites, asbestos, iodine, bromine, fluorspar, earth dyes (mineral pigments), carbonaceous rocks and other types of non-metallic commercial minerals for the chemical industry and the production of mineral fertilizers);
  - 7) mined non-metallic raw materials (abrasive rocks, vein quartz (except for high-purity quartz and piezo-optic raw materials), quartzites, carbonaceous rocks for the metal industry, quartz-feldspar and siliceous raw materials, glass sands, natural graphite, talc (steatite), magnesite, talc-magnesite, pyrophyllite, muscovite mica, phlogopite mica, vermiculite, refractory clays for the production of muds, sorbents and other commercial minerals not included in other groups);
  - 8) bituminous rocks (excluding those referred to in subsection 3 of this clause);
  - 9) raw materials of rare metals (trace elements) (in particular indium, cadmium, tellurium, thallium, gallium), and other recoverable commercial components which are concurrent components in ores of other commercial minerals;
  - 10) non-metallic raw materials which are used primarily in the construction industry (gypsum, anhydride, natural chalk, dolomite, limestone flux, limestone and calcareous stone of a kind used for the manufacture of lime or cement, natural building sand, pebble, gravel, sand and gravel mixes, building stone, facing stones, marls, clays and other non-metallic minerals which are used in the construction industry);
  - 11) standard product of piezo-optic raw materials, high-purity raw quartz and raw gemstones (topaz, nephrite, jade, rhodonite, lazurite, amethyst, turquoise, agate, jasper and others);
  - 12) natural diamonds, other precious stones from bedrock, placer and man-made deposits, including unworked, graded and classified stones (natural diamonds, emerald, ruby, sapphire, alexandrite, amber);
  - 13) concentrates and other intermediate products containing precious metals (gold, silver, platinum, palladium, iridium, rhodium, ruthenium, osmium), which are obtained upon the extraction of precious metals, i.e. the recovery of precious metals from bedrock (ore), placer and man-made deposits;

- 14) natural salt and pure sodium chloride;
  - 15) underground waters containing commercial minerals (industrial waters) and (or) natural curative waters (mineral waters) and thermal waters;
  - 16) radioactive metal raw materials (in particular, uranium and thorium).
3. There shall also be regarded as a commercial mineral production which is the result of the development of a deposit and which is obtained from mineral raw materials using processing technologies which are special types of mining operations (underground gasification and leaching, dredging and hydraulic working of placer deposits, borehole hydraulic mining) and processing technologies which are classified in accordance with the licence to use subsurface resources as special types of mining operations (in particular, the extraction of commercial minerals from overburden rocks or tailings, the collection of oil from oil spills with the aid of special installations).

**Article 338 Tax Base**

1. The tax base shall be determined by the taxpayer independently in relation to each extracted commercial mineral (including commercial components which are recovered from the subsurface concurrently upon the extraction of the main commercial mineral).
2. The tax base shall be determined as the value of extracted commercial minerals, excluding coal, dewatered, desalted and stabilized oil, associated gas and natural fuel gas from all kinds of raw hydrocarbon deposits. The value of extracted commercial minerals shall be determined in accordance with Article 340 of this Code.  
  
The tax base in the case of the extraction of coal, dewatered, desalted and stabilized oil, associated gas and natural fuel gas from all kinds of raw hydrocarbon deposits shall be determined as the quantity of extracted commercial minerals expressed in physical terms.
3. The quantity of extracted commercial minerals shall be determined in accordance with Article 339 of this Code.
4. The tax base shall be determined separately for each extracted commercial mineral as defined in accordance with Article 337 of this Code.
5. In the case of extracted commercial minerals for which various tax rates have been established or the tax rate is calculated with account taken of a coefficient, the tax base shall be determined with respect to each tax rate.

**Article 339 The Procedure for Determining the Quantity of an Extracted Commercial Mineral**

1. The quantity of an extracted commercial mineral shall be determined by the taxpayer independently. Depending on the extracted commercial mineral the quantity thereof shall be determined in units of mass or volume.

The quantity of extracted oil that has been dewatered, desalted and stabilized shall be determined in units of net weight.

For the purposes of this Chapter, net weight shall be understood to mean the quantity of oil less separated water, associated petroleum gas and impurities and less water, chloride salts and solid impurities identified by laboratory analysis which are contained in the oil in a suspended state.

2. The quantity of an extracted commercial mineral shall be determined by the direct method (using measuring devices and equipment) or by the indirect method (by means of calculation on the basis of information on the content of the extracted commercial mineral in the mineral raw materials recovered from the subsurface (waste, losses)), unless otherwise stipulated by this Article. Where the quantity of extracted commercial minerals cannot be determined by the direct method, the indirect method shall be applied.

The method of determining the quantity of an extracted commercial mineral which is applied by a taxpayer must be approved in the taxpayer's accounting policies for taxation purposes and shall be applied by the taxpayer for the entire duration of activities involving the extraction of the commercial mineral. The method of determining the quantity of an extracted commercial mineral which has been approved by a taxpayer may be changed only in the event that amendments are made to the technical project for the development of the deposit of commercial minerals in connection with changes in the methods used for the extraction of commercial minerals.

3. In this respect, where a taxpayer uses the direct method of determining the quantity of an extracted commercial mineral, the quantity of the extracted commercial mineral shall be determined with account taken of actual losses of the commercial mineral.

Actual losses of a commercial mineral shall be understood to mean the difference between the calculated quantity of a commercial mineral by which the reserves of the commercial mineral are diminished and the quantity of the commercial mineral which has actually been extracted, as determined upon the completion of the full work cycle for the extraction of the commercial mineral. Actual losses of a commercial mineral shall be taken into account for the purpose of determining the quantity of the extracted commercial mineral in the tax period in which they were measured in an amount determined on the basis of the results of measurements made.

4. Upon the recovery of precious metals from bedrock (ore), placer and man-made deposits, the quantity of the extracted commercial mineral shall be determined on the basis of data in compulsory records relating to extraction

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which are maintained in accordance with the legislation of the Russian Federation concerning precious metals and precious stones.

Nuggets of precious metals which are not subject to processing shall be recorded separately and shall not be included in the computation of the quantity of the extracted commercial mineral which is established by paragraph 1 of this clause. In this respect, the tax base for them shall be determined separately.

5. Upon the recovery of precious stones from bedrock, placer and man-made deposits, the quantity of the extracted commercial mineral shall be determined after the initial grading, initial classification and initial valuation of the unworked stones. In this respect, unique precious stones shall be recorded separately and the tax base for them shall be determined separately.
6. The quantity of an extracted commercial mineral which is defined in accordance with Article 337 of this Code as commercial components contained in an extracted multi-component complex ore shall be determined as the quantity of the ore component in chemically pure form.
7. For the purpose of determining the quantity of a commercial mineral extracted in a tax period, unless otherwise envisaged by clause 8 of this Article account shall be taken of the commercial mineral in relation to which the set of technological operations (processes) associated with the extraction (recovery) of the commercial mineral from the subsurface (waste, losses) has been completed in the tax period.

In this respect, where a commercial mineral deposit is developed in accordance with a licence (permit) for the extraction of a commercial mineral, account shall be taken of the entire set of technological operations (processes) which are envisaged by the technical project for the development of the commercial mineral deposit.

8. In the event that mineral raw materials are sold and (or) used before the set of technological operations (processes) envisaged by the technical project for the development of a commercial mineral deposit has been completed, the quantity of the commercial mineral extracted in the tax period shall be determined as the quantity of the commercial mineral contained in those mineral raw materials which were sold and (or) used for own requirements in the tax period in question.

### **Article 340 The Procedure for the Valuation of Extracted Commercial Minerals for the Purpose of Determining the Tax Base**

1. The value of extracted commercial minerals shall be determined by a taxpayer independently by one of the following methods:
  - 1) on the basis of the selling prices prevailing for the taxpayer in the relevant tax period, without taking into account subsidies;

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- 2) on the basis of the selling prices of the extracted commercial mineral prevailing for the taxpayer in the relevant tax period;
  - 3) on the basis of the calculated value of the commercial minerals.
2. Where a taxpayer uses the valuation method which is referred to in subsection 1 of clause 1 of this Article, the value of a unit of an extracted commercial mineral shall be assessed on the basis of receipts determined with account taken of the selling prices of the extracted commercial mineral prevailing for the taxpayer in the current tax period (or, where these do not exist, in the preceding tax period), without taking into account subsidies from the budget to compensate for the difference between the wholesale price and the calculated value.

In this respect, receipts from the sale of an extracted commercial mineral shall be determined on the basis of the selling prices (reduced by amounts of subsidies from the budget), as determined with account taken of the provisions of Article 40 of this Code, excluding value added tax (for sales in the territory of the Russian Federation and to member states of the Commonwealth of Independent States) and excise duty and reduced by the amount of the taxpayer's delivery expenses depending on the conditions of supply.

Where receipts from the sale of an extracted commercial mineral are received in a foreign currency, it shall be translated into roubles on the basis of the exchange rate established by the Central Bank of the Russian Federation as at the date on which the extracted commercial mineral is sold, which shall be defined depending on the method of recognising income which has been selected by the taxpayer in accordance with Article 271 or Article 273 of this Code.

For the purposes of this Chapter, the amount of delivery expenses shall include expenses for the payment of customs duties and fees in the case of foreign trade transactions, expenses for the delivery (carriage) of the extracted commercial mineral from a finished product warehouse (accounting point, point of intake into main pipeline, point of shipment to consumer or for processing, point of interface with recipient's network and similar conditions) to the recipient, and expenses for the compulsory insurance of cargo which are calculated in accordance with the legislation of the Russian Federation.

For the purposes of this Chapter, expenses for the delivery (carriage) of an extracted commercial mineral to the recipient shall include, in particular, expenses associated with delivery (transportation) by main pipelines and by rail, water and other transport, expenses for discharge, delivery, loading, unloading and transshipment and payments for services in ports and forwarding services.

Valuation shall be carried out separately for each type of extracted commercial mineral on the basis of the selling prices of the relevant extracted commercial mineral.

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The value of an extracted commercial mineral shall be determined as the product of the quantity of the extracted commercial mineral as defined in accordance with Article 339 of this Code and the value of a unit of the extracted commercial mineral as determined in accordance with this clause.

The value of a unit of an extracted commercial mineral shall be computed as the proportion of receipts from the sale of the extracted commercial mineral as determined in accordance with this clause to the quantity of the extracted commercial mineral sold.

3. Where there are no subsidies, the taxpayer shall apply to the selling prices of extracted commercial minerals the valuation method which is referred to in subsection 2 of clause 1 of this Article. In this respect, the value of a unit of an extracted commercial mineral shall be assessed on the basis of receipts from the sale of extracted commercial minerals determined on the basis of the selling prices, with account taken of the provisions of Article 40 of this Code, excluding value added tax (in the case of sales in the territory of the Russian Federation and to member states of the Commonwealth of Independent States) and excise duty and reduced by the taxpayer's delivery expenses depending on the conditions of supply.

Where receipts from the sale of an extracted commercial mineral are received in a foreign currency, it shall be translated into the currency of the Russian Federation on the basis of the exchange rate established by the Central Bank of the Russian Federation as at the date on which the extracted commercial mineral is sold, which shall be defined depending on the method of recognising income which has been selected by the taxpayer in accordance with Article 271 or Article 273 of this Code.

For the purposes of this Chapter, the amount of delivery expenses shall include expenses for the payment of customs duties and fees in the case of foreign trade transactions, expenses for the delivery (carriage) of the extracted commercial mineral from a finished product warehouse (accounting point, point of intake into main pipeline, point of shipment to consumer or for processing, point of interface with recipient's network and similar conditions) to the recipient, and expenses for the compulsory insurance of cargo which are calculated in accordance with the legislation of the Russian Federation.

For the purposes of this Chapter, expenses for the delivery (carriage) of an extracted commercial mineral to the recipient shall include, in particular, expenses associated with delivery (transportation) by main pipelines and by rail, water and other transport, expenses for discharge, delivery, loading, unloading and transshipment and payments for services in ports and forwarding services.

Valuation shall be carried out separately for each type of extracted commercial mineral on the basis of the selling prices of the relevant extracted commercial mineral.

The value of an extracted commercial mineral shall be determined as the product of the quantity of the extracted commercial mineral as defined in



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accordance with Article 339 of this Code and the value of a unit of the extracted commercial mineral as determined in accordance with this clause.

The value of a unit of an extracted commercial mineral shall be computed as the proportion of receipts from the sale of the extracted commercial mineral as determined in accordance with this clause to the quantity of the extracted commercial mineral sold.

4. Where a taxpayer has not had sales of an extracted commercial mineral, the taxpayer shall apply the valuation method which is referred to in subsection 3 of clause 1 of this Article.

In this respect, the calculated value of an extracted commercial mineral shall be determined by the taxpayer independently on the basis of tax accounting data. In this case, the taxpayer shall apply the method of recognising income and expenses which it applies for the purpose of determining the tax base for tax on the profit of organizations.

In determining the calculated value of an extracted commercial mineral, the following types of expenses incurred by a taxpayer in a tax period shall be taken into account:

- 1) material expenses as determined in accordance with Article 254 of this Code, excluding material expenses incurred in the process of the storage, transportation, packing and other preparation (including pre-sale preparation) and in connection with the sale of extracted commercial minerals (including material expenses and excluding expenses incurred by the taxpayer in the process of the production and sale of other types of products and goods (work and services));
- 2) labour payment expenses as determined in accordance with Article 255 of this Code, with the exception of labour payment expenses for workers not engaged in the extraction of commercial minerals;
- 3) amounts of amortization charged as determined in accordance with the procedure established by Articles 256 to 259.2 of this Code, with the exception of amounts of amortization charged on amortizable assets not connected with the extraction of commercial minerals;
- 4) expenses for the repair of fixed assets as determined in accordance with the procedure established by Article 260 of this Code, with the exception of expenses for the repair of fixed assets not connected with the extraction of commercial minerals;
- 5) expenses for the development of natural resources as determined in accordance with Article 261 of this Code;
- 6) expenses envisaged by subsections 8 and 9 of Article 265 of this Code, with the exception of expenses referred to in those subsections which are not connected with the extraction of commercial minerals;

- 7) miscellaneous expenses as determined in accordance with Articles 263, 264 and 269 of this Code, with the exception of miscellaneous expenses which are not connected with the extraction of commercial minerals.

The expenses which are envisaged by Articles 266, 267 and 270 of this Code shall not be taken into account in determining the calculated value of an extracted commercial mineral.

In this respect, direct expenses incurred by a taxpayer during a tax period shall be allocated between extracted commercial minerals and the balance of work-in-progress as at the end of the tax period. The balance of work-in-progress shall be determined and valued with account taken of the special considerations which are set forth in clause 1 of Article 319 of this Code. Indirect expenses as defined in accordance with Chapter 25 of this Code shall also be taken into account for the purpose of determining the calculated value of an extracted commercial mineral. In this respect, indirect expenses incurred by a taxpayer during an accounting (tax) period shall be distributed between expenditures on the extraction of commercial minerals and expenditures on other activities of the taxpayer in proportions corresponding to the proportion of direct expenses associated with the extraction of commercial minerals to the total amount of direct expenses. The total amount of expenses incurred by the taxpayer in the tax period shall be distributed among extracted commercial minerals in proportions corresponding to the proportion of each extracted commercial mineral to the total quantity of extracted commercial minerals in that tax period. The amount of indirect expenses attributable to commercial minerals extracted in the tax period shall be fully included in the calculated value of the extracted commercial minerals for the relevant tax period.

5. The value of extracted precious metals recovered from bedrock (ore), placer and man-made deposits shall be determined on the basis of the selling prices of chemically pure metal which were prevailing for the taxpayer in the tax period in question (or, if these do not exist, in the nearest preceding tax period), excluding value added tax, reduced by the taxpayer's expenditures on refining it and delivering (transporting) it to the recipient.

In this respect, the value of a unit of the above-mentioned extracted commercial mineral shall be determined as the product of the proportion (expressed by physical indicators) of the content of chemically pure metal in a unit of the extracted commercial mineral and the value of a unit of chemically pure metal.

6. The value of extracted precious stones shall be determined on the basis of an initial valuation thereof which is carried out in accordance with the legislation of the Russian Federation concerning precious metals and precious stones.

The value of extracted unique precious stones and unique nuggets of precious metals which are not subject to processing shall be determined on the basis of their selling prices exclusive of value added tax, reduced by amounts of the taxpayer's expenditures on delivering (transporting) them to the recipient.

**Article 341 Tax Period**

The tax period shall be deemed to be a calendar month.

**Article 342 Tax Rate**

1. Tax shall be levied at the tax rate of 0 per cent (0 roubles where the tax base in relation to an extracted commercial mineral is defined in accordance with Article 338 of this Code as the quantity of extracted commercial minerals expressed in physical terms) in the case of the extraction of:

1) commercial minerals insofar as normative losses of commercial minerals are concerned.

For the purposes of this Chapter, normative losses of commercial minerals shall be understood to mean actual losses of commercial minerals occurring during extraction which are technologically connected with the adopted plan and methods for the development of the deposit within the limits of the loss norms which are approved according to a procedure to be determined by the Government of the Russian Federation.

Where, by the time the deadline for the payment of tax for the first tax period of a new calendar year is reached, a taxpayer does not have approved loss norms for the new calendar year, until those loss norms have been approved there shall be applied the loss norms which were previously approved in accordance with the procedure established by paragraph 2 of this subsection or, in the case of newly developed deposits, the loss norms established in the technical plan;

2) associated gas;

3) underground waters containing commercial minerals (industrial waters) which are recovered in connection with the development of other types of commercial minerals or which are recovered upon the development of deposits of commercial minerals and upon the construction and operation of underground installations;

4) commercial minerals upon the development of substandard (lower-quality residual reserves) or previously written-off reserves of commercial minerals (except where the quality of reserves of commercial minerals has deteriorated as a result of selective working of the deposit). Reserves of commercial minerals shall be classified as substandard reserves according to a procedure to be established by the Government of the Russian Federation;

5) commercial minerals which remain in overburden and enclosing (diluting) rocks, in waste banks or in waste of processing plants owing to the absence in the Russian Federation of the industrial technology needed for their recovery, or which are extracted from overburden and enclosing (diluting) rocks and waste of mining and related processing plants (including as a result of the

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processing of oil slurries) within the limits of the normative levels of the content of commercial minerals in such rocks and waste, as approved according to a procedure to be determined by the Government of the Russian Federation;

- 6) mineral waters which are used by the taxpayer solely for medicinal and resort purposes without direct sale (including after treatment, preparation, processing and bottling);
- 7) underground waters which are used by the taxpayer solely for agricultural purposes, including the irrigation of agricultural lands, the supply of water to livestock farms, livestock complexes, poultry plants and gardening, market-gardening and livestock breeding associations of private citizens;
- 8) oil on subsurface sites which lie wholly or partially within the borders of the Republic of Sakha (Yakutia), the Irkutsk Province or the Krasnoyarsk Territory until the accumulated volume of oil extraction reaches 25 million tonnes on a subsurface site and provided that the period of development of the reserves of a subsurface site does not exceed 10 years or is equal to 10 years in the case of a licence to use subsurface resources for the purposes of prospecting for and extracting commercial minerals and does not exceed 15 years or is equal to 15 years in the case of a licence to use subsurface resources simultaneously for the geological study (exploration, prospecting) and extraction of commercial minerals from the date of State registration of the respective licence to use subsurface resources.

In the case of subsurface sites with respect to which a licence for use was issued prior to January 1, 2007 and for which the level of reserve depletion (Ld) as at January 1, 2007 is less than or equal to 0.05, a tax rate of 0 roubles shall be applied in relation to the quantity of a commercial mineral extracted on a particular subsurface site until the accumulated volume of oil extraction reaches 25 million tonnes on subsurface sites which lie wholly or partially within the borders of the Republic of Sakha (Yakutia), the Irkutsk Province or the Krasnoyarsk Territory and provided that the period of development of the reserves of the subsurface site does not exceed 10 years or is equal to 10 years commencing from January 1, 2007.

In this respect, the level of depletion of reserves (Ld) of a particular subsurface site shall be computed by the taxpayer independently on the basis of data in the approved State balance sheet of reserves of commercial minerals in accordance with clause 4 of this Article;

- 9) superviscous oil which is extracted from subsurface sites containing oil of a viscosity exceeding 200 mPa.s (under formation conditions);
- 10) oil at subsurface sites which lie to the north of the Arctic Circle wholly or partially within the boundaries of the internal sea waters and the territorial sea and on the continental shelf of the Russian Federation until the accumulated volume of oil extraction reaches 35 million tonnes at a subsurface site and provided that the period of development of the reserves of a subsurface site does not exceed 10 years or is equal to 10 years, in the case of a licence to use

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subsurface resources for the purposes of prospecting for and extracting commercial minerals, and does not exceed 15 years or is equal to 15 years, in the case of a licence to use subsurface resources simultaneously for geological study (exploration, prospecting) and the extraction of commercial minerals, from the date of State registration of the respective licence to use subsurface resources.

In the case of subsurface sites for which a licence to use subsurface resources was issued prior to January 1, 2009 and for which the level of reserve depletion (Ld) as at January 1, 2009 is less than or equal to 0.05, a tax rate of 0 roubles shall be applied in relation to the quantity of a commercial mineral extracted at a particular subsurface site until the accumulated volume of oil extraction reaches 35 million tonnes at subsurface sites which lie to the north of the Arctic Circle wholly or partially within the boundaries of the internal sea waters and the territorial sea and on the continental shelf of the Russian Federation and provided that the period of development of the reserves of the subsurface site does not exceed 10 years or is equal to 10 years commencing from January 1, 2009;

- 11) oil at subsurface sites which lie wholly or partially in the Sea of Azov and the Caspian Sea until the accumulated volume of oil extraction reaches 10 million tonnes at a subsurface site and provided that the period of development of the reserves of a subsurface site does not exceed seven years or is equal to seven years, in the case of a licence to use subsurface resources for the purposes of prospecting for and extracting commercial minerals, and does not exceed 12 years or is equal to 12 years, in the case of a licence to use subsurface resources simultaneously for geological study (exploration, prospecting) and the extraction of commercial minerals, from the date of State registration of the respective licence to use subsurface resources.

In the case of subsurface sites for which a licence to use subsurface resources was issued prior to January 1, 2009 and for which the level of reserve depletion (Ld) as at January 1, 2009 is less than or equal to 0.05, a tax rate of 0 roubles shall be applied in relation to the quantity of a commercial mineral extracted at a particular subsurface site until the accumulated volume of oil extraction reaches 10 million tonnes at subsurface sites which lie wholly or partially in the Sea of Azov and the Caspian Sea and provided that the period of development of the reserves of the subsurface site does not exceed seven years or is equal to seven years commencing from January 1, 2009;

- 12) oil at subsurface sites which lie wholly or partially in the territory of the Nenets Autonomous District and on the Yamal peninsular in the Yamal-Nenets Autonomous District until the accumulated volume of oil extraction reaches 15 million tonnes at a subsurface site and provided that the period of development of the reserves of a subsurface site does not exceed seven years or is equal to seven years, in the case of a licence to use subsurface resources for the purposes of prospecting for and extracting commercial minerals, and does not exceed 12 years or is equal to 12 years, in the case of a licence to use subsurface resources simultaneously for geological study (exploration, prospecting) and the extraction of commercial minerals, from the date of State registration of the respective licence to use subsurface resources.

In the case of subsurface sites for which a licence to use subsurface resources was issued prior to January 1, 2009 and for which the level of reserve depletion (Ld) as at January 1, 2009 is less than or equal to 0.05, a tax rate of 0 roubles shall be applied in relation to the quantity of a commercial mineral extracted at a particular subsurface site until the accumulated volume of oil extraction reaches 15 million tonnes at subsurface sites which lie wholly or partially in the territory of the Nenets Autonomous District and on the Yamal peninsular in the Yamal-Nenets Autonomous District and provided that the period of development of the reserves of the subsurface site does not exceed seven years or is equal to seven years commencing from January 1, 2009.

2. Except where otherwise established by clause 1 of this Article, tax shall be levied at the tax rate of:
- 3.8 per cent in the case of the extraction of potassium salts;
  - 4.0 per cent in the case of the extraction of:
    - peat;
    - oil shales;
    - apatite-nepheline, apatite and phosphorite ores;
  - 4.8 per cent in the case of the extraction of standard ores of ferrous metals;
  - 5.5 per cent in the case of the extraction of:
    - radioactive metal raw materials;
    - mining-chemical non-metallic raw materials (with the exception of potassium salts and apatite-nepheline, apatite and phosphorite ores);
    - non-metallic raw materials used primarily in the construction industry;
    - natural salt and pure sodium chloride;
    - underground industrial and thermal waters;
    - nephelines, bauxites;
  - 6.0 per cent in the case of the extraction of:
    - mined non-metallic raw materials;
    - bituminous rocks;
    - concentrates and other intermediate products containing gold;
    - other commercial minerals not included in other groups;

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- 6.5 per cent in the case of the extraction of:

concentrates and other intermediate products containing precious metals (other than gold);

precious metals which are commercial components of multi-component complex ore (with the exception of gold);

standard product of piezo-optic raw materials, high-purity raw quartz and raw gemstones;

- 7.5 per cent in the case of the extraction of mineral waters;

- 8.0 per cent in the case of the extraction of:

standard ores of non-ferrous metals (other than nephelines and bauxites);

rare metals, whether they form their own deposits or are concurrent components in ores of other commercial minerals;

multi-component complex ores and commercial components of multi-component complex ore, with the exception of precious metals;

natural diamonds and other precious and semi-precious stones;

- 419 roubles (in the period from January 1 to December 31, 2011 inclusively), 446 roubles (in the period from January 1 to December 31, 2012 inclusively) and 470 roubles (commencing from January 1, 2013) per 1 tonne of extracted dewatered, desalted and stabilized oil. In this respect, that tax rate shall be multiplied by a coefficient reflecting movements in world oil prices (Cp) and a coefficient reflecting the level of depletion of a particular subsurface site (Cd), which shall be determined in accordance with clauses 3 and 4 of this Article:  $419 \times C_p \times C_d$ ;

- 17.5 per cent in the case of the extraction of gas condensate from all kinds of raw hydrocarbon deposits;

- 237 roubles (in the period from January 1 to December 31, 2011 inclusively), 251 roubles (in the period from January 1 to December 31, 2012 inclusively) and 265 roubles (commencing from January 1, 2013) per 1,000 cubic metres of gas in the case of the extraction of natural fuel gas from all kinds of raw hydrocarbon deposits;

- 47 roubles per 1 tonne of anthracite;

- 57 roubles per 1 tonne of extracted coking coal;

- 11 roubles per 1 tonne of extracted brown coal;

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- 24 roubles per 1 tonne of extracted coal other than anthracite, coking coal and brown coal.

The tax rates specified in this clause for coal shall be multiplied by deflator coefficients which are established for each type of coal referred to in subsection 1.1 of clause 2 of Article 337 of this Code on a quarterly basis for each ensuing quarter and take into account changes in coal prices in the Russian Federation for the preceding quarter, and by deflator coefficients which have previously been applied in accordance with this paragraph. Deflator coefficients shall be determined and must be published in accordance with the procedure established by the Government of the Russian Federation.

Taxpayers which have used their own resources to explore and prospect on deposits of commercial minerals developed by them or which have fully reimbursed all of the State's expenditure on exploration and prospecting for the relevant quantity of reserves of those commercial minerals and which were exempt as at July 1, 2001 in accordance with federal laws from contributions for the replacement of the mineral raw material base with respect to the development of those deposits shall pay tax in respect of commercial minerals extracted on the licensed site in question subject to a coefficient of 0.7.

3. The coefficient reflecting movements in world oil prices (Cp) shall be determined each month by the taxpayer independently by means of multiplying the average level for the tax period of prices for Urals grade oil expressed in US dollars per barrel (P), reduced by 15, by the average value for the tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation (R), and dividing by 261:

$$C_p = (P - 15) \times \frac{R}{261}$$

The average level of prices for Urals grade oil for a tax period which has ended shall be determined as the sum of arithmetic purchase and sale prices on world crude oil markets (Mediterranean and Rotterdam) for all days of trading, divided by the number of days of trading in the relevant tax period.

The average price levels for Urals grade oil on the Mediterranean and Rotterdam crude oil markets for a month which has ended shall, on a monthly basis and not later than the 15<sup>th</sup> of the following month, be communicated through official sources of information in accordance with the procedure established by the Government of the Russian Federation.

If the above-mentioned information is not available in official sources of information, the average price level for Urals grade oil on the Mediterranean and Rotterdam crude oil markets for a tax period which has ended shall be determined by the taxpayer independently.

The average value for a tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the



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Russian Federation shall be determined by the taxpayer independently as the arithmetic mean of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation for all days in the relevant tax period.

The coefficient (Cp) which is calculated in accordance with the procedure determined by this Article shall be rounded off to the fourth decimal place in accordance with the current procedure for rounding off.

4. The coefficient reflecting the level of depletion of reserves of a particular subsurface site (Cd) shall be determined by a taxpayer in accordance with the procedure which is established by this clause.

Where the level of depletion of reserves of a particular subsurface site is greater than or equal to 0.8 and less than or equal to 1, the coefficient Cd shall be computed according to the formula:

$$Cd = 3.8 - 3.5 \times \frac{N}{V},$$

where “N” is the amount of accumulated oil extraction on a particular subsurface site (including extraction losses) according to data in the State balance sheet of reserves of commercial minerals approved in the year preceding the year of the tax period;

“V” is the initial extractable oil reserves which have been approved in accordance with the established procedure with account taken of increments and write-offs of oil reserves (with the exception of write-offs of reserves of extracted oil and extraction losses) and which are determined as the sum of category A, B, C1 and C2 reserves for a particular subsurface site in accordance with data in the State balance sheet of reserves of commercial minerals as at January 1, 2006.

Where the level of depletion of reserves of a particular subsurface site exceeds 1, the coefficient Cd shall be taken to be equal to 0.3.

In other cases which are not covered in paragraphs 2 and 6 of this clause, the coefficient Cd shall be taken to be equal to 1.

The level of depletion of reserves of a particular subsurface site (Ld) shall be computed by a taxpayer independently on the basis of data in the approved State balance sheet of reserves of commercial minerals as the quotient obtained from dividing the amount of accumulated oil extraction on a particular subsurface site (including extraction losses) (N) by the initial extractable oil reserves (V). In this respect, the initial extractable oil reserves which have been approved in accordance with the established procedure with account taken of increments and write-offs of oil reserves (with the exception of write-offs of reserves of extracted oil and extraction losses) shall be determined as the sum of category A, B, C1 and C2 reserves for a particular

subsurface site in accordance with data in the State balance sheet of reserves of commercial minerals as at January 1, 2006.

The coefficient Cd as computed in accordance with the procedure determined by this clause shall be rounded off to the 4<sup>th</sup> decimal place in accordance with the current procedure for rounding off.

**Article 343 The Procedure for the Calculation and Payment of Tax**

1. The amount of tax on dewatered, desalted and stabilized oil, extracted commercial minerals shall, unless otherwise stipulated by this Article, be calculated as a percentage corresponding to the tax rate of the tax base.

The amount of tax on associated gas, natural fuel gas from all kinds of raw hydrocarbon deposits and coal shall be calculated as the product of the appropriate tax rate and the size of the tax base.

2. The amount of tax shall be calculated on the basis of the results for each tax period for each extracted commercial mineral, unless a different procedure for the calculation of tax is established by this Article. Tax shall be payable to the budget at the location of each site of subsurface resources which has been granted to the taxpayer for use in accordance with the legislation of the Russian Federation. In this respect, except where this Article requires the amount of tax to be calculated with respect to each subsurface site at which commercial mineral extraction is carried out, the amount of tax payable shall be computed on the basis of the proportion of a commercial mineral extracted on each site of subsurface resources to the overall quantity of that type of commercial mineral which has been extracted.
3. The amount of tax calculated in relation to commercial minerals extracted outside the territory of the Russian Federation shall be payable to the budget at the location of an organization or at the place of residence of a private entrepreneur.
4. Where a taxpayer applies the tax deduction which is established by Article 343.1 of this Code, the amount of tax payable in respect of coal shall be calculated with respect to each subsurface site at which coal mining is carried out as the product of the relevant tax rate and the tax base, less the amount of the above-mentioned tax deduction.

**Article 343.1 Procedure for Reducing the Amount of Tax Calculated in Connection with Coal Mining by Expenses Associated with the Ensuring of Safe Working Conditions and Occupational Protection**

1. Taxpayers may elect to reduce the amount of tax calculated for a tax period in connection with coal mining at a subsurface site by the amount of economically justified and duly documented expenses incurred by a taxpayer in the tax period in ensuring safe working conditions and occupational protection in connection with coal mining at that subsurface site (tax

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deduction) in accordance with the procedure established by this Article, or may elect to take those expenses into account in calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code.

The procedure for the recognition of expenses such as are referred to in this clause must be reflected in accounting policies for taxation purposes. That procedure may be changed not more frequently than once every five years.

2. The maximum amount of a tax deduction which is applied in accordance with this Article shall be calculated by a taxpayer independently as the product of the amount of tax calculated in connection with coal mining at each subsurface site for a tax period and the coefficient  $C_t$  which is determined in accordance with the procedure established by this Article.
3. The coefficient  $C_t$  shall be determined for each subsurface site in accordance with a procedure to be established by the Government of the Russian Federation with account taken of the methane level of the subsurface site at which coal mining is carried out and with account taken of the liability of the coal to spontaneous combustion in the seam at the subsurface site at which coal mining is carried out. The value of the coefficient  $C_t$  which is calculated in accordance with this Article for each subsurface site shall be established in the accounting policies adopted by the taxpayer for taxation purposes. The value of the coefficient  $C_t$  may not exceed 0.3.
4. Should the actual amount of expenses incurred by a taxpayer in a tax period for the purpose of ensuring safe working conditions and occupational protection in connection with coal mining exceed the maximum amount of the tax deduction which is determined in accordance with clause 2 of this Article, the amount of that excess shall be taken into account in determining a tax deduction over the course of 36 tax periods after the tax period in which the expenses in question were incurred by the taxpayer.
5. The following types of expenses incurred by a taxpayer for the purpose of ensuring safe working conditions and occupational protection in connection with coal mining (according to a list to be determined by the Government of the Russian Federation) shall be included in a tax deduction:
  - 1) material expenses of the taxpayer which are determined in accordance with the procedure laid down in Chapter 25 of this Code;
  - 2) expenses incurred the taxpayer for the acquisition and (or) creation of amortizable assets;
  - 3) expenses incurred by the taxpayer for the extension, further equipping, reconstruction, modernization and retooling of fixed assets.
6. Types of expenses incurred for the purpose of safe working conditions and occupational protection in connection with coal mining which are taken into account in determining a tax deduction in accordance with this Article shall be established in the accounting policies for taxation purposes.

7. Taxpayers for whom there is no calculated amount of tax for a tax period may take expenses such as are provided for in clause 5 of this Article into account in determining a tax deduction in accordance with the procedure established by this Article commencing from the tax period in which a obligation to pay tax arises for them.

**Article 344 Time Limits for the Payment of Tax**

The amount of tax which is payable on the basis of the final result for a tax period shall be paid no later than the 25th of the month following the tax period which has ended.

**Article 345 Tax Declaration**

1. The obligation to submit a tax declaration shall arise for taxpayers beginning in the tax period in which the actual extraction of commercial minerals began.

The tax declaration shall be submitted by the taxpayer to the tax authorities for the location (place of residence) of the taxpayer.

2. The tax declaration shall be submitted no later than the last day of the month following the tax period which has ended.

**Article 345.1 Procedure for the Presentation of Information by Bodies for the Administration of the State Fund of Subsurface Resources and Bodies Which Exercise Monitoring and Supervision in the Area of Subsurface Use**

1. The federal executive body which maintains the State balance sheet of commercial minerals in accordance with the established procedure shall send to tax authorities data from the State balance sheet of reserves of commercial minerals as at the first day of each calendar year, including the following information:
  - 1) the name of a subsurface user;
  - 2) particulars of a licence to use subsurface resources;
  - 3) data concerning accumulated oil extraction (including extraction losses) and the initial extractable oil reserves approved in accordance with the established procedure with account taken of increments and write-offs of oil reserves (with the exception of write-offs of reserves of extracted oil and extraction losses) of all categories for each individual subsurface site;
  - 4) data concerning the extraction of anthracite, coking coal and brown coal and coal other than anthracite, coking coal and brown coal, and actual extraction losses (broken down by seam).

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2. Data shall be presented after the issuance of the State balance sheet of commercial minerals as at the first day of each calendar year, but not later than the first day of each calendar year.

**SECTION VIII.1 SPECIAL TAX REGIMES**

**CHAPTER 26.1. THE SYSTEM OF TAXATION FOR AGRICULTURAL GOODS PRODUCERS (THE UNIFIED AGRICULTURAL TAX)**

**Article 346.1 General Conditions Relating to the Application of the System of Taxation for Agricultural Goods Producers (the Unified Agricultural Tax)**

1. The system of taxation for agricultural goods producers (the unified agricultural tax) (hereafter in this Chapter referred to as the “unified agricultural tax”) shall be established by this Code and shall be applied concurrently with other taxation regimes envisaged by the tax and levy legislation of the Russian Federation.
2. Organizations and private entrepreneurs which are agricultural goods producers in accordance with this Chapter shall have the right to transfer to the payment of the unified agricultural tax voluntarily according to the procedure laid down in this Chapter.
3. Organizations which are taxpayers of the unified agricultural tax shall be exempt from the obligation to pay tax on the profit of organizations (with the exception of tax payable on income which is subject to the tax rates envisaged by clauses 3 and 4 of Article 284 of this Code) and tax on assets of organizations. Organizations which are taxpayers of the unified agricultural tax shall not be deemed to be payers of value added tax (other than value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction and value added tax which is payable in accordance with Article 174.1 of this Code).

Other taxes and levies shall be paid by organizations which have transferred to the payment of the unified agricultural tax in accordance with other taxation regimes envisaged by the tax and levy legislation of the Russian Federation.

Private entrepreneurs who are taxpayers of the unified agricultural tax shall be exempt from the obligation to pay tax on income of physical persons (in relation to income received from entrepreneurial activities, with the exception of tax payable on income which is subject to the tax rates envisaged by clauses 2, 4 and 5 of Article 224 of this Code) and tax on property of physical persons (in relation to property which is used in carrying out entrepreneurial activities). Private entrepreneurs who are taxpayers of the unified agricultural tax shall not be deemed to be taxpayers of value added tax (other than value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction and value added tax which is payable in accordance with Article 174.1 of this Code).

Other taxes and levies shall be paid by private entrepreneurs who have transferred to the payment of the unified agricultural tax in accordance with other taxation regimes envisaged by the tax and levy legislation of the Russian Federation.

4. Organizations and private entrepreneurs which are taxpayers of the unified agricultural tax shall not be exempt from fulfilling the obligations of tax agents which are envisaged by this Code.
5. The rules laid down in this Chapter shall apply to peasant (farm) holdings.

**Article 346.2 Taxpayers**

1. The taxpayers of the unified agricultural tax (hereafter in this Chapter referred to as “taxpayers”) shall be organizations and private entrepreneurs which are agricultural goods producers and have transferred to the payment of the unified agricultural tax in accordance with the procedure established by this Chapter.
2. For the purposes of this Chapter, agricultural goods producers shall be understood to be organizations and private entrepreneurs which produce agricultural products, carry out the primary and further (industrial) processing thereof (including where this is carried out using leased fixed assets) and sell those products, provided that income from the sale of agricultural products produced by them, including products of the primary processing thereof which have been produced by them from own-produced agricultural raw materials, accounts for not less than 70 per cent of the total income from the sale of goods (work and services) of such organizations or private entrepreneurs, and agricultural consumer co-operatives (processing, marketing (trading), supply, horticultural, market-gardening and animal husbandry co-operatives) which are recognised as such in accordance with Federal Law No. 193-FZ of December 8, 1995 “Concerning Agricultural Co-Operation” and for which income from the sale of own-produced agricultural products of the members of those co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives accounts for not less than 70 per cent of total income from sales of goods (work and services).
  - 2.1 For the purposes of this Chapter, agricultural goods producers shall also be deemed to include:
    - 1) town- and settlement-forming fishing organizations whose employees, including family members residing with them, account for not less than one half of the population of the corresponding inhabited locality and which satisfy the criteria established by paragraphs 3 and 4 of subsection 2 of this clause;
    - 2) fishing organizations and private entrepreneurs where they meet the following conditions:

- the average number of employees as determined in accordance with a procedure to be determined by the federal executive body in charge of statistics does not exceed 300 persons for the tax period;

- income from the sale of their catches of aquatic biological resources and (or) of fish products and other products from aquatic biological resources which they themselves produced from those catches accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the tax period;

- they engage in fishing on fishing fleet vessels which are owned by them or use them on the basis of chartering agreements (bareboat charter and time charter).

2.2 For organizations and private entrepreneurs who or which carry out the further (industrial) processing of products of primary processing produced by them from own-produced agricultural raw materials or from own-produced agricultural raw materials of members of agricultural consumer co-operatives, the proportion of income from the sale of products of primary processing produced by them from own-produced agricultural raw materials and the proportion of income from the sale of products of primary processing produced from own-produced agricultural raw materials of members of agricultural consumer co-operatives to total income from the sale of products produced by them from own-produced agricultural raw materials or from own-produced agricultural raw materials of members of agricultural consumer co-operatives shall be determined on the basis of the ratio between expenses incurred for the production of agricultural products and the primary processing of agricultural products and the total amount of expenses incurred for the production of products from agricultural raw materials produced by them.

3. For the purposes of this Chapter, agricultural products shall include products of agricultural and forest crop husbandry and products of animal husbandry (including products obtained as a result of the breeding and fattening of fish and other aquatic biological resources), the specific types of which shall be determined by the Government of the Russian Federation in accordance with the All-Russian Product Classifier. In this respect, agricultural products shall include catches of aquatic biological resources and fish products and other products from aquatic biological resources which are referred to in clauses 4 and 5 of Article 333.3 of this Code and catches of aquatic biological resources which were harvested (caught) outside the exclusive economic zone of the Russian Federation in accordance with international agreements of the Russian Federation in the area of fishing and the conservation of aquatic biological resources, and fish products and other products produced on fishing fleet vessels from aquatic biological resources which were harvested (caught) outside the exclusive economic zone of the Russian Federation in accordance with international agreements of the Russian Federation in the area of fishing and the conservation of aquatic biological resources.



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4. The procedure for classifying products as products of primary processing produced from own-produced agricultural raw materials shall be established by the Government of the Russian Federation.
5. The following agricultural producers shall have the right to transfer to the payment of the unified agricultural tax if they meet the following conditions:
  - 1) agricultural goods producers (other than agricultural goods producers such as are referred to in subsections 2 to 4 of this clause) if, according to the results of activity for the calendar year preceding the year in which the organization or private entrepreneur submits an application to transfer to the payment of the unified agricultural tax, income from the sale of agricultural products produced by them, including products of primary processing produced by them from own-produced agricultural raw materials, accounts for not less than 70 per cent of total income from the sale of goods (work and services);
  - 2) agricultural goods producers in the form of agricultural consumer co-operatives if, according to the results of activity for the calendar year preceding the year in which they submit an application to transfer to the payment of the unified agricultural tax, income from the sale of own-produced agricultural raw materials of members of agricultural consumer co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives, accounts for not less than 70 per cent of total income from the sale of goods (work and services);
  - 3) agricultural goods producers in the form of fishing organizations which are town- and settlement-forming Russian fishing organizations if they satisfy the following conditions:
    - income from the sale of their catches of aquatic biological resources and of fish products and other products from aquatic biological resources which they themselves produced from those catches accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the calendar year preceding the calendar year in which those organizations submit an application to transfer to the payment of the unified agricultural tax;
    - they engage in fishing on fishing fleet vessels which are owned by them or use them on the basis of chartering agreements (bareboat charter and time charter);
  - 4) agricultural goods producers in the form of fishing organizations (other than the organizations referred to in subsection 3 of this clause) and private entrepreneurs – from the beginning of the following calendar year if they satisfy the following conditions:
    - the average number of employees as determined in accordance with a procedure to be established by the federal executive body in charge of statistics for each of the two calendar years preceding the calendar year in which the organization or private entrepreneur submits an application to

transfer to the payment of the unified agricultural tax did not exceed 300 persons;

- income from the sale of their catches of aquatic biological resources and (or) of fish products and other products from aquatic biological resources which they themselves produced from those catches accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the calendar year preceding the calendar year in which the application to transfer to the payment of the unified agricultural tax is submitted;

- 5) organizations newly established in the current year (other than organizations such as are referred to in subsections 6 and 7 of this clause) – from the beginning of the following calendar year if income from the sale of agricultural products produced by that organization, including products of primary processing produced by them from own-produced agricultural raw materials, accounts for not less than 70 per cent of total income from the sale of goods (work and services) according to results for the last accounting period in the current calendar year as defined in the context of the application of another tax regime;
- 6) agricultural consumer co-operatives newly established in the current calendar year – from the beginning of the following calendar year if income from the sale of own-produced agricultural products of members of the agricultural consumer co-operatives, including products of primary processing produced by those co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives, accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the last accounting period in the current calendar year as defined in the context of the application of another tax regime;
- 7) fishing organizations newly established in the current calendar year or newly registered private entrepreneurs shall have the right to submit an application to transfer to the payment of the unified agricultural tax from the beginning of the following calendar year if they meet the following conditions:
  - according to final data for the last accounting period in the current calendar year the average number of employees as determined in accordance with a procedure to be established by the federal executive body in charge of statistics does not exceed 300 persons (this provision shall not apply to town- and settlement-forming Russian fishing organizations);
  - income from the sale of fish and (or) aquatic biological resources caught by them, including products of the primary processing thereof which they themselves produced from fish and (or) aquatic biological resources caught by them, accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the last accounting period in the current calendar year as defined in the context of the application of another tax regime;

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- they engage in fishing on fishing fleet vessels which are owned by them or use them on the basis of chartering agreements (bareboat charter and time charter);

- 8) private entrepreneurs who were newly registered in the current calendar year (other than private entrepreneurs such as are referred to in subsection 7 of this clause) – from the beginning of the following calendar year if income from the sale of agricultural products produced by them, including products of primary processing produced by them from own-produced agricultural raw materials, accounts for not less than 70 per cent of total income from the sale of goods (work and services) in connection with entrepreneurial activities carried out by those private entrepreneurs for the period up to October 1 of the current year.

For the purposes of this clause, income from sales shall be determined in accordance with the procedure laid down by Articles 248 and 249 of this Code, and types of income referred to in Article 251 of this Code shall not be taken into account.

6. The following shall not have the right to transfer to the payment of the unified agricultural tax:
- 2) organizations and private entrepreneurs which engage in the production of excisable goods;
  - 3) organizations and private entrepreneurs which carry out entrepreneurial activities in the gaming sphere;
  - 4) State-owned, budgetary and autonomous institutions.
7. Organizations and private entrepreneurs which have been transferred in accordance with Chapter 26.3 of the Code to the payment of the unified tax on imputed income for certain types of activity with respect to one or more types of entrepreneurial activity shall have the right to transfer to the payment of the unified agricultural tax in relation to other types of entrepreneurial activity which they carry out. In this respect, the limits which are established by clause 5 of this Article with respect to the amount of income from the sale of agricultural products produced by them, including products of primary processing produced by them from own-produced agricultural raw materials, and with respect to the amount of income from the sale of own-produced agricultural products of members of agricultural consumer co-operatives and from work (services) performed for members of those co-operatives shall be determined on the basis of all the types of activity which are carried out by those organizations and private entrepreneurs.

In this respect, the taxation system in the form of the unified tax on imputed income for certain types of activity in accordance with Chapter 26.3 of this Code shall not apply to sales by taxpayers of the unified agricultural tax of agricultural products produced by them, including products of primary processing produced by them from own-produced agricultural raw materials, or products produced them which are own-produced products of members of agricultural consumer co-operatives, including products of primary processing

produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, through their shops, trade outlets, canteens and field kitchens.

**Article 346.3 Procedure and Conditions for the Commencement and Cessation of the Application of the Unified Agricultural Tax**

1. Agricultural goods producers which have expressed the wish to transfer to the payment of the unified agricultural tax shall submit an application to the tax authority for their location (place of residence) in the period between October 20 and December 20 of the year preceding the year in which the agricultural goods producers are to transfer to the payment of the unified agricultural tax. In this respect, agricultural goods producers shall provide in the application to transfer to the payment of the unified agricultural tax data concerning the proportion of income from the sale of agricultural products produced by them, including products of primary processing produced by them from agricultural raw materials of own production, or data concerning the proportion of income from the sale of own-produced agricultural products of members of agricultural consumer co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives, within total income received by them from the sale of goods (work and services) on the basis of the results for the calendar year preceding the year in which the organization or private entrepreneur submits the application to transfer to the payment of the unified agricultural tax.
2. A newly established organization or a newly registered private entrepreneur shall have the right to submit an application to transfer to the payment of the unified agricultural tax within a period of five days from the date of registration with a tax authority which is specified in a certificate of registration with a tax authority issued in accordance with clause 2 of Article 84 of this Code. In this case the organization or private entrepreneur shall be considered to have transferred to the payment of the unified agricultural tax in the current tax period from the date of registration with a tax authority which is specified in the certificate of registration with a tax authority.
3. Taxpayers which have transferred to the payment of the unified agricultural tax shall not have the right to transfer to other taxation regimes before the end of a tax period.
4. Where, according to the results for a tax period, a taxpayer does not meet the conditions established by clauses 2, 2.1, 5 and 6 of Article 346.2 of this Code, that taxpayer shall be considered to have lost the right to apply the unified agricultural tax from the beginning of the tax period in which the specified limit is violated and (or) the taxpayer is found to be not in compliance with the established conditions.

In this respect, the limits relating to the amount of income from the sale of agricultural products produced by the taxpayer, including income from the

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sale of own-produced agricultural products of members of agricultural consumer co-operatives, including products of primary processing produced by the taxpayer from own-produced agricultural raw materials, including products of primary processing produced by an agricultural consumer co-operative from own-produced agricultural raw materials of members of that co-operative, and from work (services) performed for members of such co-operatives, shall be determined on the basis of all types of activity carried out by the taxpayer.

A taxpayer which has lost the right to apply the unified agricultural tax must, within one month after the end of the tax period in which the limit referred to in paragraph 1 of this clause was violated and (or) the requirements established by clauses 2, 2.1, 5 and 6 of Article 346.2 of this Code ceased to be met, recompute tax obligations in respect of value added tax, tax on the profit of organizations, tax on income of physical persons, tax on assets of organizations and tax on property of physical persons for the entire tax period in accordance with the procedure which is envisaged by the tax and levy legislation of the Russian Federation for newly established organizations or newly registered private entrepreneurs. The taxpayer referred to in this paragraph shall pay penalties for the late payment of the above-mentioned taxes and advance payments thereof according to the following procedure:

- where the results for a tax period indicate that a taxpayer was in violation of the requirements established by clauses 2 and 2.1 of Article 346.2 of this Code and the taxpayer has not recomputed amounts of taxes due in the manner prescribed by paragraph 3 of this clause, penalties shall be charged for each calendar day of the delay in the fulfilment of the obligation to pay a particular tax commencing from the day following the deadline established by paragraph 3 of this clause for the recomputation of amounts of taxes due;

- where an organization or a private entrepreneur was in violation of the requirements established by clauses 5 and 6 of Article 346.2 of this Code for transferring to the payment of the unified agricultural tax and has improperly applied that tax, penalties shall be charged for each calendar day of the delay in the fulfilment of the obligation to pay tax (an advance tax payment) which should have been paid in accordance with the general taxation regime commencing from the day following the due date established by the tax and levy legislation of the Russian Federation for the payment of the relevant tax (advance tax payment) in the tax period in which the unified agricultural tax was improperly applied.

5. A taxpayer shall be obliged to notify the tax authority of a transition to a new taxation regime which has been made in accordance with clause 4 of this Article within fifteen days after the end of the accounting (tax) period.
6. Taxpayers which pay the unified agricultural tax shall have the right to transfer to another taxation regime from the beginning of a calendar year by giving the tax authority for the location of the organization (place of residence of the private entrepreneur) notice of this not later than January 15 of the year in which they intend to transfer to another taxation regime.

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7. Taxpayers which have transferred from the payment of the unified agricultural tax to another taxation regime shall have the right to transfer back to the unified agricultural tax no earlier than one year after they lost the right to pay the unified agricultural tax.
8. Amounts of value added tax which were deducted by agricultural goods producers in accordance with the procedure laid down in Chapter 21 of this Code before they transferred to the payment of the unified agricultural tax in respect of goods (work and services), including fixed assets and intangible assets, which were acquired for the purpose of carrying out operations which are deemed to be objects of taxation for value added tax should not be restored (paid to the budget) when the transition is made to the unified agricultural tax.

Where an organization or private entrepreneur which has transferred from the payment of the unified agricultural tax to another taxation regime is deemed to be a taxpayer of value added tax in accordance with Chapter 21 of this Code, amounts of value added tax which it was charged in respect of goods (work and services), including fixed assets and intangible assets, which were acquired before the transition to the other taxation regime shall not be deductible when calculating value added tax.

### **Article 346.4 Object of Taxation**

The object of taxation shall be income reduced by the amount of expenses.

### **Article 346.5 The Procedure for Determining and Recognising Income and Expenses**

1. The following types of income shall be taken into account in determining the object of taxation:

- sales income as defined in accordance with Article 249 of this Code;
- non-sale income as defined in accordance with Article 250 of this Code.

The following shall not be taken into account in determining the object of taxation:

- types of income referred to in Article 251 of this Code;
- income of an organization which is assessable to tax on the profit of organizations at the tax rates envisaged by clauses 3 and 4 of Article 284 of this Code in accordance with the procedure prescribed by Chapter 25 of this Code;
- income of a private entrepreneur which is assessable to tax on income of physical persons at the tax rates envisaged by clauses 2, 4 and 5 of Article 224 of this Code in accordance with the procedure prescribed by Chapter 23 of this Code.

2. In determining the object of taxation taxpayers shall reduce income received by them by the following expenses:
  - 1) expenses associated with the acquisition, erection and manufacture of fixed assets and the extension, further equipping, reconstruction, modernization and retooling of fixed assets (with account taken of the provisions of clause 4 and paragraph 6 of subsection 2 of clause 5 of this Article);
  - 2) expenses associated with the acquisition of intangible assets and the creation of intangible assets by the taxpayer itself (with account taken of the provisions of clause 4 and paragraph 6 of subsection 2 of clause 5 of this Article);
  - 3) expenses for the repair of fixed assets (including rented fixed assets);
  - 4) rental (including lease) payments for rented (including leased) assets;
  - 5) material expenses, including expenses associated with the acquisition of seeds, seedlings, nursery plants and other planting material, fertilizers, feed, medicines, biological preparations and plant protection agents;
  - 6) expenses associated with payment for labour and the payment of compensation payments and temporary incapacity allowances in accordance with the legislation of the Russian Federation;
  - 6.1) expenses for the arrangement of safety measures which are envisaged by normative legal acts of the Russian Federation and expenses associated with the maintenance of premises and first aid points which are situated directly on an organization's premises;
  - 7) expenses associated with compulsory and voluntary insurance, which shall include insurance contributions for all types of compulsory insurance, including insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses, and for the following types of voluntary insurance:
    - voluntary insurance of means of transport (including leased transport);
    - voluntary freight insurance;
    - voluntary insurance of production-related fixed assets (including leased fixed assets), intangible assets and incomplete capital construction projects (including leased construction projects);
    - voluntary insurance of risks associated with the performance of construction and installation work;
    - voluntary inventory insurance;
    - voluntary insurance of agricultural crop harvests and animals;

- voluntary insurance of other assets which are used by the taxpayer in carrying out activities which are aimed at the receipt of income;
  - voluntary insurance of liability for damage where such insurance is a condition of the carrying out of activities by the taxpayer in accordance with international obligations of the Russian Federation or generally accepted international requirements;
- 8) amounts of value added tax on goods (work and services) acquired and paid for by the taxpayer where expenses incurred in acquiring (paying for) those goods (work and services) are included in the composition of expenses in accordance with this Article;
- 9) amounts of interest payable for the provision for use of monetary resources (credits, loans), and expenses associated with payment for services which are rendered by credit organizations, including services associated with the sale of foreign currency in connection with the recovery of tax, a levy, penalties and a fine in accordance with the procedure envisaged by Article 46 of this Code;
- 10) expenses associated with ensuring fire safety in accordance with the legislation of the Russian Federation, expenses for services involving the protection of assets and the maintenance of security and fire alarms, and expenses for the acquisition of fire protection services and other security-related services;
- 11) amounts of customs payments which are payable upon the importation (exportation) of goods into the territory of the Russian Federation and other territories under its jurisdiction and which are not refundable to the taxpayer in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
- 12) expenses for the maintenance of vehicles for business use and expenses associated with compensation for the use of private motor cars and motorcycles for business travel within the limits of the norms established by the Government of the Russian Federation;
- 13) business trip expenses, and in particular expenses for:
- travel by an employee to a business trip destination and back to the place of permanent work;
  - the rent of residential accommodation. This expense item shall also include reimbursement of an employee's expenses for additional services provided in hotels (excluding expenses for bar and restaurant services, expenses for room service and expenses for the use of recreational and leisure facilities);
  - per diem or field allowances;
  - the processing and issue of visas, passports, vouchers, invitations and other similar documents;



- consular and aerodrome fees, fees for right of entry, passage and transit of motor vehicles and other means of transport and for the use of sea canals and other similar facilities, and other similar payments and fees;
- 14) charges payable to a notary for the notarization of documents. In this respect, such expenses shall be taken into account within the limits of the tariffs which have been approved in accordance with the established procedure;
- 15) expenses associated with accounting, auditing and legal services;
- 16) expenses for the publication of accounting reports and for the publication and other disclosure of other information where the taxpayer is obliged by the legislation of the Russian Federation to publish (disclose) them;
- 17) expenses for stationery;
- 18) expenses for postal, telephone, telegraph and other similar services, expenses associated with payment for communications services;
- 19) expenses associated with the acquisition of the right to use computer programmes and databases under agreements with a possessor of rights (under licence agreements). The above-mentioned expenses shall also include expenses for the updating of computer programmes and databases;
- 20) expenses for the advertising of goods (work and services) which are produced (acquired) and (or) sold, trademarks and service marks;
- 21) expenses for the preparation and assimilation of new production units, departments and hardware;
- 22) expenses associated with the provision of meals for workers engaged in agricultural work;
- 22.1) expenses for food rations for crews of sea-going and river vessels within the limits of the norms approved by the Government of the Russian Federation;
- 23) amounts of taxes and levies which are payable in accordance with the tax and levy legislation of the Russian Federation;
- 24) expenses associated with payment of the cost of goods acquired for subsequent sale (reduced by the amount of expenses referred to in subsection 8 of this clause) , including expenses associated with the acquisition and sale of those goods, including storage, handling and transportation expenses;
- 25) expenses for information and consulting services;
- 26) expenses associated with the training and retraining of members of the permanent staff of a taxpayer on a contractual basis in accordance with the procedure prescribed by clause 3 of Article 264 of this Code;

- 27) court costs and arbitration fees;
- 28) expenses in the form of fines, penalties and (or) other sanctions for the violation of contractual or debt obligations which have been paid on the basis of a court decision, and expenses associated with the provision of compensation for damage caused;
- 29) expenses associated with the training of specialists for taxpayers at educational institutions of intermediate vocational and higher vocational education. These expenses shall be taken into account for taxation purposes provided that training agreements (contracts) have been concluded with the physical persons studying at the above-mentioned educational institutions which require them to work for the taxpayer for not less than three years after they graduate from the relevant educational institution;
- 30) expenses in the form of a negative exchange rate difference arising from the revaluation of assets in the form of currency assets and claims (obligations) whose value is expressed in foreign currency, including in currency accounts held with banks, which is carried out in connection with changes in the official exchange rate of a foreign currency to the Russian Federation rouble which is set by the Central Bank of the Russian Federation.
- 31) expenses for the acquisition of property rights in land plots, including expenses for the acquisition of the right to conclude an agreement on the lease of land plots on condition that the lease agreement in question is concluded, and in particular rights:
  - in land plots forming part of agricultural lands;
  - in land plots which are in State or municipal ownership and on which buildings, structures and installations used for agricultural production are situated;
- 32) expenses associated with the acquisition of young livestock for the subsequent formation of the main herd, producing livestock, young birds and juvenile fish;
- 33) expenses for the maintenance of rotation workers' and temporary settlements associated with agricultural production involving grazing-based livestock farming;
- 34) expenses associated with the payment of commission fees, agency fees and fees under contracts of delegation;
- 35) production certification expenses;
- 36) periodic (current) payments for the use of rights in results of intellectual property and means of individualization (including, in particular, rights arising from patents for inventions, industrial models and other types of intellectual property);

- 37) expenses associated with the performance (in instances established by the legislation of the Russian Federation) of compulsory valuation for the purpose of checking that taxes have been correctly paid in the event that a dispute arises over the calculation of the tax base, and expenses associated with the performance of a valuation of assets in determining the value thereof for pledge purposes;
  - 38) charges for the provision of information concerning registered rights;
  - 39) expenses associated with payment for the services of specialized organizations involving the preparation of cadastral and technical record (inventory) documents for items of immovable property (including deeds of rights for plots of land and documents relating to the surveying of plots of land);
  - 40) expenses associated with payment for the services of specialized organizations involving the performance of expert examinations and inspections, the issue of reports and the provision of other documents which are needed in order to obtain a licence (permit) to carry out a particular type of activity;
  - 41) expenses associated with participation in bidding processes (competitive tenders, auctions) which are conducted in connection with the fulfilment of orders for supplies of the products referred to in clause 3 of Article 346.2 of this Code;
  - 42) expenses in the form of losses due to mortality and compulsory slaughter of poultry and animals within the limits of norms to be approved by the Government of the Russian Federation, except in cases of natural disasters, fires, accidents, epizootics and other emergency situations;
  - 43) amounts of harbour dues, expenses for pilotage services and other similar expenses;
  - 44) expenses in the form of losses due to natural disasters, fires, accidents, epizootics and other emergency situations, including costs associated with prevention and relief of consequences.
3. The expenses which are referred to in clause 2 of this Article shall be taken into account provided that they meet the criteria laid down in clause 1 of Article 252 of this Code.
- The expenses which are referred to in subsections 5, 6, 7, 9 to 21, 26 and 30 of clause 2 of this Article shall be taken into account in conformity with the procedure which is envisaged for the calculation of tax on the profit of organizations in accordance with Articles 254, 255, 263, 264, 265 and 269 of this Code.
4. Expenses associated with the acquisition (erection, manufacture, extension, further equipping, reconstruction, modernization and retooling) of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets shall be recognised as follows:

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1) with respect to expenses associated with the acquisition (erection, manufacture) of fixed assets during the period of the application of the unified agricultural tax, and expenses associated with the extension, further equipping, reconstruction, modernization and retooling of fixed assets incurred in that period – from the moment when those fixed assets are brought into operation;

with respect to intangible assets acquired (created by the taxpayer itself) during the period of the application of the unified agricultural tax – from the moment when those intangible assets are entered in accounting records;

2) with respect to fixed assets which were acquired (erected, manufactured) and intangible assets which were acquired (created by the taxpayer itself) prior to the transition to the unified agricultural tax, the value of the fixed assets and intangible assets shall be included in expenses as follows:

- with respect to fixed assets and intangible assets with a useful life of up to three years inclusively – over the course of the first calendar year of the application of the unified agricultural tax;

- with respect to fixed assets and intangible assets with a useful life of from three to 15 years inclusively - 50 per cent of the value during the first calendar year of the application of the unified agricultural tax, 30 per cent of the value during the second calendar year and 20 per cent of the value during the third calendar year;

- with respect to fixed assets and intangible assets with a useful life exceeding 15 years – over the course of the first 10 years of the application of the unified agricultural tax in equal portions of the value of the fixed assets and intangible assets.

In this respect, during the tax period the expenses in question shall be taken into account in equal portions.

Where a taxpayer transferred to the payment of the unified agricultural tax from the moment of its registration with the tax authorities, the value of fixed assets and intangible assets shall be recognised according to the historical value of those assets as determined in accordance with the procedure established by the accounting legislation of the Russian Federation.

Where a taxpayer has transferred to the payment of the unified agricultural tax from other taxation regimes, the value of fixed assets and intangible assets shall be recorded in accordance with the procedure established by clauses 6.1 and 9 of Article 346.6 of this Code.

The useful life of fixed assets shall be determined on the basis of the classification of fixed assets which are included in amortization groups which is approved by the Government of the Russian Federation in accordance with Article 258 of this Code. The useful life of fixed assets which are not included in that classification shall be established by the taxpayer in

accordance with the technical specifications or recommendations of the manufacturers.

Fixed assets the rights in which are subject to State registration in accordance with the legislation of the Russian Federation shall be taken into account in expenses in accordance with this Article from the moment of the documented submission of documents for the registration of those rights. This provision, insofar as it concerns mandatory compliance with the condition of the documentation of the submission of documents for registration, shall not apply to fixed assets which were brought into use before January 31, 1998.

The useful life of intangible assets shall be determined in accordance with clause 2 of Article 258 of this Code.

In the event that fixed assets and intangible assets which have been acquired (erected, manufactured, created by the taxpayer itself) are sold (transferred) before three years have elapsed from the moment when expenses associated with their acquisition (erection, manufacture, extension, further equipping, reconstruction, modernization and retooling or creation by the taxpayer itself) were included in the composition of expenses in accordance with this Chapter (or, in the case of fixed assets and intangible assets with a useful life exceeding 15 years, before 10 years have elapsed from the moment when they were acquired (erected, manufactured, created by the taxpayer itself)), the taxpayer shall be obliged to recalculate the tax base for the entire period of use of those fixed assets and intangible assets from the moment when they were included in the composition of expenses associated with acquisition (erection, manufacture, creation by the taxpayer itself) up to the date of sale (transfer), taking into account the provisions of Chapter 25 of this Code, and to pay the additional amount of tax and penalties.

There shall be included in the composition of fixed assets and intangible assets for the purposes of this Article fixed assets and intangible assets which are recognised as amortizable assets in accordance with Chapter 25 of this Code with account taken of the provisions of this Chapter, and expenses associated with the extension, further equipping, reconstruction, modernization and retooling of fixed assets shall be determined with account taken of the provisions of clause 2 of Article 257 of this Code.

- 4.1 Expenses associated with the acquisition of property rights in plots of land shall be included in the composition of expenses evenly over the time period determined by the taxpayer, but not less than seven years. Amounts of expenses shall be taken into account in equal portions over accounting and tax periods.

The amount of expenses for the acquisition of property rights in land plots shall be included in expenses after the taxpayer has actually made payment for the property rights in land plots to the extent of the amounts paid and subject to documentary confirmation of the submission of documents for the registration of the right in instances prescribed by the legislation of the Russian Federation.

For the purposes of this clause, documentary confirmation of the submission of documents for the State registration of property rights shall be understood to mean an acknowledgement of the receipt by a body which carries out cadastral registration, maintains the State cadastre of immovable property and carries out the State registration of rights in immovable property and transactions involving such property.

The above-mentioned expenses shall be recorded on the last day of an accounting (tax) period and shall be taken into account only with respect to land plots which are used in carrying out entrepreneurial activities.

5. Income and expenses of a taxpayer shall be recognised according to the following procedure:
  - 1) for the purposes of this Chapter the date of receipt of income shall be deemed to be the day on which resources are received in bank accounts and (or) in cash or other assets (work, services) and (or) property rights are received, or the day on which indebtedness is settled by other means (the cash-basis method).

Where a purchaser uses a promissory note or bill of exchange in settlements for goods (work and services) and (or) property rights acquired by it, the date of receipt of income for the taxpayer shall be deemed to be the day on which the note or bill is settled (the day on which monetary resources are received from the drawer of the note or bill or another person bound by the note or bill), or the day on which the taxpayer transfers that note or bill to a third party by endorsement.

Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant State government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments.

In the event that the conditions of receipt of payments such as are envisaged by paragraph 3 of this subsection are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 3 of this subsection exceeds the amount of expenses taken into account in accordance with this subsection, the remaining amounts which were not taken into account shall be wholly included in income for that tax period.

Financial support resources in the form of subsidies which have been received in accordance with the Federal Law "Concerning the Development of Small and Medium-Sized Business in the Russian Federation" shall be included in income in proportion to expenses actually incurred from that source, but not

for more than two tax periods from the date of receipt. If, after the end of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in income for that tax period;

- 2) expenditures shall be recognised as expenses of a taxpayer after payment has actually been made. For the purposes of this Chapter the making of payment for goods (work and services) and (or) property rights shall be understood to mean the termination of the obligation of the taxpayer which is acquiring the goods (work and services) and (or) property rights to the seller which is directly connected with the supply of those goods (performance of work, rendering of services) and (or) the transfer of property rights.

In this respect, expenses shall be included in the composition of expenses with account taken of the following special considerations:

- material expenses, including expenses associated with the acquisition of raw materials (including expenses associated with the acquisition of seeds, seedlings, nursery plants and other planting material, fertilizers, feed, medicines, biological preparations and plant protection agents) and labour payment expenses shall be included in the composition of expenses at the moment when indebtedness is settled by means of the write-off of monetary resources or payment from cash or, where indebtedness is settled by other means, at the moment of such settlement. A similar procedure shall apply with respect to the payment of interest for the use of borrowed resources (including bank credits) and when payment is made for the services of third parties;
- expenses associated with payment of the cost of goods acquired for subsequent sale, including expenses associated with the acquisition and sale of those goods, including storage, handling and transportation expenses, shall be included in the composition of expenses after they have actually been paid;
- expenses associated with the payment of taxes and levies shall be included in the composition of expenses to the extent of the amount actually paid by the taxpayer. Where indebtedness in respect of taxes and levies exists, expenses associated with the settlement of that indebtedness shall be included in the composition of expenses within the limits of the indebtedness actually settled in the accounting (tax) periods in which the taxpayer settles that indebtedness;
- expenses associated with the acquisition (erection, manufacture), extension, further equipping, reconstruction, modernization and retooling of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets which are taken into account in accordance with the procedure prescribed by clause 4 of this Article shall be reflected on the last day of an accounting (tax) period to the extent of amounts paid. In this respect, the expenses in question shall be taken into account only in relation to fixed assets and intangible assets which are used in carrying out entrepreneurial activities;

- where a taxpayer issues a promissory note or bill of exchange to a seller in payment for goods (work and services) and (or) property rights which are acquired, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account after that promissory note or bill of exchange has been settled. Where a taxpayer transfers to a seller in payment for goods (work and services) and (or) property rights which are acquired a promissory note or bill of exchange issued by a third party, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account as at the date on which that promissory note or bill of exchange is transferred in respect of the acquired goods (work performed, services rendered) and (or) property rights. The expenses referred to in this subsection shall be recognised according to the price of the agreement, but the amount so recognised shall not exceed the amount of the debt obligation which is specified in the promissory note or bill of exchange;

- 3) taxpayers which determine income and expenses in accordance with this Chapter shall not include value differences in the composition of income and expenses for taxation purposes where, under the conditions of an agreement, an obligation (claim) is expressed in notional monetary units.
8. Organizations shall be obliged to maintain records of indicators of their activities which are needed to calculate the tax base and the amount of the unified agricultural tax on the basis of accounting data with account taken of the provisions of this Chapter.

Private entrepreneurs shall maintain records of income and expenses for purposes of calculating the tax base for the unified agricultural tax in a ledger of income and expenses of private entrepreneurs who apply the taxation system for agricultural goods producers (the unified agricultural tax), the form and procedure for the completion of which shall be approved by the Ministry of Finance of the Russian Federation.

#### **Article 346.6 Tax Base**

1. The tax base shall be deemed to be income expressed in monetary terms, reduced by the amount of expenses.
2. Income and expenses expressed in foreign currency shall be taken into account together with income and expenses expressed in roubles. In this respect, income and expenses expressed in foreign currency shall be translated into roubles on the basis of the official exchange rate of the Central Bank of the Russian Federation which is established as at the date on which income is received and (or) the date on which expenses are incurred respectively.
3. Income received in kind shall, for purposes of determining the tax base, be recognised according to the price of the agreement with account taken of market prices which are determined according to a procedure similar to the procedure for the determination of market prices which is established by Article 40 of this Code.



4. For the purpose of determining the tax base, income and expenses shall be determined on a cumulative total from the beginning of the tax period.
5. Taxpayers shall have the right to reduce the tax base for a tax period by the amount of a loss sustained according to the results for prior tax periods. In this respect, for the purposes of this Chapter a loss shall be understood to mean an excess of expenses over income as determined in accordance with Article 346.5 of this Code.

Taxpayers shall have the right to carry a loss forward to future tax periods over the 10 years following the tax period in which the loss was made.

Taxpayers shall have the right to carry over to the current tax period the amount of a loss which was made in the preceding tax period.

A loss which was not carried forward to the following year may be carried forward in whole or in part to any of the following nine years.

Where taxpayers have made losses in more than one tax period, those losses shall be carried forward to future tax periods in the order in which they arose.

Where taxpayers cease activities owing to re-organization, the taxpayers which are their legal successors shall have the right to reduce the tax base according to the procedure and subject to the conditions which are envisaged by this clause by the amount of losses made by the re-organized organizations prior to their re-organization.

Taxpayers shall be obliged to keep documents which confirm the amount of a loss sustained and the amount by which the tax base was reduced for each tax period during the entire period for which the right to reduce the tax base by the amount of the loss is exercised.

A loss which was sustained by taxpayers when other taxation regimes were applied shall not be taken into account upon transferring to the payment of the unified agricultural tax.

A loss which was sustained by taxpayers while paying the unified agricultural tax shall not be taken into account upon transferring to other taxation regimes.

6. Organizations which used the accrual-basis method in calculating tax on the profit of organizations before transferring to the payment of the unified agricultural tax shall observe the following rules when transferring to the payment of the unified agricultural tax:
  - 1) as at the date of transition to the payment of the unified agricultural tax there shall be included in the tax base amounts of monetary resources which were received prior to the transfer to the payment of the unified agricultural tax by way of payment under agreements which the taxpayers perform after transferring to the payment of the unified agricultural tax;

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- 3) monetary resources received after the transition to the payment of the unified agricultural tax shall not be included in the tax base if, according to the rules for tax accounting using the accrual-basis method, those amounts were included in income for the purpose of calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code;
- 4) expenses incurred by an organization after transferring to the payment of the unified agricultural tax shall be recognised as expenses which are deductible from the tax base as at the date of their incurrence if payment of those expenses was effected prior to the transfer to the payment of the unified agricultural tax or as at the date of payment if payment of those expenses was effected after the organization's transition to the payment of the unified agricultural tax;
- 5) monetary resources paid after the transition to the payment of the unified agricultural tax in payment of an organization's expenses shall not be deducted from the tax base if, before the transition to the payment of the unified agricultural tax, those expenses were taken into account for the purpose of calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code;
- 6) material expenses and labour payment expenses relating to work in progress as at the date of the transfer to the payment of the unified agricultural tax which were paid prior to the transfer to the payment of the unified agricultural tax shall be taken into account in determining the tax base for the unified agricultural tax in the accounting (tax) period in which finished products are manufactured;
- 7) expenditures on the acquisition of quotas (shares) for the harvesting of aquatic biological resources, including those which were made before transferring to the unified agricultural tax and were not included in expenses for the purpose of determining the tax base, shall be included in the tax base as at the date of the transfer to the payment of the unified agricultural tax.

- 6.1 When an organization transfers to the payment of the unified agricultural tax there shall be recognised in records as at the date of such transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which were paid for prior to the transfer to the payment of the unified agricultural tax in the form of the difference between the price of acquisition (erection, manufacture, creation by the organization itself) of the fixed assets and intangible assets and the amount of amortization charged in accordance with the requirements of Chapter 25 of this Code.

Where an organization which applies the simplified taxation system in accordance with Chapter 26.2 of this Code transfers to the payment of the unified agricultural tax, there shall be recognised in records as at the date of such transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which is determined in accordance with clause 3 of Article 346.25 of this Code.

Where an organization which applies the taxation system in the form of a unified tax on imputed income for certain types of activity in accordance with Chapter 26.3 of this Code transfers to the payment of the unified agricultural tax, there shall be reflected in records as at the date of such transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the taxpayer itself) which were paid for prior to the transfer to the payment of the unified agricultural tax in the form of the difference between the price of acquisition (erection, manufacture, creation by the organization itself) of the fixed assets and intangible assets and the amount of amortization charged in accordance with the procedure established by the accounting legislation of the Russian Federation over the period of the application of the taxation system in the form of a unified tax on imputed income for certain types of activity.

7. Organizations which have paid the unified agricultural tax shall observe the following rules when transferring to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method:
  - 1) income shall be deemed to include income in the amount of receipts from sales of goods (the performance of work, the rendering of services, the transfer of property rights) during the period of the application of the unified agricultural tax for which payment (partial payment) has not been made by the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method;
  - 2) expenses shall be deemed to include expenses associated with the acquisition during the period of the application of the unified agricultural tax of goods (work, services and property rights) for which the taxpayer did not make payment (partial payment) prior to the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method, unless otherwise provided by Chapter 25 of this Code.
- 7.1 The income and expense items referred to in subsections 1 and 2 of clause 7 of this Article shall be recognised as income (expenses) of the month in which the transfer is made to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method.
8. Where an organization transfers from the payment of the unified agricultural tax to other taxation regimes (with the exception of the taxation system in the form of a unified tax on imputed income for certain types of activity) and has fixed assets and intangible assets with respect to which expenses associated with the acquisition (erection, manufacture, creation by the organization itself) thereof were not wholly transferred to expenses during the period of the application of the unified agricultural tax in accordance with the procedure envisaged by subsection 2 of clause 4 of Article 346.5 of this Code, in records as at the date of such transfer the net book value of the fixed assets and intangible assets shall be determined by means of reducing the net book value of those fixed assets and intangible assets as determined at the moment of the transfer to the payment of the unified agricultural tax by the amount of expenses incurred in the period of the application of the unified agricultural

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tax, as determined in accordance with the procedure envisaged by subsection 2 of clause 4 of Article 346.16 of this Code.

9. Private entrepreneurs shall apply the rules prescribed by clauses 6.1 and 8 of this Article when transferring from other taxation regimes to the payment of the unified agricultural tax and from the unified agricultural tax to other taxation regimes.
10. Taxpayers which have been transferred with respect to certain types of activity to the payment of the unified tax on imputed income for certain types of activity in accordance with Chapter 26.3 of this Code shall maintain separate records of income and expenses for different special tax regimes. Where expenses cannot be separated when calculating the tax base for taxes which are calculated according to different special tax regimes, those expenses shall be allocated according to the respective proportions of income to the total amount of income received in the context of the application of those special tax regimes.

Income and expenses associated with types of activity in relation to which the taxation system in the form of a unified tax on imputed income for certain types of activity is applied in accordance with Chapter 26.3 of this Code (taking into account the provisions established by this Chapter) shall not be taken into account in calculating the tax base for the unified agricultural tax.

### **Article 346.7 Tax Period. Accounting Period**

1. The tax period shall be a calendar year.
2. The accounting period shall be a half-year period.

### **Article 346.8 Tax Rate**

The tax rate shall be established at 6 per cent.

### **Article 346.9 The Procedure for the Calculation and Payment of the Unified Agricultural Tax. Crediting of Amounts of the Unified Agricultural Tax**

1. The unified agricultural tax shall be calculated as such a percentage of the tax base as corresponds to the tax rate.
2. Taxpayers shall, on the basis of the results for an accounting period, calculate the amount of the advance tax payment in respect of the unified agricultural tax on the basis of the tax rate and income actually received, reduced by the amount of expenses calculated on a cumulative total from the beginning of the tax period up to the end of the half-year period.

Advance payments in respect of the unified agricultural tax shall be paid no later than 25 calendar days from the day on which an accounting period ends.

3. Advance payments in respect of the unified agricultural tax which have been paid shall be reckoned towards the payment of the unified agricultural tax on the basis of the results for the tax period.
4. The unified agricultural tax and the advance payment in respect of the unified agricultural tax shall be paid by taxpayers at the location of an organization (at the place of residence of a private entrepreneur).
5. The unified agricultural tax which is payable on the basis of the results for a tax period shall be paid by taxpayers no later than the deadline which is established by clause 2 of Article 346.10 of this Code for the submission of a tax declaration for the tax period.
6. Amounts of the unified agricultural tax shall be credited to accounts of Federal Treasury bodies for subsequent allocation in accordance with the budget legislation of the Russian Federation.

**Article 346.10 Tax Declaration**

1. After a tax period has ended, taxpayers shall submit tax declarations to the tax authorities:
  - 1) organizations – to the tax authorities at their location;
  - 2) private entrepreneurs – to the tax authorities at their place of residence.
2. Taxpayers shall submit a tax declaration based on final results for a tax period not later than March 31 of the year following the tax period which has ended.

**CHAPTER 26.2. THE SIMPLIFIED TAXATION SYSTEM**

**Article 346.11 General Provisions**

1. The simplified taxation system shall be applied by organizations and private entrepreneurs alongside the other taxation regimes which are envisaged by the tax and levy legislation of the Russian Federation.

Organizations and private entrepreneurs shall transfer to the simplified taxation system or revert to other taxation regimes voluntarily in accordance with the procedure which is envisaged by this Chapter.

2. The application of the simplified taxation system by organizations shall entail the exemption of those organizations from the obligation to pay tax on the profit of organizations (with the exception of tax payable on income which is subject to the tax rates envisaged by clauses 3 and 4 of Article 284 of this Code) and tax on assets of organizations. Organizations which apply the simplified taxation system shall not be deemed to be payers of value added tax, with the exception of value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction and value added tax which is payable in accordance with Article 174.1 of this Code.

Organizations which apply the simplified taxation system shall pay other taxes in accordance with tax and levy legislation.

3. The application of the simplified taxation system by private entrepreneurs shall entail the exemption of those private entrepreneurs from the obligation to pay tax on income of physical persons (in relation to income received from entrepreneurial activities, with the exception of tax payable on income which is subject to the tax rates envisaged by clauses 2, 4 and 5 of Article 224 of this Code) and tax on property of physical persons (in relation to property which is used for entrepreneurial activities). Private entrepreneurs who apply the simplified taxation system shall not be deemed to be payers of value added tax, with the exception of value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction and value added tax which is payable in accordance with Article 174.1 of this Code.

Private entrepreneurs which apply the simplified taxation system shall pay other taxes in accordance with tax and levy legislation.

4. For organizations and private entrepreneurs which apply the simplified taxation system, the current procedure for conducting cash operations and procedure for presenting statistical reports shall continue to apply.
5. Organizations and private entrepreneurs which apply the simplified taxation system shall not be exempt from fulfilling the obligations of tax agents which are envisaged by this Code.

**Article 346.12 Taxpayers**

1. Taxpayers shall be organizations and private entrepreneurs which have transferred to the simplified taxation system and apply it in accordance with the procedure which is established by this Chapter.
2. An organization shall have the right to transfer to the simplified taxation system if, according to the results of the first nine months of the year in which the organization submits an application to transfer to the simplified taxation system, income as determined in accordance with Article 248 of this Code did not exceed 15 million roubles.

*E&Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009 the operation of paragraph 1 of clause 2 of Article 346.12 is suspended until October 1, 2012.*

The value of the maximum amount of income of an organization which is specified in paragraph 1 of this clause as limiting the right of an organization to transfer to the simplified taxation system shall be subject to indexation by a deflator coefficient which shall be established annually for each ensuing year and shall take account of changes in consumer prices for goods (work and services) in the Russian Federation for the preceding calendar year, and by the deflator coefficients which were previously applied in accordance with this clause. The deflator coefficient shall be determined and officially published in accordance with the procedure established by the Government of the Russian Federation.

*E&Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009 the operation of paragraph 2 of clause 2 of Article 346.12 is suspended until January 1, 2013.*

- 2.1 An organization shall have the right to transfer to the simplified taxation system if, according to the results of activity for the first nine months of the year in which the organization submits an application to transfer to the simplified taxation system, income as determined in accordance with Article 248 of this Code did not exceed 45 million roubles.

*E&Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009 the provisions of clause 2.1 of Article 346.12 have force until September 30, 2012 inclusively.*

3. The following shall not have the right to apply the simplified taxation system:
  - 1) organizations which have branches and (or) representations;
  - 2) banks;
  - 3) insurers;
  - 4) non-State pension funds;
  - 5) investment funds;

- 6) professional participants in the securities market;
- 7) pawn-shops;
- 8) organizations and private entrepreneurs engaged in the production of excisable goods and the extraction and sale of commercial minerals, with the exception of common commercial minerals;
- 9) organizations and private entrepreneurs engaged in gaming;
- 10) privately practising notaries, lawyers who have established legal offices, and other forms of legal practices;
- 11) organizations which are participants in production sharing agreements;
- 13) organizations and private entrepreneurs which have transferred to the system of taxation for agricultural goods producers (the unified agricultural tax) in accordance with Chapter 26.1 of this Code;
- 14) organizations in which the participating interest of other organizations is more than 25 per cent. This limitation shall not apply:
  - to organizations whose charter capital consists wholly of contributions of social organizations of disabled persons where the average proportion of disabled persons among their employees is not less than 50 per cent and their share of the labour payment fund is not less than 25 per cent;
  - to non-commercial organizations, including consumer co-operative organizations which carry out their activities in accordance with Law No. 3085-1 of the Russian Federation of June 19, 1992 “Concerning Consumer Co-Operation (Consumer Societies and Unions Thereof) in the Russian Federation”, and to companies whose sole founders are consumer societies and unions thereof which carry out their activities in accordance with the above-mentioned Law;
  - to companies which have been founded in accordance with the Federal Law “Concerning Science and State Scientific and Technical Policy” by budget-financed scientific institutions and scientific institutions established by State academies of sciences and whose activities consist in the practical application (implementation) of results of intellectual activity (computer programs, databases, inventions, utility models, industrial designs, selection achievements, integrated circuit topographies and production secrets (know-how)), the exclusive rights in which are held by those scientific institutions;
  - to companies which have been founded in accordance with Federal Law No. 125-FZ of August 22, 1996 “Concerning Higher and Postgraduate Vocational Education” by higher education establishments which are budget-financed educational institutions and higher education establishments established by State academies of sciences and whose activities consist in the practical application (implementation) of results of intellectual activity (computer



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programs, databases, inventions, utility models, industrial designs, selection achievements, integrated circuit topographies and production secrets (know-how)), the exclusive rights in which are held by those higher education establishments;

- 15) organizations and private entrepreneurs for whom the average number of employees for the tax (accounting) period as determined in accordance with a procedure to be established by the federal executive body in charge of statistics exceeds 100 persons;
  - 16) organizations for which the net book value of fixed assets and intangible assets as determined in accordance with the accounting legislation of the Russian Federation exceeds 100 million roubles. For the purposes of this subsection account shall be taken of fixed assets and intangible assets which are subject to amortization and are recognised as amortizable assets in accordance with Chapter 25 of this Code;
  - 17) State-owned and budgetary institutions;
  - 18) foreign organizations.
4. Organizations and private entrepreneurs which have been transferred in accordance with Chapter 26.3 of this Code to the payment of the unified tax on imputed income for certain types of activity in relation to one or more types of entrepreneurial activity shall have the right to apply the simplified taxation system in relation to other types of entrepreneurial activity carried out by them. In this respect, the limitations established by this Chapter with respect to the number of employees and the value of fixed assets and intangible assets shall, in relation to such organizations and private entrepreneurs, be determined on the basis of all types of entrepreneurial activity carried out by them, and the maximum income level which is established by clauses 2 and 2.1 of this Article shall be determined with respect to those types of activity which are taxed in accordance with the general taxation regime.

### **Article 346.13 The Procedure and Conditions for the Commencement and Termination of the Application of the Simplified Taxation System**

1. Organizations and private entrepreneurs which have expressed the wish to transfer to the simplified taxation system shall, in the period from October 1 to November 30 of the year preceding the year as from which the taxpayers are to transfer to the simplified taxation system, submit an application to the tax authority for their location (place of residence). In this respect, organizations shall indicate in the application to transfer to the simplified taxation system the amount of income for the first nine months of the current year and the average number of employees for that period and the net book value of fixed assets and intangible assets as at October 1 of the current year.

The choice of object of taxation shall be made by the taxpayer before the beginning of the tax period in which the simplified taxation system is first

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applied. In the event that the taxpayer changes its selected object of taxation after submitting the application to transfer to the simplified taxation system, it shall be obliged to notify the tax authority of this before December 20 of the year preceding the year in which the simplified taxation system is first applied.

2. A newly established organization and a newly registered private entrepreneur shall have the right to submit an application to transfer to the simplified taxation system within five days from the date of registration with a tax authority which is specified in the certificate of registration with a tax authority issued in accordance with clause 2 of Article 84 of this Code. In such case the organization or private entrepreneur shall have the right to apply the simplified taxation system from the date of their registration with a tax authority which is specified in the certificate of registration with a tax authority.

Organizations and private entrepreneurs which, in accordance with normative legal acts of representative bodies of municipal areas and urban districts and laws of the cities of federal significance Moscow and Saint Petersburg concerning the taxation system in the form of the unified tax on imputed income for certain types of activity, ceased to be taxpayers of the unified tax on imputed income before the end of the current calendar year shall have the right, on the basis of an application, to transfer to the simplified taxation system from the beginning of the month in which the obligation to pay the unified tax on imputed income was terminated.

3. Taxpayers which apply the simplified taxation system shall not have the right to transfer to another taxation regime before the end of a tax period, unless otherwise envisaged by this Article.
4. If, according to the results for an accounting (tax) period, the income of a taxpayer as determined in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 20 million roubles and (or) the requirements established by clauses 3 and 4 of Article 346.12 and clause 3 of Article 346.14 of this Code were contravened during the accounting (tax) period, the taxpayer concerned shall be deemed to have lost the right to apply the simplified taxation system from the beginning of the quarter in which that excess and (or) the contravention of those requirements occurred.

In this respect, amounts of taxes which are payable when another taxation regime is used shall be calculated and paid in accordance with the procedure which is envisaged by the tax and levy legislation of the Russian Federation for newly established organizations or newly registered private entrepreneurs. The taxpayers referred to in this paragraph shall not pay penalties and fines for the late payment of monthly payments during the quarter in which those taxpayers transferred to another taxation regime.

The value of the maximum amount of income of a taxpayer which is specified in paragraph 1 of this clause as limiting the right of the taxpayer to apply to

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the simplified taxation system shall be subject to indexation in accordance with the procedure prescribed by clause 2 of Article 346.12 of this Code.

*E&Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009, with effect from January 1, 2010 the operation of clause 4 of Article 346.13 will be suspended until January 1, 2013.*

- 4.1 If, according to the results of activity for an accounting (tax) period, income of a taxpayer as determined in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 60 million roubles and (or) non-compliance with the requirements established by clauses 3 and 4 of Article 346.12 and clause 3 of Article 346.14 of this Code occurred during the accounting (tax) period, the taxpayer concerned shall be deemed to have lost the right to apply the simplified taxation system from the beginning of the quarter in which that excess and (or) non-compliance with those requirements occurred.

In this respect, amounts of taxes which are payable when another taxation regime is used shall be calculated and paid in accordance with the procedure which is envisaged by the tax and levy legislation of the Russian Federation for newly established organizations or newly registered private entrepreneurs. The taxpayers referred to in this paragraph shall not pay penalties and fines for the late payment of monthly payments during the quarter in which those taxpayers transferred to another taxation regime.

*E&Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009, the provisions of clause 4.1 of Article 346.13 will have force until December 31, 2012 inclusively.*

5. A taxpayer shall be obliged to notify the tax authority of a transfer to another taxation regime which has been made in accordance with clauses 4 and 4.1 of this Article within 15 calendar days after the end of the accounting (tax) period.
6. A taxpayer which applies the simplified taxation system shall have the right to transfer to another taxation regime from the beginning of a calendar year by giving the tax authority notice of this not later than January 15 of the year in which it intends to transfer to another taxation regime.
7. A taxpayer which has transferred from the simplified taxation system to another taxation regime shall have the right to transfer back to the simplified taxation system no earlier than one year after it lost the right to apply the simplified taxation system.

### **Article 346.14 Objects of Taxation**

1. The following shall be deemed to be an object of taxation:
- income;
  - income reduced by the amount of expenses.

2. The choice of the object of taxation shall be made by the taxpayer itself, except in the instance envisaged by clause 3 of this Article. The taxpayer may change the object of taxation annually. The object of taxation may be changed from the beginning of a tax period if the taxpayer notifies the tax authority of that change before December 20 of the year preceding the year in which the taxpayer proposes to change the object of taxation. The taxpayer may not change the object of taxation during a tax period.
3. Taxpayers which are parties to a simple partnership agreement (joint activity agreement) or an agreement on the fiduciary management of assets shall take the object of taxation to be income reduced by the amount of expenses.

**Article 346.15 The Procedure for Determining Income**

1. Taxpayers shall take the following income into account in determining the object of taxation:
  - sales income as determined in accordance with Article 249 of this Code;
  - non-sale income as defined in accordance with Article 250 of this Code.
- 1.1 The following shall not be taken into account in determining the object of taxation:
  - 1) types of income referred to in Article 251 of this Code;
  - 2) income of an organization which is assessable to tax on the profit of organizations at the tax rates envisaged by clauses 3 and 4 of Article 284 of this Code in accordance with the procedure prescribed by Chapter 25 of this Code;
  - 3) income of a private entrepreneur which is assessable to tax on income of physical persons at the tax rates envisaged by clauses 2, 4 and 5 of Article 224 of this Code in accordance with the procedure prescribed by Chapter 23 of this Code.

**Article 346.16 The Procedure for Determining Expenses**

1. For the purpose of determining the object of taxation the taxpayer shall reduce income received by the following expenses:
  - 1) expenses associated with the acquisition, erection and manufacture of fixed assets and the extension, further equipping, reconstruction, modernization and retooling of fixed assets (taking into account the provisions of clauses 3 and 4 of this Article);

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- 2) expenses associated with the acquisition of intangible assets and the creation of intangible assets by the taxpayer itself (taking into account the provisions of clauses 3 and 4 of this Article);
- 2.1) expenses associated with the acquisition of exclusive rights in inventions, utility models, industrial designs, computer programmes, databases, integrated circuit topographies and trade secrets (know-how), and rights to use the above-mentioned results of intellectual activity on the basis of a licence agreement;
- 2.2) expenses associated with the patenting of and (or) payment for legal services required to secure legal protection of results of intellectual activity, including means of individualization;
- 2.3) research and development expenses which are recognised as such in accordance with clause 1 of Article 262 of this Code;
- 3) expenses for the repair of fixed assets (including rented fixed assets);
- 4) rental (including lease) payments for rented (including leased) assets;
- 5) material expenses;
- 6) expenses associated with payment for labour and the payment of temporary incapacity allowances in accordance with the legislation of the Russian Federation;
- 7) expenses for all types of compulsory insurance of employees, assets and liability, including insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses which are made in accordance with the legislation of the Russian Federation;
- 8) amounts of value added tax on goods (work and services) which have been acquired and paid for by the taxpayer and must be included in the composition of expenses in accordance with this Article and Article 346.17 of this Code;
- 9) interest payable for the provision for use of monetary resources (credits, loans), and expenses associated with payment for services which are rendered by credit organizations, including services associated with the sale of foreign currency in connection with the recovery of tax, a levy, penalties and a fine out of a taxpayer's assets in accordance with the procedure envisaged by Article 46 of this Code;
- 10) expenses associated with ensuring the taxpayer's fire safety in accordance with the legislation of the Russian Federation, expenses for services involving the protection of assets and the maintenance of security and fire alarms, and expenses for the acquisition of fire protection services and other security-related services;

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- 11) amounts of customs payments which have been paid upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction and which are not refundable to the taxpayer in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation;
- 12) expenses for the maintenance of vehicles for business use and expenses associated with compensation for the use of private motor cars and motorcycles for business travel within the limits of the norms established by the Government of the Russian Federation;
- 13) business trip expenses, and in particular expenses for:
  - travel by an employee to a business trip destination and back to the place of permanent work;
  - the rent of residential accommodation. This expense item shall also include reimbursement of an employee's expenses for additional services provided in hotels (excluding expenses for bar and restaurant services, expenses for room service and expenses for the use of recreational and leisure facilities);
  - per diem or field allowances;
  - the processing and issue of visas, passports, vouchers, invitations and other similar documents;
  - consular and aerodrome fees, fees for right of entry, passage and transit of motor vehicles and other means of transport and for the use of sea canals and other similar facilities, and other similar payments and fees;
- 14) charges payable to a State and (or) private notary for the notarization of documents. In this respect, such expenses shall be taken into account within the limits of the tariffs which have been approved in accordance with the established procedure;
- 15) expenses associated with accounting, auditing and legal services;
- 16) expenses for the publication of accounting reports and for the publication and other disclosure of other information where the taxpayer is obliged by the legislation of the Russian Federation to publish (disclose) them;
- 17) expenses for stationery;
- 18) expenses for postal, telephone, telegraph and other similar services, expenses associated with payment for communications services;
- 19) expenses associated with the acquisition of the right to use computer programmes and databases under agreements with a possessor of rights (under licence agreements). The above-mentioned expenses shall also include expenses for the updating of computer programmes and databases;

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- 20) expenses for the advertising of goods (work and services) which are produced (acquired) and (or) sold, trademarks and service marks;
- 21) expenses for the preparation and assimilation of new production units, departments and hardware;
- 22) amounts of taxes and levies paid in accordance with the tax and levy legislation of the Russian Federation, excluding the amount of tax paid in accordance with this Chapter;
- 23) expenses associated with payment of the cost of goods acquired for subsequent sale (reduced by the amount of expenses referred to in subsection 8 of this clause), and expenses associated with the acquisition and sale of such goods, including expenses associated with the storage, handling and transportation of the goods;
- 24) expenses associated with the payment of commission and agency fees and fees under contracts of delegation;
- 25) expenses associated with the rendering of services involving warranty repair and servicing;
- 26) expenses associated with confirming the conformity of products or other objects, of production, operation, storage, transportation, sale and utilization processes and of the performance of work and the rendering of services to the requirements of technical regulations, the provisions of standards or the conditions of agreements;
- 27) expenses associated with the performance (in instances established by the legislation of the Russian Federation) of compulsory valuation for the purpose of checking that taxes have been correctly paid in the event that a dispute arises over the calculation of the tax base;
- 28) charges for the provision of information concerning registered rights;
- 29) expenses associated with payment for the services of specialized organizations involving the preparation of cadastral and technical record (inventory) documents for items of immovable property (including deeds of rights for plots of land and documents relating to the surveying of plots of land);
- 30) expenses associated with payment for the services of specialized organizations involving the performance of expert examinations and inspections, the issue of reports and the provision of other documents which are needed in order to obtain a licence (permit) to carry out a particular type of activity;
- 31) legal expenses and arbitration fees;
- 32) periodic (current) payments for the use of rights to results of intellectual activity and means of individualization (including, in particular, rights arising from patents for inventions, industrial models and other types of intellectual property);

- 32.1) admission, membership and special-purpose contributions which are paid in accordance with Federal Law No. 315-FZ of December 1, 2007 “Concerning Self-Regulatory Organizations”;
  - 33) expenses associated with the training and retraining of members of the permanent staff of a taxpayer on a contractual basis in accordance with the procedure prescribed by clause 3 of Article 264 of this Code;
  - 34) expenses in the form of a negative exchange rate difference arising from the revaluation of assets in the form of currency assets and claims (obligations) whose value is expressed in foreign currency, including in currency accounts held with banks, which is carried out in connection with changes in the official exchange rate of a foreign currency to the Russian Federation rouble which is set by the Central Bank of the Russian Federation;
  - 35) expenses associated with the maintenance of cash register equipment;
  - 36) expenses associated with the removal of solid domestic waste.
2. The expenses which are referred to in clause 1 of this Article shall be taken into account provided that they meet the criteria specified in clause 1 of Article 252 of this Code.
- The expenses which are referred to in subsections 5, 6, 7, 9 to 21 and 34 of clause 1 of this Article shall be taken into account according to the procedure envisaged for the calculation of tax on the profit of organizations by Articles 254, 255, 263, 264, 265 and 269 of this Code.
3. Expenses associated with the acquisition (erection, manufacture) of fixed assets and the extension, further equipping, reconstruction, modernization and retooling of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets shall be recognised as follows:
- 1) with respect to expenses associated with the acquisition (erection, manufacture) of fixed assets during the period of the application of the simplified taxation system and expenses associated with the extension, further equipping, reconstruction, modernization and retooling of fixed assets which were incurred in that period – from the moment when those fixed assets are brought into operation;
  - 2) with respect to intangible assets acquired (created by the taxpayer itself) during the period of the application of the simplified taxation system – from the moment when those intangible assets are entered in accounting records;
  - 3) with respect to fixed assets which were acquired (erected, manufactured) and intangible assets which were acquired (created by the taxpayer itself) prior to the transition to the simplified taxation system, the value of the fixed assets and intangible assets shall be included in expenses as follows:



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- with respect to fixed assets and intangible assets with a useful life of up to three years inclusively – over the course of the first calendar year of the application of the simplified taxation system;
- with respect to fixed assets and intangible assets with a useful life of from three to 15 years inclusively - 50 per cent of the value during the first calendar year of the application of the simplified taxation system, 30 per cent of the value during the second calendar year and 20 per cent of the value during the third calendar year;
- with respect to fixed assets and intangible assets with a useful life exceeding 15 years – over the course of the first 10 years of the application of the simplified taxation system in equal portions of the value of the fixed assets.

In this respect, during the tax period expenses shall be taken into account in equal portions for accounting periods.

Where a taxpayer applies the simplified taxation system from the moment of its registration with the tax authorities, the value of fixed assets and intangible assets shall be recognised according to the historical value of those assets as determined in accordance with the procedure established by accounting legislation.

Where a taxpayer has transferred to the simplified taxation system from other taxation regimes, the value of fixed assets and intangible assets shall be recorded in accordance with the procedure established by clauses 2.1 and 4 of Article 346.25 of this Code.

The useful life of fixed assets shall be determined on the basis of the classification of fixed assets which are included in amortization groups which is approved by the Government of the Russian Federation in accordance with Article 258 of this Code. The useful life of fixed assets which are not included in that classification shall be established by the taxpayer in accordance with the technical specifications or recommendations of the manufacturers.

Fixed assets the rights in which are subject to State registration in accordance with the legislation of the Russian Federation shall be taken into account in expenses in accordance with this Article from the moment of the documented submission of documents for the registration of those rights. This provision, insofar as it concerns mandatory compliance with the condition of the documentation of the submission of documents for registration, shall not apply to fixed assets which were brought into use before January 31, 1998.

The useful life of intangible assets shall be determined in accordance with clause 2 of Article 258 of this Code.

In the event that fixed assets and intangible assets which have been acquired (erected, manufactured, created by the taxpayer itself) are sold (transferred) before three years have elapsed from the moment when expenses associated with their acquisition (erection, manufacture, extension, further equipping,

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reconstruction, modernization and retooling or creation by the taxpayer itself) were included in the composition of expenses in accordance with this Chapter (or, in the case of fixed assets and intangible assets with a useful life exceeding 15 years, before 10 years have elapsed from the moment when they were acquired (erected, manufactured, created by the taxpayer itself)), the taxpayer shall be obliged to recalculate the tax base for the entire period of use of those fixed assets from the moment when they were included in the composition of expenses associated with acquisition (erection, manufacture, creation by the taxpayer itself) up to the date of sale (transfer), taking into account the provisions of Chapter 25 of this Code, and to pay the additional amount of tax and penalties.

4. For the purposes of this Chapter there shall be included in the composition of fixed assets and intangible assets fixed assets and intangible assets which are recognised as amortizable assets in accordance with Chapter 25 of this Code, and expenses associated with the extension, further equipping, reconstruction, modernization and retooling of fixed assets shall be determined with account taken of the provisions of clause 2 of Article 257 of this Code.

### **Article 346.17 The Procedure for the Recognition of Income and Expenses**

1. For the purposes of this Chapter the date of receipt of income shall be deemed to be the day on which monetary resources are received in bank accounts and (or) in cash or other assets (work, services) and (or) property rights are received, or the day on which indebtedness to the taxpayer is settled (payment is made to the taxpayer) by other means (the cash-basis method).

In the event that a taxpayer refunds amounts which were previously received as prepayment for the supply of goods, the performance of work, the rendering of services or the transfer of property rights, the amount refunded shall be deducted from income for the tax (accounting) period in which the refund is made.

Where a purchaser uses a promissory note or bill of exchange in settlements for goods (work and services) acquired by it, the date of receipt of income for the taxpayer shall be deemed to be the day on which the note or bill is settled (the day on which monetary resources are received from the drawer of the note or bill or another person bound by the note or bill), or the day on which the taxpayer transfers that note or bill to a third party by endorsement.

Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant State government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments.

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In the event that the conditions of receipt of payments such as are envisaged by paragraph 4 of this clause are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 4 of this clause exceeds the amount of expenses taken into account in accordance with this subsection, the remaining amounts which were not taken into account shall be wholly included in income for that tax period.

Financial support resources in the form of subsidies which have been received in accordance with the Federal Law “Concerning the Development of Small and Medium-Sized Business in the Russian Federation” shall be included in income in proportion to expenses actually incurred from that source, but not for more than two tax periods from the date of receipt. If, after the end of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in income for that tax period.

The procedure for the recognition of income which is laid down in paragraphs 4 to 6 of this clause shall be applied by taxpayers who use income reduced by expenses as the object of taxation and taxpayers who use income as the object of taxation provided that they maintain records of amounts of payments (resources) such as are referred to in paragraphs 4 to 6 of this clause.

2. Expenditures shall be recognised as expenses of a taxpayer after payment has actually been made. For the purposes of this Chapter the making of payment for goods (work and services) and (or) property rights shall be understood to mean the termination of the obligation of the taxpayer which is acquiring the goods (work and services) and (or) property rights to the seller which is directly connected with the supply of those goods (performance of work, rendering of services) and (or) the transfer of property rights. In this respect, expenses shall be included in the composition of expenses with account taken of the following special considerations:
  - 1) material expenses (including expenses associated with the acquisition of raw materials and other materials) and labour payment expenses – at the moment when indebtedness is settled by means of writing off monetary resources from a taxpayer’s settlement account or by means of cash payment, or, where another method of settling indebtedness is used, at the moment of such settlement. A similar procedure shall apply with respect to the payment of interest for the use of borrowed resources (including bank credits) and when payment is made for the services of third parties;
  - 2) expenses associated with payment of the cost of goods acquired for subsequent sale – as and when those goods are sold. The taxpayer shall have the right to use one of the following methods of valuing bought-in goods for taxation purposes:
    - based on the value of those first acquired (FIFO);

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- based on the value of those last acquired (LIFO);
- based on average value;
- based on the value of a unit of goods.

Expenses which are directly associated with the sale of the above-mentioned goods, including storage, handling and transportation expenses, shall be included in the composition of expenses after they have actually been paid;

- 3) expenses associated with the payment of taxes and levies – to the extent of the amount actually paid by the taxpayer. Where indebtedness in respect of taxes and levies exists, expenses associated with the settlement of that indebtedness shall be included in the composition of expenses within the limits of the indebtedness actually settled in the accounting (tax) periods in which the taxpayer settles that indebtedness;
  - 4) expenses associated with the acquisition (erection, manufacture) of fixed assets and the extension, further equipping, reconstruction, modernization and retooling of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets which are taken into account in accordance with the procedure prescribed by clause 3 of Article 346.16 of this Code shall be reflected on the last day of an accounting (tax) period to the extent of amounts paid. In this respect, the expenses in question shall be taken into account only in relation to fixed assets and intangible assets which are used in carrying out entrepreneurial activities.
  - 5) where a taxpayer issues a promissory note or bill of exchange to a seller in payment for goods (work and services) and (or) property rights which are acquired, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account after that promissory note or bill of exchange has been settled. Where a taxpayer transfers to a seller in payment for goods (work and services) and (or) property rights which are acquired a promissory note or bill of exchange issued by a third party, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account as at the date on which that promissory note or bill of exchange is transferred in respect of goods (work and services) and (or) property rights which are acquired. The expenses referred to in this subsection shall be recognised according to the price of the agreement, but not exceeding the amount of the debt obligation which is specified in the promissory note or bill of exchange.
3. Taxpayers which determine income and expenses in accordance with this Chapter shall not include value differences in the composition of income and expenses for taxation purposes where, under the conditions of an agreement, an obligation (claim) is expressed in notional monetary units.
  4. When a taxpayer makes a transition from an object of taxation in the form of income to an object of taxation in the form of income reduced by expenses, expenses relating to tax periods in which the object of taxation in the form of income was used shall not be taken into account in calculating the tax base.

**Article 346.18 Tax Base**

1. Where the object of taxation is income of an organization or private entrepreneur, the tax base shall be deemed to be income of the organization or private entrepreneur expressed in monetary terms.
2. Where the object of taxation is income of an organization or private entrepreneur reduced by the amount of expenses, the tax base shall be deemed to be income expressed in monetary terms, reduced by the amount of expenses.
3. Income and expenses expressed in foreign currency shall be taken into account together with income and expenses expressed in roubles. In this respect, income and expenses expressed in foreign currency shall be translated into roubles on the basis of the official exchange rate of the Central Bank of the Russian Federation which is established as at the date on which income is received and (or) the date on which expenses are incurred respectively.
4. Income received in kind shall be taken into account on the basis of market prices.
5. For purposes of determining the tax base, income and expenses shall be determined on a cumulative total from the beginning of the tax period.
6. A taxpayer which uses income reduced by the amount of expenses as the object of taxation shall pay the minimum tax in accordance with the procedure which is envisaged by this clause.

The amount of the minimum tax shall be calculated for a tax period as 1 per cent of the tax base which is income as defined in accordance with Article 346.15 of this Code.

The minimum tax shall be paid in the event that the amount of tax calculated for a tax period according to the normal procedure is less than the amount of the calculated minimum tax.

A taxpayer shall have the right in subsequent tax periods to include the amount of the difference between the amount of the minimum tax paid and the amount of tax calculated according to the normal procedure in expenses for purposes of calculating the tax base, including by increasing the amount of losses which may be carried forward in accordance with the provisions of clause 7 of this Article.

7. A taxpayer which uses income reduced by the amount of expenses as the object of taxation shall have the right to reduce the tax base calculated on the basis of final results for a tax period by the amount of a loss sustained for prior tax periods in which the taxpayer applied the simplified taxation system and used income reduced by the amount of expenses as the object of taxation. In this respect, a loss shall be understood to mean an excess of expenses as

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determined in accordance with Article 346.16 of this Code over income as determined in accordance with Article 346.15 of this Code.

A taxpayer shall have the right to carry a loss forward to future tax periods over the 10 years following the tax period in which the loss was made.

A taxpayer shall have the right to carry over to the current tax period the amount of a loss which was made in the preceding tax period.

A loss which was not carried forward to the following year may be carried forward in whole or in part to any of the following nine years.

Where a taxpayer has made losses in more than one tax period, those losses shall be carried forward to future tax periods in the order in which they arose.

Where a taxpayer ceases activities owing to re-organization, the taxpayer which is its legal successor shall have the right to reduce the tax base according to the procedure and subject to the conditions which are envisaged by this clause by the amount of losses made by the re-organized organizations prior to the re-organization.

A taxpayer shall be obliged to keep documents which confirm the amount of a loss sustained and the amount by which the tax base was reduced for each tax period during the entire period for which the right to reduce the tax base by the amount of the loss is exercised.

A loss which was sustained by a taxpayer when other taxation regimes were applied shall not be taken into account upon transferring to the simplified taxation system.

A loss which was sustained by a taxpayer while applying the simplified taxation system shall not be taken into account upon transferring to other taxation regimes.

8. Taxpayers which have been transferred with respect to certain types of activity to the payment of the unified tax on imputed income for certain types of activity in accordance with Chapter 26.3 of this Code shall maintain separate records of income and expenses for different special tax regimes. Where expenses cannot be separated when calculating the tax base for taxes which are calculated according to different special tax regimes, those expenses shall be allocated according to the respective proportions of income to the total amount of income received in the context of the application of those special tax regimes.

### **Article 346.19 Tax Period. Accounting Period**

1. The tax period shall be deemed to be a calendar year.
2. The accounting periods shall be the first quarter, the first six months and the first nine months of a calendar year.

**Article 346.20 Tax Rates**

1. Where the object of taxation is income, the tax rate shall be established at 6 per cent.
2. Where the object of taxation is income reduced by the amount of expenses, the tax rate shall be established at 15 per cent. Laws of constituent entities of the Russian Federation may establish differentiated tax rates ranging from 5 to 15 per cent depending on the categories of taxpayers.

**Article 346.21 The Procedure for the Calculation and Payment of Tax**

1. Tax shall be calculated as such a percentage of the tax base as corresponds to the tax rate.
2. The amount of tax based on the results for a tax period shall be determined by the taxpayer independently.
3. Taxpayers which have chosen income as the object of taxation shall, on the basis of the results for each accounting period, calculate the amount of the advance tax payment on the basis of the rate of tax and income actually received as calculated on a cumulative total from the beginning of the tax period up to the end of the first quarter, the first six months and the first nine months accordingly, taking into account previously calculated amounts of advance tax payments.

The above-mentioned taxpayers shall reduce the amount of tax (advance tax payments) calculated for the tax (accounting) period by the amount of insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses which have been paid (within the limits of the calculated amounts) for the same period of time in accordance with the legislation of the Russian Federation, and by the amount of temporary incapacity allowances paid to employees. In this respect, the amount of tax (advance tax payments) may not be reduced by more than 50 per cent.

4. Taxpayers which have chosen income reduced by the amount of expenses as the object of taxation shall, on the basis of the results for each accounting period, calculate the amount of the advance tax payment on the basis of the rate of tax and income actually received, reduced by the amount of expenses calculated on a cumulative total from the beginning of the tax period up to the end of the first quarter, the first six months and the first nine months accordingly, taking into account previously calculated amounts of advance tax payments.

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5. Previously calculated amounts of advance tax payments shall be taken into account when calculating amounts of advance tax payments for an accounting period and the amount of tax for a tax period.
6. Tax and advance tax payments shall be paid at the location of an organization (at the place of residence of a private entrepreneur).
7. Tax payable after a tax period has ended shall be paid no later than the deadline which is established for the submission of a tax declaration for the relevant tax period by clauses 1 and 2 of Article 346.23 of this Code.

Advance tax payments shall be paid no later than the 25th of the first month following the accounting period which has ended.

### **Article 346.22 Crediting of Amounts of Tax**

Amounts of tax shall be credited to accounts of Federal Treasury bodies for subsequent allocation to budgets at all levels in accordance with the budget legislation of the Russian Federation.

### **Article 346.23 Tax Declaration**

1. Taxpaying organizations shall, after a tax period has ended, submit a tax declaration to the tax authorities for their location.  
  
A tax declaration based on the results for a tax period shall be submitted by taxpaying organizations no later than March 31 of the year following a tax period which has ended.
2. Taxpaying private entrepreneurs shall, after a tax period has ended, submit a tax declaration to the tax authorities for their place of residence no later than April 30 of the year following the tax period which has ended.
3. The form of a tax declaration and the procedure for completing it shall be approved by the Ministry of Finance of the Russian Federation.

### **Article 346.24 Tax Accounting**

Taxpayers shall be obliged to maintain records of income and expenses for the purposes of calculating the tax base for tax in a ledger of income and expenses of organizations and private entrepreneurs which apply the simplified taxation system, the form and procedure for the completion of which shall be approved by the Ministry of Finance of the Russian Federation.



**Article 346.25 Special Considerations Relating to the Determination of the Tax Base When Transferring to the Simplified Taxation System from Other Taxation Regimes and When Transferring from the Simplified Taxation System to Other Taxation Regimes**

1. Organizations which, before transferring to the simplified taxation system, used the accrual-basis method in calculating tax on the profit of organizations, shall, when transferring to the simplified taxation system, observe the following rules:
  - 1) as at the date of the transition to the simplified taxation system there shall be included in the tax base amounts of monetary resources which were received before the transition to the simplified taxation system by way of payment under agreements which the taxpayer performs after the transition to the simplified taxation system;
  - 3) monetary resources received after the transition to the simplified taxation system shall not be included in the tax base if, according to the rules of tax accounting according to the accrual-basis method, those amounts were included in income for the purpose of calculating the tax base for tax on the profit of organizations;
  - 4) expenses incurred by the organization after the transition to the simplified taxation system shall be recognised as expenses which are deductible from the tax base as at the date on which they are incurred if payment of those expenses was effected before the transition to the simplified taxation system or as at the date of payment if payment was effected after the organization's transition to the simplified taxation system;
  - 5) monetary resources paid after the transition to the simplified taxation system in payment of the organization's expenses shall not be deducted from the tax base if, before the transition to the simplified taxation system, those expenses were taken into account for the purpose of calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code.
2. Organizations which have applied the simplified taxation system shall observe the following rules when transferring to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method:
  - 1) income shall be deemed to include income in the amount of receipts from sales of goods (the performance of work, the rendering of services, the transfer of property rights) during the period of the application of the simplified taxation system for which payment (partial payment) has not been made by the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method;
  - 2) expenses shall be deemed to include expenses associated with the acquisition during the period of the application of the simplified taxation system of goods (work, services and property rights) for which the taxpayer did not make payment (partial payment) prior to the date of the transfer to the calculation of

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the tax base for profits tax using the accrual-basis method, unless otherwise provided by Chapter 25 of this Code.

The income and expense items referred to in subsections 1 and 2 of this clause shall be recognised as income (expenses) of the month in which the transfer is made to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method.

- 2.1 When an organization transfers to the simplified taxation system with income reduced by the amount of expenses as the object of taxation there shall be recognised in tax records as at the date of that transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which were paid for prior to the transfer to the simplified taxation system in the form of the difference between the price of acquisition (erection, manufacture, creation by the organization itself) and the amount of amortization charged in accordance with the requirements of Chapter 25 of this Code.

Where a taxpayer transfers from income as the object of taxation to income reduced by the amount of expenses as the object of taxation, the net book value of fixed assets acquired while the simplified taxation system with income as the object of taxation was applied shall not be determined.

Where an organization which applies the taxation system for agricultural producers (the unified agricultural tax) in accordance with Chapter 26.1 of this Code transfers to the simplified taxation system with income reduced by the amount of expenses as the object of taxation, there shall be reflected in tax records as at the date of that transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which is determined on the basis of their net book value as at the date of the transfer to the payment of the unified agricultural tax, reduced by the amount of expenses determined in accordance with the procedure prescribed by subsection 2 of clause 4 of Article 346.5 of this Code for the period in which Chapter 26.1 of this Code was applied.

Where an organization which applies the taxation system in the form of a unified tax on imputed income for certain types of activity in accordance with Chapter 26.3 of this Code transfers to the simplified taxation system with income reduced by the amount of expenses as the object of taxation, there shall be reflected in tax records as at the date of that transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) prior to the transfer to the simplified taxation system in the form of the difference between the price of acquisition (erection, manufacture, creation by the organization itself) of the fixed assets and intangible assets and the amount of amortization charged in accordance with the procedure established by the accounting legislation of the Russian Federation over the period in which the taxation system in the form of a unified tax on imputed income for certain types of activity was applied.

3. Where an organization transfers from the simplified taxation system (irrespective of the object of taxation) to the general taxation regime and has

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fixed assets and intangible assets with respect to which expenses associated with the acquisition (erection, manufacture, creation by the organization itself, extension, further equipping, reconstruction, modernization and retooling) thereof which were incurred while the general taxation regime was applied prior to the transfer to the simplified taxation system were not wholly transferred to expenses over the period in which the simplified taxation system was applied in accordance with the procedure envisaged by clause 3 of Article 346.16 of this Code, in tax records as at the date of the transfer to the payment of tax on the profit of organizations the net book value of the fixed assets and intangible assets shall be determined by means of reducing the net book value of fixed assets and intangible assets as determined at the date of the transfer to the simplified taxation system by the amount of expenses determined for the period of the application of the simplified taxation system in accordance with the procedure envisaged by clause 3 of Article 346.16 of this Code.

4. Private entrepreneurs shall apply the rules prescribed by clauses 2.1 and 3 of this Article when transferring from other taxation regimes to the simplified taxation system and from the simplified taxation system to other taxation regimes.
5. Organizations and private entrepreneurs which have previously applied the general taxation regime shall observe the following rule when transferring to the simplified taxation system: amounts of value added tax calculated and paid by a taxpayer of value added tax on amounts of payment or partial payment received prior to the transfer to the simplified taxation system in respect of future supplies of goods, performance of work, rendering of services or transfer of property rights occurring in the period after the transition to the simplified taxation system shall be deductible in the last tax period preceding the month in which the taxpayer of value added tax transfers to the simplified taxation system subject to the availability of documents proving that amounts of tax have been refunded to purchasers in connection with the taxpayer's transition to the simplified taxation system.
6. Organizations and private entrepreneurs which have applied the simplified taxation system shall observe the following rule when transferring to the general taxation regime: amounts of value added tax which the taxpayer when applying the simplified taxation system was charged when it acquired goods (work, services and property rights) and which were not taken to expenses deductible from the tax base when the simplified taxation system was applied shall be deductible upon transferring to the general taxation regime according to the procedure which is envisaged by Chapter 21 of this Code for taxpayers of value added tax.

### **Article 346.25.1      Special Considerations Relating to the Application of the Simplified Taxation System by Private Entrepreneurs on the Basis of a Licence**

1. Private entrepreneurs who carry out types of entrepreneurial activity such as are referred to in clause 2 of this Article shall have the right to transfer to the simplified taxation system on the basis of a licence.

2. The application of the simplified taxation system on the basis of a licence shall be permitted for private entrepreneurs who carry out the following types of entrepreneurial activity:
- 1) the repair and tailoring of garments, fur and leather articles, head-dresses and textile accessories, and the repair, tailoring and knitting of knitted garments;
  - 2) the repair, dyeing and tailoring of footwear;
  - 3) the manufacture of felted footwear;
  - 4) the manufacture of textile accessories;
  - 5) the manufacture of metal accessories, keys, number plates and street name signs;
  - 6) the manufacture of funeral wreaths, artificial flowers and garlands;
  - 7) the manufacture of enclosures, memorials and wreaths of metal;
  - 8) the manufacture and repair of furniture;
  - 9) the production and restoration of carpets and carpet products;
  - 10) the repair and technical servicing of domestic radio-electronic apparatus and domestic machines and devices, and the repair and manufacture of metalware items;
  - 11) the production of sport fishing equipment;
  - 12) jewellery stamping and engraving;
  - 13) the production and repair of games and toys, other than computer games;
  - 14) the manufacture of folk craft articles;
  - 15) the manufacture and repair of jewellery and costume jewellery;
  - 16) the production of plucked hair and raw hides and skins of bovine animals, equine animals, sheep, goats and pigs;
  - 17) the dressing and dyeing of animal hides;
  - 18) fur dressing and dyeing;
  - 19) the processing of customer-supplied washed wool into knitting yarn;
  - 20) wool combing;
  - 21) pet hairdressing;

- 22) the protection of gardens, market gardens and green plantations against pests and diseases;
- 23) the manufacture of agricultural equipment from customer-supplied material;
- 24) the repair and manufacture of cooperware and pottery;
- 25) the manufacture and repair of wooden boats;
- 26) the repair of camping gear and equipment;
- 27) timber sawing;
- 28) metal, glass, porcelain, wood and ceramic engraving;
- 29) the preparation and printing of business cards and invitation cards;
- 30) copying / duplicating, binding, stitching, edging and slipcasing work;
- 31) shoe cleaning;
- 32) photography-related activities;
- 33) the production, editing, hiring and showing of films;
- 34) the technical servicing and repair of motor vehicles;
- 35) the provision of sundry types of motor vehicle maintenance services (washing, polishing, application of protective and decorative coatings to bodywork, valeting, towing);
- 36) the provision of toast-master or actor services at functions and musical accompaniment for ceremonies;
- 37) provision of services by hairdressing and beauty salons;
- 38) motor transport services;
- 39) the provision of secretarial and proofreading services and translation and interpreting services;
- 40) the technical maintenance and repair of office machinery and computer equipment;
- 41) the monophonic and stereophonic recording of speech, singing and instrumental playing of the customer onto magnetic tape or compact disk. Transfer of musical and literary works onto magnetic tape or compact disk;
- 42) services involving supervision and care of children and sick people;

- 43) domestic cleaning services;
- 44) housework services;
- 45) the repair and construction of housing and other structures;
- 46) the performance of assembly, electrical wiring, plumbing and welding work;
- 47) interior design and artistic arrangement services;
- 48) services involving the collection of glassware and secondary raw materials, with the exception of scrap metal;
- 49) glass and mirror cutting, glass decoration;
- 50) services involving the glazing of balconies and loggias;
- 51) banya, sauna, solarium and massage parlour services;
- 52) teaching services, including teaching in fee-paying activity groups and workshops, and tutoring services;
- 53) training services;
- 54) landscaping and decorative floriculture services;
- 55) the production of bread and confectionery products;
- 56) the transfer for temporary possession and (or) use of garages, own dwellings and dwellings built on dacha plots;
- 57) porter services at railway terminals, coach terminals and air terminals and at airports and sea and river ports;
- 58) veterinary services;
- 59) pay toilet services;
- 60) ceremonial services;
- 61) street patroller, security guard, watchman and janitor services;
- 62) public catering services;
- 63) services involving the processing of agricultural produce, including the production of meat, fish and dairy products, bakery products, vegetable, fruit and berry products, and articles and semi-finished products of flax, cotton, hemp and timber (with the exception of sawn timber);
- 64) services associated with the sale of agricultural produce (storage, grading, drying, washing, prepacking, packing and transportation);

- 65) rendering of services associated with support for agricultural production (mechanical, agrochemical, reclamation and transport work);
- 66) livestock grazing;
- 67) game husbandry and hunting;
- 68) private medical practice and private pharmaceutical activities carried out by a person who possesses a licence for those types of activity;
- 69) private detective activities carried out by a person possessing a licence.

2.1 When applying the simplified taxation system on the basis of a licence a private entrepreneur shall have the right to engage hired workers, including under civil-law agreements, the average number of whom, determined according to a procedure to be established by the federal executive body in charge of statistics, must not exceed five persons for the tax period.

2.2 A taxpayer shall be considered to have lost the right to apply the simplified taxation system on the basis of a licence and to have transferred to the general taxation regime from the beginning of the tax period for which he was issued a relevant licence in the following instances:

- if, in the calendar year in which the taxpayer applies the simplified taxation system on the basis of a licence, his income has exceeded the income level which is established by Article 346.13 of this Code, irrespective of the number of licences received in that year;
- if non-compliance with the requirements established by clause 2.1 of this Article occurs during the tax period.

Amounts of taxes which are payable in accordance with the general taxation regime shall be calculated and paid by a private entrepreneur who has lost the right to apply the simplified taxation system on the basis of a licence in accordance with the procedure prescribed by the tax and levy legislation of the Russian Federation for newly registered private entrepreneurs.

3. A decision on the possibility of the application by private entrepreneurs of the simplified taxation system on the basis of a licence in the territories of constituent entities of the Russian Federation shall be adopted by laws of the respective constituent entities of the Russian Federation.

The adoption by constituent entities of the Russian Federation of decisions on the possibility of the application by private entrepreneurs of the simplified taxation system on the basis of a licence shall not prevent such private entrepreneurs from applying on the basis of their own choice the simplified taxation system which is envisaged by Articles 346.11 to 346.25 of this Code. In this respect, a transition from the licence-based simplified taxation system to the general procedure for the application of the simplified taxation system

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and vice versa may be made only after the period for which the licence is issued has expired.

4. The document which certifies the right of private entrepreneurs to apply the simplified taxation system on the basis of a licence shall be a licence, issued to a private entrepreneur by a tax authority, to carry out one of the types of entrepreneurial activity which are envisaged by clause 2 of this Article.

The form of the licence shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

A licence shall be issued for a period from one to 12 months at the taxpayer's choice. The tax period shall be deemed to be the period for which the licence has been issued.

5. An application for a licence shall be submitted by a private entrepreneur to the tax authority where the private entrepreneur is registered with a tax authority not later than one month before the private entrepreneur begins to apply the simplified taxation system on the basis of a licence.

The form of the above-mentioned application shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

The tax authority shall be obliged, within a period of ten days, to issue a licence to the private entrepreneur or to notify him of the refusal to issue a licence.

The form of the notification of a refusal to issue a licence shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

When a licence is issued a duplicate of the licence shall also be completed, and shall be retained by the tax authority.

A licence shall have effect only in the territory of the constituent entity of the Russian Federation in whose territory it has been issued.

A taxpayer which possesses a licence shall have the right to submit an application to receive another licence for the purpose of applying the simplified taxation system on the basis of a licence in the territory of another constituent entity of the Russian Federation.

Where a private entrepreneur is registered with a tax authority in one constituent entity of the Russian Federation but submits an application for a licence to a tax authority of another constituent entity of the Russian Federation, that private entrepreneur shall be obliged to submit, together with the application for a licence, an application for registration with that tax authority.



6. The annual cost of a licence shall be determined as a percentage, corresponding to the tax rate prescribed by clause 1 of Article 346.20 of this Code, of the potential annual income receivable by a private entrepreneur which is established for each type of entrepreneurial activity envisaged by clause 2 of this Article.

Where a private entrepreneur receives a licence for a shorter period, the cost of the licence must be recalculated in accordance with the duration of the period for which the licence is issued.

7. The amount of the potential annual income receivable by a private entrepreneur shall be established for a calendar year by laws of constituent entities of the Russian Federation for each type of entrepreneurial activity in relation to which the application of the simplified taxation system by private entrepreneurs on the basis of a licence is permitted. In this respect, that annual income may be differentiated according to particular characteristics and the location of the conduct of entrepreneurial activities by private entrepreneurs in the territory of the constituent entity of the Russian Federation in question. Where, in relation to any of the types of entrepreneurial activity which are referred to in clause 2 of this Article, the amount of the potential annual income receivable by a private entrepreneur has not been adjusted for an ensuing calendar year, the annual cost of a licence in that calendar year shall be determined on the basis of the amount of the potential annual income receivable by a private entrepreneur which was in effect in the preceding calendar year. The amount of the potential annual income shall be subject to annual indexation based on the deflator coefficient which is referred to in paragraph 2 of clause 2 of Article 346.12 of this Code.

Where a type of entrepreneurial activity which is envisaged by clause 2 of this Article is included in the list of types of entrepreneurial activity which is established by clause 2 of Article 346.26 of this Code, the amount of the potential annual income receivable by a private entrepreneur for that type of entrepreneurial activity may not exceed the value of the basic profitability which is established by Article 346.29 of this Code in relation to the type of entrepreneurial activity in question, multiplied by 30.

<p><i>E&amp;Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009, with effect from January 1, 2010 the operation of clause 7 of Article 346.25.1 will be suspended until January 1, 2013.</i></p>
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- 7.1 The amount of the potential annual income receivable by a private entrepreneur shall be established for a calendar year by laws of constituent entities of the Russian Federation for each type of entrepreneurial activity in relation to which the application of the simplified taxation system by private entrepreneurs on the basis of a licence is permitted. In this respect, that annual income may be differentiated according to particular characteristics and the location of the conduct of entrepreneurial activities by private entrepreneurs in the territory of the constituent entity of the Russian Federation in question. Where, in relation to any of the types of entrepreneurial activity which are referred to in clause 2 of this Article, the amount of the potential annual income receivable by a private entrepreneur has not been adjusted for an

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ensuing calendar year by a law of a constituent entity of the Russian Federation, the annual cost of a licence in that calendar year shall be determined on the basis of the amount of the potential annual income receivable by a private entrepreneur which was in effect in the preceding calendar year.

Where a type of entrepreneurial activity which is envisaged by clause 2 of this Article is included in the list of types of entrepreneurial activity which is established by clause 2 of Article 346.26 of this Code, the amount of the potential annual income receivable by a private entrepreneur for that type of entrepreneurial activity may not exceed the value of the basic profitability which is established by Article 346.29 of this Code in relation to the type of entrepreneurial activity in question, multiplied by 30.

*E&Y Note: In accordance with Federal Law No. 204-FZ of July 19, 2009, the provisions of clause 7.1 of Article 346.25.1 will have force until December 31, 2012 inclusively.*

8. Private entrepreneurs who have transferred to the simplified taxation system on the basis of a licence shall pay one third of the cost of a licence no later than 25 calendar days after the commencement of entrepreneurial activities on the basis of a licence.
9. In the event that a private entrepreneur violates the conditions of the application of the simplified taxation system on the basis of a licence, or in the event that he fails to pay (fails to pay in full) one third of the cost of the licence within the time limit established by clause 8 of this Article, the private entrepreneur shall lose the right to apply the simplified taxation system on the basis of a licence in the period for which the licence was issued.

In this case the private entrepreneur must pay taxes in accordance with the general taxation regime. In this respect, the cost (part of the cost) of the licence which has been paid by the private entrepreneur shall not be refundable.

A private entrepreneur shall be obliged to notify a tax authority of the loss of the right to apply the simplified taxation system on the basis of a licence and of the transfer to another taxation regime within 15 calendar days from the commencement of the application of the other taxation regime.

A private entrepreneur who has transferred from the licence-based simplified taxation system to another taxation regime may return to the licence-based simplified taxation system no earlier than three years after he lost the right to apply the licence-based simplified taxation system.

10. The remainder of the cost of the licence shall be paid by the taxpayer no later than 25 calendar days from the day on which the period for which the licence was issued ends. In this respect, when the remaining portion of the cost of the licence is paid it should be reduced by the amount of insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory

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medical insurance and compulsory social insurance against industrial accidents and occupational illnesses.

11. The tax declaration which is envisaged by Article 346.23 of this Code shall not be submitted to tax authorities by taxpayers using the licence-based simplified taxation system.
12. Taxpayers using the licence-based simplified taxation system shall maintain tax records of income in accordance with the procedure established by Article 346.24 of this Code.

**CHAPTER 26.3. TAXATION SYSTEM IN THE FORM OF A UNIFIED TAX ON IMPUTED INCOME FOR CERTAIN TYPES OF ACTIVITY**

**Article 346.26 General Provisions**

1. The taxation system in the form of a unified tax on imputed income for certain types of activity shall be established by this Code, shall be implemented by normative legal acts of representative bodies of municipal areas and urban districts and laws of the cities of federal significance, Moscow and Saint Petersburg and shall be applied alongside the general taxation system (hereafter in this Chapter referred to as “general taxation regime”) and other taxation regimes envisaged by the tax and levy legislation of the Russian Federation.
2. The taxation system in the form of a unified tax on imputed income for certain types of activity (hereafter in this Chapter referred to as “unified tax”) may be applied in accordance with decisions of representative bodies of municipal areas and urban districts and by legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg in relation to the following types of entrepreneurial activity:
  - 1) the rendering of consumer services and groups, subgroups and types thereof and (or) individual consumer services which are classified in accordance with the All-Russian Classifier of Services to the Public;
  - 2) the rendering of veterinary services;
  - 3) the rendering of services involving the repair, technical servicing and washing of motor vehicles;
  - 4) the rendering of services involving the provision of motor vehicle parking spaces for temporary possession (for use) and involving the storage of motor vehicles in paid parking lots (with the exception of vehicle pounds);
  - 5) the rendering of motor transport services involving the carriage of passengers and cargoes which are carried out by organizations and private entrepreneurs which have on the basis of ownership or on the basis of other rights (use, possession and (or) disposal) no more than 20 transport facilities which are intended for the rendering of such services;
  - 6) retail trade carried on through shops and pavilions with a sales floor of an area not exceeding 150 square metres for each trading establishment. For the purposes of this Chapter retail trade which is conducted through shops and pavilions with a sales floor of an area exceeding 150 square metres for each trading establishment shall be deemed to be a type of entrepreneurial activity in relation to which the unified tax is not applicable;

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- 7) retail trade which is conducted through fixed-location trading network establishments without sales floors and non-fixed-location trading network establishments;
- 8) the rendering of public catering services which are carried out through public catering establishments with a patron service area not exceeding 150 square metres for each public catering establishment. For the purposes of this Chapter the rendering of public catering services which are carried out through public catering establishments with a patron service area exceeding 150 square metres for each public catering establishment shall be deemed to be a type of entrepreneurial activity in relation to which the unified tax is not applicable;
- 9) the rendering of public catering services which are carried out through public catering establishments which do not have a patron service area;
- 10) the distribution of exterior advertising using advertising structures;
- 11) the placement of advertising on means of transport;
- 12) the rendering of temporary accommodation and residence services by organizations and private entrepreneurs which use a total area of temporary accommodation and residence spaces not exceeding 500 square metres in each facility in which such services are provided;
- 13) the rendering of services involving the transfer for temporary possession and (or) use of trading pitches situated in fixed-location trading network outlets without sales floors and non-fixed-location trading network outlets and public catering outlets without a patron service area;
- 14) the rendering of services involving the transfer for temporary possession and (or) use of land plots for the siting of fixed-location and non-fixed-location trading network outlets and public catering outlets.

2.1 The unified tax shall not be applied in relation to the types of entrepreneurial activity which are referred to in clause 2 of this Article where they are carried out within the framework of a simple partnership agreement (joint activity agreement) or a fiduciary management agreement and where they are carried out by taxpayers which are classified as major taxpayers in accordance with Article 83 of this Code.

The unified tax shall not be applied in relation to the types of entrepreneurial activity which are specified in subsections 6 to 9 of clause 2 of this Article where they are carried out by organizations and private entrepreneurs which have transferred to the payment of the unified agricultural tax in accordance with Chapter 26.1 of this Code and those organizations and private entrepreneurs sell through their trading and (or) public catering establishments agricultural products which they have produced, including products of primary processing produced by them from own-produced agricultural raw materials.

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- 2.2 The following shall not be transferred to the payment of the unified tax:
- 1) organizations and private entrepreneurs for whom the average number of employees for the preceding calendar year, as determined in accordance with a procedure to be established by the federal executive body in charge of statistics, exceeds 100 persons;
  - 2) organizations in which the share of participation of other organizations is more than 25 per cent. This restriction shall not apply to organizations whose charter capital consists entirely of contributions of social organizations of disabled persons if the average number of disabled persons among their employees is not less than 50 per cent and their share of the labour payment fund is not less than 25 per cent, or to consumer co-operative organizations which carry out their activities in accordance with Law No. 3085-1 of the Russian Federation of June 19, 1992 “Concerning Consumer Co-Operation (Consumer Societies and Unions Thereof) in the Russian Federation”, or to business companies the sole founders of which are consumer societies and unions thereof which carry out their activities in accordance with the above-mentioned Law;
  - 3) private entrepreneurs who have transferred in accordance with Chapter 26.2 of this Code to the simplified taxation system on the basis of a licence with respect to types of entrepreneurial activity which, in accordance with decisions of representative bodies of municipal areas and urban districts and legislative (representative) State bodies of the cities of federal significance Moscow and Saint Petersburg, have been placed under the taxation system in the form of a unified tax on imputed income for certain types of activity;
  - 4) educational, health care and social security institutions with respect to entrepreneurial activities involving the provision of public catering services as envisaged by subsection 8 of clause 2 of this Article, if the provision of public catering services is integral to the functioning of those institutions and the services are provided directly by the institutions;
  - 5) organizations and private entrepreneurs engaged in the types of entrepreneurial activities which are referred to in subsections 13 and 14 of clause 2 of this Article insofar as concerns the rendering of services involving the transfer for temporary possession and (or) use of petrol and autogas filling stations.
- 2.3 Should the final results for a tax period indicate that a taxpayer has failed to meet the requirements established by subsections 1 and 2 of clause 2.2 of this Article, the taxpayer shall be deemed to have lost the right to apply the taxation system which is established by this Chapter and to have transferred to the general taxation regime from the beginning of the tax period in which the failure to meet those requirements occurred. In this respect, amounts of taxes which are payable in connection with the use of the general taxation regime shall be calculated and paid in accordance with the procedure envisaged by the tax and levy legislation of the Russian Federation for newly established organizations or newly registered private entrepreneurs.

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Where a taxpayer who has lost the right to apply the taxation system which is established by this Chapter carries out types of entrepreneurial activity which have been placed by decisions of representative bodies of municipal areas and urban districts and legislative (representative) State bodies of the cities of federal significance Moscow and Saint Petersburg under the unified tax payment system without violating the requirements established by subsections 1 and 2 of clause 2.2 of this Article, that taxpayer shall be obliged to transfer to the taxation system which is established by this Chapter from the beginning of the next tax period for the unified tax, i.e. from the beginning of the quarter following the quarter in which the taxpayer rectified the deviations from those requirements.

3. Normative legal acts of representative bodies of municipal areas and urban districts and laws of the cities of federal significance, Moscow and Saint Petersburg shall establish:
- 2) the types of entrepreneurial activity in relation to which the unified tax is introduced within the scope of the list established by clause 2 of this Article.

Where the unified tax is introduced in relation to entrepreneurial activities associated with the rendering of consumer services, the range of groups, subgroups and types thereof and (or) individual consumer services in relation to which a transition must be made to the payment of the unified tax may be determined;

- 3) the values of the coefficient  $K_2$  which is referred to in Article 346.27 of this Code, or values of that coefficient which take into account particular considerations relating to the conduct of entrepreneurial activities.
4. The payment of the unified tax by organizations shall entail the exemption of those organizations from the obligation to pay tax on the profit of organizations (with respect to profit earned from entrepreneurial activities which are assessable to the unified tax) and tax on assets of organizations (with respect to assets which are used in carrying out entrepreneurial activities which are assessable to the unified tax).

The payment of the unified tax by private entrepreneurs shall entail the exemption of those private entrepreneurs from the obligation to pay tax on income of physical persons (with respect to income received from entrepreneurial activities which are assessable to the unified tax) and tax on property of physical persons (with respect to property which is used in carrying out entrepreneurial activities which are assessable to the unified tax).

Organizations and private entrepreneurs which are taxpayers of the unified tax shall not be deemed to be taxpayers of value added tax (with respect to operations deemed to be objects of taxation in accordance with Chapter 21 of this Code which are carried out as part of entrepreneurial activities which are assessable to the unified tax), with the exception of value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction.

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Other taxes and levies which are not referred to in this clause shall be calculated and paid by taxpayers in accordance with other taxation regimes.

5. Taxpayers shall be obliged to comply with the procedure for the conduct of settlement and cash operations in cash and without cash transfer which has been established in accordance with the legislation of the Russian Federation.
6. Where two or more types of entrepreneurial activities which are assessable to the unified tax in accordance with this Chapter are carried out, records of the indicators needed for the calculation of tax shall be maintained separately for each type of activity.
7. Taxpayers which, in addition to entrepreneurial activities which are assessable to the unified tax, also carry out other types of entrepreneurial activities shall be obliged to maintain separate records of assets, obligations and economic operations for entrepreneurial activities which are assessable to the unified tax and entrepreneurial activities in relation to which taxpayers pay taxes in accordance with another taxation regime. In this respect, records of assets, obligations and economic operations with respect to types of entrepreneurial activity which are assessable to the unified tax shall be maintained by taxpayers according to the generally established procedure.

Taxpayers which, in addition to entrepreneurial activities which are assessable to the unified tax, carry out other types of entrepreneurial activity shall calculate and pay taxes and levies in relation to those types of activity in accordance with other taxation regimes envisaged by this Code.

8. Organizations and private entrepreneurs shall observe the following rule when transferring from the general taxation regime to the payment of the unified tax: amounts of value added tax calculated and paid by a taxpayer of value added tax on amounts of payment (partial payment) received prior to the transfer to the payment of the unified tax in respect of future supplies of goods, performance of work, rendering of services or transfer of property rights occurring in the period after the transition to the payment of the unified tax shall be deductible in the last tax period preceding the month in which the taxpayer of value added tax transfers to the payment of the unified tax subject to the availability of documents proving that amounts of tax have been refunded to purchasers in connection with the taxpayer's transition to the simplified taxation system.
9. Organizations and private entrepreneurs which pay the unified tax shall observe the following rule when transferring to the general taxation regime: amounts of value added tax which the taxpayer which transferred to the payment of the unified tax was charged in respect of goods (work, services and property rights) acquired by it which were not used in activities which are subject to the unified tax shall be deductible upon transferring to the general taxation regime according to the procedure which is envisaged by Chapter 21 of this Code for taxpayers of value added tax.



**Article 346.27 Basic Terms Used in This Chapter**

The following basic terms shall be used for the purposes of this Chapter:

- imputed income – the potential income of a taxpayer of the unified tax, which is calculated taking into account the aggregate of factors which have a direct influence on the receipt of that income and is used in calculating the amount of the unified tax at the established rate;
- basic profitability – standard monthly profitability expressed in monetary terms per some unit of a physical indicator that characterizes a particular type of activity under various comparable conditions, which is used to calculate the amount of imputed income;
- basic profitability adjustment coefficients – coefficients which show the degree of influence of a particular condition on the result of entrepreneurial activities which are assessable to the unified tax, and specifically:

$K_1$  – a deflator coefficient which is established for a calendar year and is calculated as the product of the coefficient used in the preceding period and a coefficient which takes account of changes in consumer prices for goods (work and services) in the Russian Federation in the preceding calendar year, which shall be determined and officially published in accordance with the procedure established by the Government of the Russian Federation;

$K_2$  – a basic profitability adjustment coefficient which takes account of the aggregate of special considerations relating to the conduct of entrepreneurial activities, including the range of goods (work and services), seasonal influences, working hours, the level of income, particular characteristics of the location where the entrepreneurial activities are carried out, the area of the information space of electronic displays, the area of the information space of exterior advertising using any means of image display, the area of the information space of exterior advertising with an automatically changing display, the number of omnibuses of any types, trams, trolleybuses, motor cars, goods vehicles, trailers, semi-trailers and pole trailers and river vessels that are used for the distribution and (or) placement of advertising, and other special considerations;

- consumer services – paid services rendered to physical persons (with the exception of pawnbroker services and services involving the repair, technical servicing and washing of motor vehicles) which are envisaged by the All-Russian Classifier of Services to the Public, with the exception of furniture-making services and services involving the construction of private houses;

- veterinary services – services which are paid for by physical persons and organizations according to the range of services which is envisaged by normative legal acts of the Russian Federation and by the All-Russian Classifier of Services to the Public;

- services involving the repair, technical servicing and washing of motor vehicles – paid services which are rendered to physical persons and

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organizations according to the range of services which is envisaged by the All-Russian Classifier of Services to the Public. These services shall not include services involving the refuelling of motor vehicles, warranty repair and maintenance services and services involving the storage of motor vehicles in paid parking lots and vehicle pounds;

- transport vehicles (for the purposes of subsection 5 of clause 2 of Article 346.26 of this Code) – motor vehicles intended for the transportation of passengers and freight by road (any types of omnibuses, motor cars and goods vehicles). Trailers, semi-trailers and pole trailers shall not be classified as transport vehicles. In a motor vehicle which is intended for carrying passengers, the number of seating spaces for the purposes of this Chapter shall be determined as the number of seating spaces (excluding the driver's seat and the conductor's seat) according to the technical certificate issued by the manufacturer of the motor vehicle. If the technical certificate issued by the manufacturer does not specify the number of seating spaces, that number shall be determined by bodies for State supervision of the technical condition of self-propelled machinery and other types of technical equipment in the Russian Federation on the basis of an application from the organization (private entrepreneur) which (who) is the owner of the motor vehicle which is intended for carrying passengers by way of carrying out entrepreneurial activities which are taxable in accordance with this Chapter;

- paid parking lots – areas (including open-air and covered sites) which are used as places for the rendering of paid services involving the provision of motor vehicle parking spaces for temporary possession (for use) and involving the storage of motor vehicles (with the exception of vehicle pounds);

- retail trade – entrepreneurial activities associated with trade in goods (including for cash payment and with the use of payment cards) on the basis of retail purchase-sale agreements. This type of entrepreneurial activity shall not include the sale of the excisable goods referred to in subsections 6 to 10 of clause 1 of Article 181 of this Code, foodstuffs and beverages, including alcoholic beverages, whether in the manufacturer's containers and packaging or without such containers and packaging, in bars, restaurants, cafés and other public catering outlets, gas, goods vehicles, special vehicles, trailers, semi-trailers, pole trailers, any types of omnibuses, goods ordered on the basis of samples and catalogues outside a fixed-location trading network (including by mail (mail-order trade) and through teleshopping channels, telephone communication and computer networks), the supply of reduced-price (free) prescription medicines, and products of own production (manufacture). The sale through vending machines of goods and (or) catering products prepared within those vending machines shall be equated with retail trade for the purposes of this Chapter;

- fixed-location trading network – a trading network which is accommodated in buildings, structures and installations which are designed and (or) used for carrying on trade and are connected to engineering supply lines;

- fixed-location trading network with sales floors – a trading network which is accommodated in buildings and structures (parts thereof) which are specially

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designed for carrying on trade and have specially equipped segregated premises which are designed for carrying on retail trade and serving customers. This category of trading establishments shall include shops and pavilions;

- fixed-location trading network without sales floors – a trading network which is accommodated in buildings, structures and installations (parts thereof) which are specially designed for carrying on trade and which do not have segregated premises that are specially designed for those purposes, and in buildings, structures and installations (parts thereof) which are used for concluding retail purchase-sale agreements and for trading. This category of trading establishments shall include covered markets, shopping complexes, kiosks, vending machines and other similar establishments;

- non-fixed-location trading network – a trading network which operates on the basis of the principles of retail delivery trade and peddling and other trading establishments which cannot be classified as belonging to a fixed-premises trading network;

- retail delivery trade – retail trade which is conducted other than through a fixed-location retail network using specialized transport vehicles or transport vehicles which are specially designed for trade, and mobile equipment which is used only with a transport vehicle. This type of trade shall include trade carried on using a motor vehicle, sales van, mobile shop, vending trailer, vehicle trailer or mobile vending machine;

- peddling – retail trade which is conducted other than through a fixed-location retail network by means of direct contact between seller and purchaser at organizations, on transport, in the home or in the street. This type of trade shall include trade from hand to hand, from a hawker's tray and from baskets and hand-carts;

- public catering services – services involving the preparation of food items and (or) confectionery, the creation of conditions for the consumption and (or) sale of prepared food items and confectionery and (or) bought-in goods, and involving leisure activity. Public catering services shall not include services involving the production and sale of the excisable goods referred to in subsections 3 and 4 of clause 1 of Article 181 of this Code;

- public catering establishment with a patron service area – a building (part thereof) or structure which is intended for the rendering of public catering services and has a specially equipped space (outdoor area) for the consumption of prepared food items, confectionery and (or) bought-in goods and for leisure activity. This category of public catering establishments shall include restaurants, bars, cafés, canteens and snackbars;

- public catering establishment without a patron service area – a public catering establishment which does not have a specially equipped space (outdoor area) for the consumption of prepared food items, confectionery and (or) bought-in goods. This category of public catering establishments shall

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include kiosks, stalls, delicatessen shops (departments) attached to restaurants, bars, cafés, canteens and snack bars and other similar public catering outlets;

- area of sales floor – the part of a shop or pavilion (open area) which is occupied by equipment intended for laying out and displaying goods, carrying out monetary settlements and serving customers, the area of checkout points and cashier booths, the area of the workspaces of service personnel and the area of passageways for customers. The area of the sales floor shall also include any rented part of the area of the sales floor. The area of ancillary, administrative and utility premises and premises used for accepting and storing goods and preparing them for sale in which customers are not served shall not be included in the area of the sales floor. The area of the sales floor shall be determined on the basis of inventory documents and deeds of rights;

- area of patron service area – the area of specially equipped spaces (outdoor areas) of a public catering establishment which are intended to be used for the consumption of prepared food items, confectionery and (or) bought-in goods and for leisure activity, which is determined on the basis of inventory documents and deeds of rights.

For the purposes of this Chapter, inventory documents and deeds of rights include any documents in the possession of an organization or private entrepreneur relating to a fixed-location trading network (public catering) establishment which contain necessary information concerning the purpose, structural characteristics and layout of the premises of which the facility is comprised and information confirming the right to use that facility (agreement on the purchase and sale of non-residential premises; technical certificate for non-residential premises; plans, diagrams, legends; lease (sublease) agreement for non-residential premises or a part (parts) thereof; permit to serve customers outdoors and other documents);

- outdoor area – an area specially equipped for trade or public catering which is situated on a plot of land;

- shop – a specially equipped building (part thereof) which is intended for the sale of goods and the rendering of services to customers and has trading, ancillary, administrative and utility premises and premises for receiving and storing goods and preparing them for sale;

- pavilion - a structure which has a sales floor and is designed for one or more employee workspaces;

- kiosk - a structure which does not have a sales floor and is designed for one employee workspace;

- stand - a collapsible structure fitted with a counter which does not have a sales floor;

- trading pitch – a place used for carrying out retail purchase and sale transactions. Trading pitches shall include buildings, structures, installations (parts thereof) and (or) plots of land which are used for carrying out retail

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purchase and sale transactions, retail trade and public catering outlets without sales floors and patron service areas (booths, stands, kiosks, cubicles, containers and other facilities, including where situated in buildings, structures and installations), stalls, tables, hawker's trays (including where situated on plots of land) and plots of land which are used for the siting of retail trade (public catering) outlets without sales floors (patron service areas), stalls, tables, hawker's trays and other facilities;

- area of the information space of exterior advertising with any means of image display, other than exterior advertising with an automatically changing display – the area of the displayed image;

- area of the information space of exterior advertising with an automatically changing display – the area of the displaying surface;

- area of the information space of electronic exterior advertising displays - the area of the light-emitting surface;

- distribution of exterior advertising using advertising structures – entrepreneurial activities involving the distribution of exterior advertising using boards, stands, building wraps, street banners, electronic displays, hot air balloons, aerostats and other types of fixed-location equipment which are mounted and positioned on or outside exterior walls, roofs and other structural components of buildings, structures and installations, and using public transport stops, which are carried out by the proprietor of the advertising structure, being the advertising distributor, in compliance with the requirements of Federal Law No. 38-FZ of March 13, 2006 “Concerning Advertising” (hereinafter referred to as “the Federal Law “Concerning Advertising”). The proprietor of an advertising structure (organization or private entrepreneur) shall be the owner of the advertising structure or another person possessing a right in rem in the advertising structure or the right of possession and use of the advertising structure on the basis of an agreement with the owner thereof;

- placing of advertising on a means of transport – entrepreneurial activities involving the placing of advertising on a means of transport which are carried out in compliance with the Federal Law “Concerning Advertising” on the basis of an agreement to be concluded by the advertiser with the owner of the means of transport or a person authorized by that owner or with a person possessing another right in rem in the means of transport;

- number of employees - the average number of persons employed in each calendar month of the tax period taking into account all employees, including those working by way of secondary employment and under works contracts and other civil law agreements;

- temporary accommodation and residence space – a space which is used for the temporary accommodation and residence of physical persons (an apartment, a room in an apartment, a private house or cottage (parts thereof), a hotel room, a room in a hostel and other spaces). The total area of temporary accommodation and residence spaces shall be determined on the basis of

inventory and title documents for facilities used for the provision of temporary accommodation and residence services (purchase-sale and lease (sublease) agreements, technical certificates, plans, diagrams, legends and other documents).

In determining the total area of temporary accommodation and residence spaces of hotel-type facilities (hotels, campsites, hostels and other facilities), account shall not be taken of the area of premises intended for communal use by guests (halls, corridors, foyers, staircases between floors, communal bathrooms, saunas and shower rooms, premises of restaurants, bars and canteens and other premises) or of the area of administrative and utility premises;

- facilities used for the provision of temporary accommodation and residence services – buildings, structures and facilities (parts thereof) which are used for temporary accommodation and residence (residential buildings, cottages, private houses, buildings on homestead plots, buildings and structures (complexes of structurally separate (integrated) buildings and structures situated on one plot of land) which are used as hotels, campsites, hostels and other facilities);

- area of parking lot – the total area of a plot of land on which a paid parking lot is sited, as determined on the basis of title and inventory documents.

#### **Article 346.28 Taxpayers**

1. Taxpayers shall be organizations and private entrepreneurs which carry out in the territory of a municipal area, an urban district or the cities of federal significance, Moscow and Saint Petersburg in which the unified tax has been introduced entrepreneurial activities which are assessable to the unified tax.

2. Organizations and private entrepreneurs which carry out types of entrepreneurial activity which have been placed by decisions of representative bodies of municipal areas and urban districts and legislative (representative) State bodies of the cities of federal significance Moscow and Saint Petersburg under the unified tax payment system shall be obliged to register with the tax authority:

- for the place where entrepreneurial activities are carried out (other than the types of entrepreneurial activity referred to in paragraph 3 of this clause);

- for the location of the organization (the place of residence of the private entrepreneur) – with respect to the types of activity referred to in subsections 5 and 7 (insofar as mobile and door-to-door retail trade is concerned) and in subsection 11 of clause 2 of Article 346.26 of this Code.

The registration as a taxpayer of the unified tax of an organization or a private entrepreneur who or which carries out entrepreneurial activities in the territories of more than one municipal area or urban district or in more than one intra-city area of the cities of federal significance Moscow and Saint

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Petersburg in which a number of tax authorities operate shall be carried out with the tax authority whose area of jurisdiction covers the place of entrepreneurial activity which is shown first in the application for the registration of the organization or private entrepreneur as a taxpayer of the unified tax.

3. Organizations or private entrepreneurs who or which are required to be registered as taxpayers of the unified tax shall submit an application for the registration of an organization or a private entrepreneur as a taxpayer of the unified tax to the tax authorities within five days from the date of commencement of entrepreneurial activities which are subject to the unified tax.

A tax authority which has carried out the registration of an organization or a private entrepreneur as a taxpayer of the unified tax shall, within five days from the date of receipt of the application for the registration of the organization or the private entrepreneur as a taxpayer of the unified tax, issue a notification of the registration of the organization or the private entrepreneur as a taxpayer of the unified tax.

The deregistration of a taxpayer of the unified tax when he ceases entrepreneurial activities which are subject to the unified tax shall be carried out on the basis of an application submitted to the tax authority within five days from the date of the cessation of entrepreneurial activities which are subject to the unified tax.

A tax authority shall, within five days of receiving from a taxpayer an application for deregistration as a taxpayer of the unified tax, send that taxpayer a notification of his deregistration.

The form of an application for the registration of an organization or a private entrepreneur as a taxpayer of the unified tax and the form of an application of an organization or a private entrepreneur for deregistration as a taxpayer of the unified tax in connection with the cessation of entrepreneurial activities which are subject to the unified tax shall be established by the federal executive body in charged of control and supervision in the area of taxes and levies.

4. At retail markets formed in accordance with Federal Law No. 271-FZ of December 30, 2006 “Concerning Retail Markets and Concerning the Introduction of Amendments to the Labour Code of the Russian Federation”, the taxpayers in respect of the types of entrepreneurial activity which are envisaged by subsections 13 and 14 of clause 2 of Article 346 of this Code shall be market management companies.

### **Article 346.29 Object of Taxation and Tax Base**

1. The object of taxation for the application of the unified tax shall be deemed to be the imputed income of a taxpayer.

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2. The tax base for the calculation of the amount of the unified tax shall be deemed to be the amount of imputed income which is calculated as the product of the basic profitability for a particular type of entrepreneurial activity as calculated for the tax period and the value of the physical indicator which is characteristic of the type of activity in question.
  
3. For the purpose of calculating the amount of the unified tax, depending on the type of entrepreneurial activity the following physical indicators which are characteristic of a particular type of entrepreneurial activity and basic profitability per month shall be used:

Types of entrepreneurial activity	Physical indicators	Basic profitability per month (roubles)
1	2	3
Rendering of consumer services	Number of employees, including private entrepreneur	7,500
Rendering of veterinary services	Number of employees, including private entrepreneur	7,500
Rendering of services involving the repair, technical servicing and washing of motor vehicles	Number of employees, including private entrepreneur	12,000
Rendering of services involving the provision of motor vehicle parking spaces for temporary possession (for use) and involving the storage of motor vehicles in paid parking lots	Total area of parking lot (in square metres)	50
Rendering of motor transport services involving carriage of goods	Number of transport vehicles used to carry goods	6,000
Rendering of motor transport services involving carriage of passengers	Number of seating spaces	1,500
Retail trade carried on through fixed-location trading network outlets with sales floors	Area of sales floor (in square metres)	1,800
Retail trade carried on through fixed-location trading network outlets without sales floors and through non-fixed-location trading network outlets in which the area of a trading pitch does not exceed 5 square metres, excluding the sale of goods through vending machines	Trading pitch	9,000
Sale of goods through vending machines	Vending machine	4,500



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Retail trade carried on through fixed-location trading network outlets without sales floors and through non-fixed-location trading network outlets in which the area of a trading pitch exceeds 5 square metres	Area of trading pitch in square metres	1,800
Mobile and door-to-door retail trade	Number of employees, including private entrepreneur	4,500
Rendering of public catering services through public catering outlets with patron service areas	Area of patron service area (in square metres)	1,000
Rendering of public catering services through public catering outlets without patron service areas	Number of employees, including private entrepreneur	4,500
Distribution of exterior advertising using advertising structures (other than advertising structures with an automatically changing display and electronic displays)	Area of the information space (in square metres)	3,000
Distribution of exterior advertising using advertising structures with an automatically changing display	Area of the information space (in square metres)	4,000
Distribution of exterior advertising using electronic displays	Area of the information space (in square metres)	5,000
Placement of advertising on means of transport	Number of means of transport on which advertising is placed	10,000
Rendering of temporary accommodation and residence services	Total area of space for temporary accommodation and residence (in square metres)	1,000
Rendering of services involving the transfer for temporary possession and (or) use of trading pitches situated in fixed-location trading network outlets without sales floors, non-fixed trading network outlets and public catering outlets without patron service areas where the area of each of them does not exceed 5 square metres	Number of trading pitches, non-fixed-location trading network outlets and public catering outlets transferred for temporary possession and (or) use	6,000
Rendering of services involving the transfer for temporary possession and (or) use of trading pitches situated in fixed-location trading network outlets without sales floors, non-fixed trading network outlets and public catering outlets without patron service areas where the area of each of them exceeds 5 square metres	Area of a trading pitch, non-fixed-location trading network outlet and public catering outlet transferred for temporary possession and (or) use (in square metres)	1,200

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Rendering of services involving the transfer for temporary possession and (or) use of land plots for the siting of fixed-location and non-fixed-location trading network outlets and public catering outlets without patron service areas, where the area of the land plot does not exceed 10 square metres	Number of land plots transferred for temporary possession and (or) use	5,000
Rendering of services involving the transfer for temporary possession and (or) use of land plots for the siting of fixed-location and non-fixed-location trading network outlets and public catering outlets without patron service areas, where the area of the land plot exceeds 10 square metres	Area of land plot transferred for temporary possession and (or) use (in square metres)	1,000

4. Basic profitability shall be adjusted for (multiplied by) the coefficients  $K_1$  and  $K_2$ .

6. When determining the level of basic profitability, representative bodies of municipal areas and urban districts and legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg may adjust (multiply) the basic profitability indicated in clause 3 of this Article for (by) the adjustment coefficient  $K_2$ .

The adjustment coefficient  $K_2$  shall be determined as the product of values established by normative legal acts of representative bodies of municipal areas and urban districts and laws of the cities of federal significance, Moscow and Saint Petersburg which take into account the effect on the result of entrepreneurial activities of the factors envisaged by Article 346.27 of this Code.

7. The values of the adjustment coefficient  $K_2$  shall be determined for all categories of taxpayers by representative bodies of municipal areas and urban districts and legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg for a period not less than a calendar year and may be established within a range of from 0.005 to 1 inclusively. Where a normative legal act of a representative body of a municipal area or an urban district or laws of the cities of federal significance Moscow and Saint Petersburg concerning the introduction of amendments to the current values of the adjustment coefficient  $K_2$  have not been adopted by the beginning of ensuing calendar year and (or) have not entered into force in accordance with the procedure envisaged by this Code from the beginning of the ensuing calendar year, the values of the adjustment coefficient  $K_2$  which were effective in the preceding calendar year shall continue to be effective in the ensuing calendar year.

9. In the event that the value of a physical indicator changed for a taxpayer during a tax period, when calculating the amount of the unified tax the

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taxpayer shall take that change into account from the beginning of the month in which the change in the value of the physical indicator occurred.

10. The amount of imputed income for a quarter during which the appropriate State registration of a taxpayer was carried out shall be calculated on the basis of full months beginning in the month following the month of that State registration.
11. The values of the adjustment coefficient  $K_2$  shall be rounded off to the third decimal place. The values of physical quantities shall be given in whole units. The values of monetary amounts in a declaration shall be given in whole roubles. The values of monetary amounts under 50 kopecks (0.5 of a unit) shall be discarded, while amounts of 50 kopecks or more shall be rounded up to a whole rouble (a whole unit).

### **Article 346.30 Tax Period**

The tax period for the unified tax shall be deemed to be a quarter.

### **Article 346.31 Tax Rate**

The rate of the unified tax shall be established at 15 per cent of the amount of imputed income.

### **Article 346.32 The Procedure and Time Limits for the Payment of the Unified Tax**

1. The unified tax shall be paid by a taxpayer on the basis of the results for a tax period and not later than the 25th of the first month following the tax period.
2. Taxpayers shall reduce the amount of the unified tax which has been calculated for a tax period by the amount of insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses which were paid (within the limits of the calculated amounts) for the same period of time in accordance with the legislation of the Russian Federation in connection with the payment by taxpayers of remunerations to employees engaged in those spheres of activity of the taxpayer in relation to which the unified tax is payable, and by the amount of insurance contributions in the form of fixed payments paid by private entrepreneurs for their insurance, and by the amount of temporary incapacity allowances paid to employees. In this respect, the amount of the unified tax may not be reduced by more than 50 per cent.
3. Tax declarations based on the results for the tax period shall be presented by taxpayers to the tax authorities not later than the 20th of the first month of the following tax period.

**Article 346.33 Crediting of Amounts of the Unified Tax**

Amounts of the unified tax shall be credited to accounts of Federal Treasury bodies for subsequent allocation to budgets at all levels in accordance with the budget legislation of the Russian Federation.

**CHAPTER 26.4. THE SYSTEM OF TAXATION IN THE CONTEXT OF THE PERFORMANCE OF PRODUCTION SHARING AGREEMENTS**

**Article 346.34 Basic Terms Used in This Chapter**

The following basic terms shall be used for the purposes of this Chapter:

- investor - a legal entity, or an association of legal entities which is formed on the basis of a joint activity agreement and does not have the status of a legal entity, which invests its own borrowed or attracted resources (assets and (or) property rights) in exploration for, prospecting for and the extraction of mineral raw materials and is a user of subsurface resources under the conditions of a production sharing agreement (hereafter in this Chapter referred to as “agreement”);

- production - a commercial mineral extracted from the subsurface in the territory of the Russian Federation or on the continental shelf of the Russian Federation and (or) within the exclusive economic zone of the Russian Federation on a site of subsurface resources which has been granted to an investor, which is the first to conform in quality to a State standard of the Russian Federation, a sectoral standard, a regional standard, an international standard or, in the absence of such standards for a particular extracted commercial mineral, a standard of an organization (enterprise). Production which has been obtained from the further processing (enrichment, technological conversion) of a commercial mineral and which is production of the processing industry may not be deemed to be a commercial mineral;

- extracted production - the quantity of production of the mining industry and production of quarry development contained in mineral raw materials (rock, liquid or other mixture) actually extracted (recovered) from the subsurface (waste, losses) which is the first to conform in quality to a State standard of the Russian Federation, a sectoral standard, a regional standard, an international standard or, in the absence of such standards for a particular extracted commercial mineral, a standard of an organization (enterprise), and has been extracted by an investor in the course of performing work under an agreement, reduced by the quantity of process losses within the limits of the established norms. In the context of the performance of agreements in which the production sharing procedure established by clause 2 of Article 8 of the Federal Law “Concerning Production Sharing Agreements” is applied, the State’s portion of the total volume of extracted production shall be no less than 32 per cent of the total quantity of extracted production;

- production sharing - the sharing between the State and an investor of extracted production expressed in physical and (or) value terms in accordance with the Federal Law “Concerning Production Sharing Agreements”;

- profit production - production extracted in an accounting (tax) period in the context of the performance of an agreement, less the portion of production

whose value equivalent is used to pay tax on the extraction of commercial minerals and compensatory production;

- compensatory production - a portion of production extracted in the context of the performance of an agreement, which must not exceed 75 per cent of the total quantity of extracted production or, in the case of extraction on the continental shelf of the Russian Federation, 90 per cent of the total quantity of extracted production, of which ownership is transferred to the investor to compensate the latter for expenses which it has incurred (reimbursable expenses), the composition of which shall be established by the agreement in accordance with this Chapter;

- sharing point - the place of the commercial recording of production at which the State transfers to the investor the portion of extracted production which is due to it under the conditions of the agreement. In the case of oil extraction, the place of the commercial recording of production shall be defined, in the event that it is transported by pipeline transport, as the place where oil flowing through the pipeline enters a control and measuring station and where its quantity is measured, its quality is assessed, a calculation in terms of extracted production is made and it is fed into the main pipeline system. Where oil is transported by a means of transport other than pipeline transport, the place of the commercial recording of production shall be defined by the agreement as the place where oil enters a control and measuring station and where its quantity is measured and its quality is assessed;

- price of production - the value of production as determined in accordance with the conditions of an agreement, unless otherwise established by this Chapter;

- price of oil - the selling price of oil which is specified by the parties to a transaction, but not lower than the average price level for Urals crude oil for the accounting period which is determined as the sum of the average arithmetical purchase and sale prices on world crude oil markets (Mediterranean and Rotterdam) for all days of trading, divided by the number of days of trading in the relevant accounting period. The average price levels for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a month which has ended shall, on a monthly basis and not later than the 15th of the following month, be communicated through official sources of information in accordance with the procedure established by the Government of the Russian Federation. If that information is not available in official sources of information, the average price level for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for an accounting period which has ended shall be determined by the taxpayer independently.

### **Article 346.35 General Provisions**

1. This Chapter establishes a special tax regime which is to be applied in the context of the performance of agreements which have been concluded in accordance with the Federal Law “Concerning Production Sharing Agreements” and meet the following conditions:

- 1) the agreements were concluded after an auction was held for the granting of the right to use subsurface resources on a basis other than production sharing in accordance with the procedure and subject to the conditions which are defined by clause 4 of Article 2 of the Federal Law “Concerning Production Sharing Agreements”, and the auction was declared void;
  - 2) in the context of the performance of agreements in which the production sharing procedure which is established by clause 2 of Article 8 of the Federal Law “Concerning Production Sharing Agreements” is applied, the State’s share of the total volume of extracted production is not less than 32 per cent of the total quantity of extracted production;
  - 3) the agreements provide for the State’s share of profit production to be increased in the event that investment efficiency indicators improve for the investor during the performance of the agreement. Investment efficiency indicators are established in accordance with the conditions of the agreement.
2. A taxpayer wishing to exercise the right to the application of the special tax regime in the context of the performance of agreements shall submit to the tax authorities appropriate written notifications and the following documents:
- the production sharing agreement;
  - the decision approving the results of an auction for the granting of the right to use the site of subsurface resources on a basis other than production sharing in accordance with the Law of the Russian Federation “Concerning Subsurface Resources” and declaring the auction void in connection with the absence of bidders.
3. For the purposes of this Chapter, the price of production (price of oil) shall be used in determining the volume of compensatory production to be transferred to the investor, in dividing profit production expressed in value terms, in determining taxable profit and in compensating the investor for expenses associated with the payment of taxes and levies in instances provided for by this Chapter.
  4. The special tax regime which is established by this Chapter shall be applied during the entire period of validity of an agreement.
  5. The special tax regime which is established by this Chapter shall be applied in relation to the taxpayers and levy payers which are referred to in Article 346.36 of this Chapter.
  6. The special tax regime which is established by this Chapter provides for the payment of the aggregate of taxes and levies established by the tax and levy legislation of the Russian Federation to be replaced by the sharing of extracted production in accordance with the conditions of an agreement, with the exception of taxes and levies the payment of which is envisaged by this Chapter.

7. In the context of the performance of an agreement which envisages conditions for the sharing of extracted production in accordance with clause 1 of Article 8 of the Federal Law “Concerning Production Sharing Agreements”, an investor shall pay the following taxes and levies:

- value added tax;
- tax on the profit of organizations;
- tax on the extraction of commercial minerals;
- payments for the use of natural resources;
- charges for negative impact on the environment;
- water tax;
- State duty;
- customs levies;
- land tax;
- excise duty, with the exception of excise duty on the excisable mineral raw materials envisaged by subsection 1 of clause 2 of Article 181 of the Code.

An investor shall be exempted from the payment of regional and local taxes and levies in accordance with this Chapter by decision of the relevant legislative (representative) State body or representative local government body.

Amounts of value added tax, payments for the use of natural resources, water tax, State duty, customs levies, land tax and excise duty which have been paid by an investor and amounts of charges for negative impact on the environment shall be reimbursable in accordance with the provisions of this Chapter.

An investor shall not pay tax on assets of organizations in respect of fixed assets, intangible assets, inventories and expenditures which are on the taxpayer's balance sheet and are used exclusively in carrying out activities envisaged by agreements. In the event that such assets are used by an investor for purposes not associated with the performance of work under an agreement, they shall be assessed to tax on assets of organizations according to the standard procedure.

The list of documents which must be submitted to the tax authorities in order for an exemption to be granted from the above-mentioned tax shall be determined by the Government of the Russian Federation.

An investor shall not pay transport tax in relation to means of transport (with the exception of motor cars) owned by it which are used exclusively for the purposes of the agreement.



The list of documents which must be submitted to the tax authorities in order for an exemption to be granted from the above-mentioned tax shall be determined by the Government of the Russian Federation.

Where means of transport are used other than for the purposes of an agreement, transport tax shall be paid according to the standard procedure.

8. In the context of the performance of an agreement which envisages conditions for the sharing of extracted production in accordance with clause 2 of Article 8 of the Federal Law “Concerning Production Sharing Agreements”, an investor shall pay the following taxes and levies:

- State duty;
- customs levies;
- value added tax;
- charges for negative impact on the environment.

An investor shall be exempted from the payment of regional and local taxes and levies in accordance with this Chapter by decision of the relevant legislative (representative) State body or representative local government body.

9. Goods which are imported into the territory of the Russian Federation and other territories under its jurisdiction for the performance of work under an agreement which is envisaged by work programmes and expense estimates which have been approved according to the procedure established by the agreement and production produced in accordance with the conditions of an agreement which is exported from the territory of the Russian Federation shall be exempt from customs duty.

The list of documents which must be submitted to customs authorities in order for an exemption to be granted from the above-mentioned tax shall be determined by the Government of the Russian Federation.

10. In the context of the performance of an agreement, the object of taxation, the tax base, the tax period, the tax rate and the procedure for the calculation of tax in relation to the taxes which are referred to in clauses 7 and 8 of this Article shall be determined with account taken of the special considerations envisaged by the provisions of this Chapter which are in force as at the date of entry into force of the agreement.
11. In the event that, while an agreement is in force, the names of any of the taxes and levies referred to in this Code are changed without any change being made to the elements of taxation, such taxes and levies shall be calculated and paid in the context of the performance of the agreement with the new name.

12. In the event that, while an agreement is in force, there is a change in the procedure for the payment of taxes and levies or a change in the forms, the procedure for the completion and the time limits for the submission of tax declarations without any change being made to the tax base, the tax rate and the procedure for the calculation of tax (elements of assessment of a levy), taxes and levies shall be paid and tax declarations shall be submitted in accordance with the current tax and levy legislation.
13. In the event that, while an agreement is in force, there is a change in the tax rate of value added tax, that tax shall be calculated and paid at the tax rate established in accordance with Chapter 21 of this Code.
14. Where normative legal acts of legislative (representative) State bodies and representative local government bodies do not provide for an investor to be exempted from the payment of regional and local taxes and levies, the investor should be reimbursed for expenditures on the payment of those taxes and levies by means of reducing accordingly the share of extracted production which is transferable to the State, insofar as the portion transferable to the relevant constituent entity of the Russian Federation is concerned, by a quantity equivalent to the amount of such taxes and levies actually paid.
15. In the context of the performance of production sharing agreements which were concluded prior to the entry into force of the Federal Law “Concerning Production Sharing Agreements”, the conditions for exemption from the payment of taxes, levies and other compulsory payments and the procedure for the calculation, payment and refund (reimbursement) of payable taxes, levies and other compulsory payments which are envisaged by those agreements shall be applied. Where the provisions of this Code and (or) of other acts of tax and levy legislation of the Russian Federation, acts of tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of representative local government bodies concerning taxes and levies are at variance with the conditions of the above-mentioned agreements, the conditions of those agreements shall apply.

**Article 346.36 Taxpayers and Levy Payers in the Context of the Performance of Agreements. Authorized Representatives of Taxpayers and Levy Payers**

1. Organizations which are investors under an agreement in accordance with the Federal Law “Concerning Production Sharing Agreements” shall be deemed to be taxpayers and payers of levies which are payable upon the application of the special tax regime which is established by this Chapter (hereafter in this Chapter referred to as “taxpayers”).
2. A taxpayer shall have the right to entrust the fulfilment of obligations associated with the application of the special tax regime which is established by this Chapter in the context of the performance of agreements to an operator subject to the latter’s consent. The operator shall exercise the powers conferred on it by the taxpayer in accordance with this Code on the basis of a notarized power of attorney to be issued in accordance with the procedure

established by the civil legislation of the Russian Federation as the taxpayer's authorized representative.

**Article 346.37 Special Considerations Relating to the Determination of the Tax Base and the Calculation and Payment of Tax on the Extraction of Commercial Minerals in the Context of the Performance of Agreements**

1. The provisions of this Article shall apply in the context of the performance of agreements which envisage conditions for the sharing of extracted production in accordance with clause 1 of Article 8 of the Federal Law "Concerning Production Sharing Agreements".
2. Taxpayers shall determine the amount of tax on the extraction of commercial minerals which is payable in accordance with Chapter 26 of this Code with account taken of the special considerations established by this Article.
3. The tax base arising from the extraction of oil and gas condensate from oil and gas condensate deposits shall be determined as the quantity of extracted commercial minerals expressed in physical terms in accordance with Article 339 of this Code.
4. The tax base shall be determined separately for each agreement.
5. The tax rate applied in respect to the extraction of oil and gas condensate from oil and gas condensate deposits shall be 340 roubles per one tonne. In this respect, that tax rate shall be applied with a coefficient which reflects the movement in world oil prices – Cp.

This coefficient shall be independently determined by the taxpayer on a monthly basis according to the formula:

$$C_p = (P - 8) \times R / 252,$$

where "P" is the average level of prices for Urals crude oil for the tax period in US dollars per one barrel;

"R" is the average value for the tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation.

The average value for the tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation shall be determined by the taxpayer independently as the arithmetic mean of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation for all days in the relevant tax period.

The average level of prices for Urals crude oil for a tax period shall be determined as the sum of the average arithmetical purchase and sale prices on

world crude oil markets (Mediterranean and Rotterdam) for all calendar days of trading, divided by the number of days of trading in the relevant tax period.

The average levels of prices for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a month which has ended shall be communicated on a monthly basis, not later than the 15th of the following month, through official sources of information in accordance with the procedure established by the Government of the Russian Federation.

In the event that this information is not available in official sources of information, the average level of prices for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a tax period which has ended shall be determined by the taxpayer independently.

The coefficient (Cp) which is calculated in accordance with the procedure determined by this Article shall be rounded off to the fourth decimal place in accordance with the current procedure for rounding off.

The amount of tax on the extraction of commercial minerals upon the extraction of oil and gas condensate from oil and gas condensate deposits shall be calculated as the product of the relevant tax rate calculated with account taken of the coefficient (Cp) and the amount of the tax base which is determined in accordance with this Article.

6. In the context of the performance of agreements, the tax rates established by Article 342 of this Code for the extraction of commercial minerals other than oil and gas condensate shall be applied with a coefficient of 0.5.
7. The tax rate established by clause 5 of this Article shall be applied in relation to the extraction of oil and gas condensate from oil and gas condensate deposits with a coefficient of 0.5 until the maximum level of commercial extraction of oil and gas condensate, which may be established by an agreement, is reached.

Where an agreement establishes a maximum level of commercial extraction of oil and gas condensate, once that maximum level has been reached the tax rate shall be applied with a coefficient of 1, which shall not change during the entire period of validity of the agreement.

**Article 346.38 Special Considerations Relating to the Determination of the Tax Base and the Calculation and Payment of Tax on the Profit of Organizations in the Context of the Performance of Agreements**

1. The provisions of this Article shall apply in the context of the performance of agreements which envisage the production sharing procedure which is established by clause 1 of Article 8 of the Federal Law “Concerning Production Sharing Agreements”.
2. Taxpayers shall determine the amount of tax on the profit of organizations (hereafter in this Chapter referred to as “tax”) which is payable in accordance

with Chapter 25 of this Code with account taken of the special considerations established by this Article.

3. The object of taxation shall be profit earned by a taxpayer in connection with the performance of an agreement.

For the purposes of this Article, the profit of a taxpayer shall be its income from the performance of an agreement, reduced by the amount of expenses as determined in accordance with this Article.

Where one of the parties to an agreement is an association of organizations which does not have the status of a legal entity, income received by each organization which is a member of that association shall be determined in proportion to that member's share of the total income of the association concerned for the accounting (tax) period.

4. Income of a taxpayer from the performance of an agreement shall be taken to be the value of profit production belonging to an investor in accordance with the conditions of an agreement and non-sale income as determined in accordance with Article 250 of this Code.

The value of profit production shall be determined as the product of the volume of profit production and the price of extracted production which is established by the agreement, excluding the price of production (price of oil) which is determined in accordance with this Chapter.

5. Expenses of a taxpayer shall be taken to mean justified and documented expenses incurred by a taxpayer in the context of the performance of an agreement.

The composition of expenses and the amount and procedure for the recognition thereof shall be determined in accordance with Chapter 25 of this Code with account taken of the special considerations established by this Article.

For the purposes of this Chapter, justified expenses shall be taken to mean expenses incurred by the taxpayer in accordance with the work programme and cost estimate approved by the management committee in accordance with the procedure envisaged by the agreement and non-sale expenses which are directly connected with the performance of the agreement.

6. For the purposes of this Chapter, expenses of a taxpayer shall be subdivided into:

- 1) expenses which are reimbursable out of compensatory production (reimbursable expenses);

- 2) expenses which reduce the tax base for tax.

7. Reimbursable expenses shall be taken to mean expenses incurred by a taxpayer in an accounting (tax) period for the purpose of performing work

under an agreement in accordance with the work programme and cost estimate. There shall not be deemed to be reimbursable:

- 1) the following expenses incurred prior to the entry into force of an agreement:
  - expenses associated with the acquisition of a package of geological information for participation in an auction;
  - expenses associated with payment of the fee for participation in an auction for the right to use a site of subsurface resources on the basis of an agreement;
- 2) the following expenses incurred on or after the date of entry into force of an agreement:
  - one-time payments for the use of subsurface resources upon the occurrence of particular events specified in the agreement;
  - tax on the extraction of commercial minerals;
  - payments (interest) on credit and loan resources received and commission payments thereon and other expenses associated with the receipt and use of loan resources for the financing of activities under the agreement;
  - the expenses envisaged by clause 3 of Article 262 of this Code;
  - the expenses envisaged by subsections 10 and 13 of clause 1 and subsection 5 of clause 2 of Article 265 of this Code.
8. Reimbursable expenses the composition of which is envisaged by an agreement in accordance with this Article shall be approved by the management committee in accordance with the procedure established by the agreement.

For the purposes of this Article, the amount of reimbursable expenses shall be determined for each accounting (tax) period and must be reimbursed to the taxpayer out of compensatory production in accordance with the procedure established by clause 10 of this Article.

9. The following shall be included in the composition of reimbursable expenses:
  - 1) expenses incurred by a taxpayer prior to the entry into force of an agreement. Expenses incurred prior to the entry into force of an agreement shall be deemed to be reimbursable if the agreement has been concluded in relation to deposits of commercial minerals not previously developed and the expenses concerned were not previously recognised by the user of the site of subsurface resources for the purposes of calculating tax in accordance with Chapter 25 of this Code. Those expenses must be reflected in an expense estimate which is submitted at the same time as the expense estimate for the first year of work under the agreement, and shall be reimbursed according to the procedure and in the amount which are provided for by this Article. For the purposes of the application of this Article amortization shall not be charged on this type of

amortizable assets. Where expenses are attributable to amortizable assets in accordance with Article 256 of this Code, they shall be reimbursed according to the following procedure:

- if the expenses concerned were incurred by a taxpayer which is a Russian organization, they should be reimbursed in an amount not exceeding the net book value of the amortizable assets as determined in accordance with Article 257 of this Code;
- if the expenses concerned were incurred by a taxpayer which is a foreign organization, they should be reimbursed in an amount not exceeding the level of market prices;

2) expenses incurred by a taxpayer on or after the date of entry into force of an agreement and over the entire period of validity of the agreement. In this respect, the following special considerations shall be established in relation to those expenses:

- expenses for the development of natural resources as referred to in clause 1 of Article 261 of this Code and similar expenses relating to contiguous sites of subsurface resources if this is provided for by the agreement shall be included in the composition of expenses evenly over 12 months;
- expenses associated with the acquisition, erection, manufacture and delivery of amortizable assets (fixed assets and intangible assets) and rendering them fit for use shall be included in the composition of reimbursable expenses in the amount of expenditures actually incurred provided that they are included in the work programme and cost estimate and with account taken of the limits established by the agreement. Amortization shall not be charged on such expenses in accordance with the procedure established by this Code;
- expenses incurred in the form of allocations to the abandonment fund for the financing of abandonment work shall be taken into account for taxation purposes to the extent and according to the procedure which are established by the agreement. The procedure for the formation and use of the abandonment fund shall be established by the Government of the Russian Federation;
- expenses associated with the maintenance and operation of assets which were transferred to the taxpayer by the State for use without consideration in accordance with Article 11 of the Federal Law “Concerning Production Sharing Agreements” shall be taken into account for taxation purposes to the extent of expenses actually incurred;
- management expenses associated with the performance of an agreement, which shall include expenses associated with payment for the rent of the taxpayer’s offices, including those located outside the Russian Federation, expenses for the maintenance of those offices, information and consulting services, representational expenses, advertising expenses and other management expenses according to the conditions of the agreement shall be reimbursed to the extent of the norm of management expenses which is established by the agreement, but not more than 2 per cent of the total amount

of expenses which are reimbursable to the taxpayer in an accounting (tax) period. The amount by which management expenses exceed the norm established by this clause shall be taken into account in calculating the tax base of an investor for tax.

10. For the purposes of this Chapter, reimbursable expenses must be reimbursed to a taxpayer in an amount not exceeding the maximum level of compensatory production established by the agreement, which may not be higher than the amount which is determined in accordance with Article 346.34 of this Code.

Compensatory production for an accounting (tax) period shall be computed by means of dividing the reimbursable amount of expenses of a taxpayer by the price of production which is determined in accordance with the conditions of the agreement or by the price of oil which is determined in accordance with this Chapter.

If the amount of reimbursable expenses falls short of the maximum level of compensatory production in an accounting (tax) period, the entire amount of reimbursable expenses shall be reimbursed to the taxpayer in that period. If the amount of reimbursable expenses exceeds the maximum level of compensatory production in an accounting (tax) period, expenses shall be reimbursed to the extent of that maximum level. Reimbursable expenses which are not reimbursed in an accounting (tax) period should be included in the composition of reimbursable expenses for the following accounting (tax) period.

Capital expenses shall be allowed for reimbursement subject to compliance with the requirement to use a proportion of goods of Russian origin in carrying out work under an agreement which is established by clause 2 of Article 7 of the Federal Law “Concerning Production Sharing Agreements”. Failure to meet this requirement shall constitute grounds for the non-reimbursement of the relevant expenditures incurred by the investor. In this respect, the procedure for the amortization of assets which is established by Articles 256 to 259 of this Code shall apply to acquired equipment and other assets.

11. Expenses which reduce the tax base for tax shall include expenses which are taken into account for taxation purposes in accordance with Chapter 25 of this Code and are not included in the composition of reimbursable expenses which are determined in accordance with the provisions of this Article. The expenses referred to in this clause shall not include amounts of tax on the extraction of commercial minerals.
12. The following procedure for the recognition of income and expenses shall apply for the purposes of this Chapter:
- 1) for income received by a taxpayer in the form of a part of profit production, the date of receipt of income shall be taken to be the last day of the accounting (tax) period in which the sharing of profit production took place;



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- 2) for other types of income and expenses the procedure for the recognition of income and expenses which is established by Chapter 25 of this Code shall apply.
13. The tax base for the purposes of this Article shall be taken to be taxable profit as determined in accordance with clause 3 of this Article, expressed in monetary terms.
- The tax base shall be determined separately for each agreement.
14. In the event that the tax base calculated in accordance with the provisions of this Article for a particular tax period is a negative value, it shall be taken to be equal to zero for that tax period. The taxpayer shall have the right to reduce the tax base by the amount of the obtained negative value in subsequent tax periods over the 10 years following the tax period in which the negative value was obtained, but not more than the period of validity of the agreement.
15. The amount of the tax rate shall be determined in accordance with clause 1 of Article 284 of this Code.
- The tax rate which is in effect as at the date of entry into force of an agreement shall be applied over the entire period of validity of that agreement.
16. Taxpayers shall calculate the tax base according to the results for each accounting (tax) period on the basis of tax accounting data. Tax accounting shall be carried out in accordance with Chapter 25 of this Code.
- The procedure for the maintenance of tax records shall be established by the taxpayer in tax policies for taxation purposes which are approved in accordance with the established procedure.
17. The tax and accounting periods for tax shall be established in accordance with Article 285 of this Code.
18. The procedure for the calculation of tax (advance payments) and the time limits for payment shall be determined in accordance with Chapter 25 of this Code.
19. Special considerations relating to the calculation and payment of tax by a taxpayer which has economically autonomous subdivisions are determined by Article 288 of this Code. In this respect, amounts of tax (advance payments) which are payable as revenue to the budgets of constituent entities of the Russian Federation and local budgets shall be paid by a taxpayer at the location of the site of subsurface resources which is granted for use under an agreement.
20. For the purposes of this Article, a taxpayer shall be obliged to maintain separate records of income and expenses associated with operations which arise in the course of the performance of an agreement.

If separate records are not maintained, the procedure for the taxation of profit which is established by Chapter 25 of this Code shall be applied without taking into account the special considerations which are established by this Article.

21. Income and expenses of a taxpayer which arise from other types of activity not connected with the performance of an agreement, including income in the form of a fee for the performance of the functions of an operator and (or) for the sale of production belonging to the State under the conditions of an agreement, shall be taxable according to the procedure established by Chapter 25 of this Code.

Profit earned by an investor from the sale of compensatory production shall be taxable according to the procedure established by Chapter 25 of this Code and shall be defined as receipts from the sale of compensatory production (as determined in accordance with Article 249 of this Code), reduced by the amount of expenses associated with the sale of that production (as determined in accordance with Article 253 of this Code) which are not included in the value of compensatory production, reduced by the value of compensatory production as determined in accordance with clause 10 of this Article.

Where a taxpayer makes a loss from the sale of compensatory production, that loss shall be taken into account for taxation purposes according to the procedure and subject to the conditions which are established by Article 283 of this Code.

**Article 346.39 Special Considerations Relating to the Payment of Value Added Tax in the Context of the Performance of Agreements**

1. In the context of the performance of agreements, value added tax (hereafter in this Article referred to as “tax”) shall be paid in accordance with Chapter 21 of this Code with account taken of the special considerations which are established by this Article.
2. In the context of the performance of agreements, the tax rate which is current in the relevant tax period in accordance with Chapter 21 of the Code shall be applied.
3. In the event that, according to the results for a tax period, the amount of tax deductions arising from the performance of work under an agreement exceeds the total amount of tax calculated in respect of goods (work and services) sold (transferred, performed, rendered) in the accounting (tax) period (including in the absence of such sales), the resulting difference must be reimbursed (offset, refunded) to the taxpayer in accordance with the procedure established by Articles 176 or 176.1 of this Code.
4. In the event that the reimbursement (refund) time limits established by Articles 176 or 176.1 of this Code are not observed, amounts refundable to the taxpayer shall be increased on the basis of one three-hundred-and-sixtieth of the refinancing rate of the Central Bank of the Russian Federation for each

calendar day of the delay (where records are maintained in the currency of the Russian Federation) or one three-hundred-and-sixtieth of the LIBOR rate in force in the period in question for each calendar day of the delay (where records are maintained in foreign currency).

5. The following shall not be taxable (shall be exempt from taxation):
- the transfer without consideration of assets which are needed for the performance of work under an agreement between the investor under the agreement and the operator of the agreement in accordance with the work programme and expense estimate which have been approved in accordance with the procedure established by the agreement;
  - the transfer by an organization which is a member of an association of legal entities which does not have the status of a legal entity and acts as investor under the agreement to other members of that association of an appropriate portion of the extracted production received by the investor under the conditions of the agreement;
  - the transfer by a taxpayer to the State of ownership of assets newly created or acquired by the taxpayer which were used for the performance of work under an agreement and are transferable to the State in accordance with the conditions of the agreement.

**Article 346.40 Special Considerations Relating to the Submission of Tax Declarations in the Context of the Performance of Agreements**

1. For the taxes envisaged by Article 346.35 of this Code, a taxpayer shall submit to the tax authorities with which it is registered at the location of a site of subsurface resources, unless otherwise provided by this clause, which has been granted for use on the basis of an agreement tax declarations for each tax and for each agreement separately from other activities.

Where a site of subsurface resources which is granted for use on the basis of an agreement is situated on the continental shelf of the Russian Federation and (or) within the exclusive economic zone of the Russian Federation, the taxpayer shall submit tax declarations for the taxes envisaged by Article 346.35 of this Code to the tax authorities with which it is registered at its location.

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations (computations) to the tax authority where they are registered as major taxpayers.

4. A taxpayer shall, on an annual basis and not later than December 31 of the year preceding a planned year, submit to the tax authorities referred to in clause 1 of this Article a work programme and cost estimate for the agreement for the following year, approved in accordance with the procedure established by the agreement.

In the case of newly implemented agreements, before work commences the taxpayer shall submit to the tax authorities referred to in clause 1 of this Article a work programme and cost estimate for the agreement for the current year, approved in accordance with the procedure established by the agreement.

In the event that amendments and (or) additions are made to the work programme and expense estimate, the taxpayer shall be obliged to submit those amendments and (or) additions not later than 10 days from the date on which they are approved in accordance with the procedure approved by the agreement.

**Article 346.41 Special Considerations Relating to the Registration of Taxpayers in the Context of the Performance of Agreements**

1. Taxpayers must register with the tax authority at the location of a site of subsurface resources which has been granted to an investor for use on the basis of an agreement, except in the instances envisaged by clause 3 of this Article.
2. Where an investor under an agreement is an association of organizations which does not have the status of a legal entity, all the organizations within that association must register with the tax authority for the location of a site of subsurface resources which is granted for use on the basis of the agreement, except in the instances envisaged by clause 3 of this Article.
3. Where a site of subsurface resources which is granted for use on the basis of an agreement is situated on the continental shelf of the Russian Federation and (or) within the exclusive economic zone of the Russian Federation, the taxpayer shall be registered with the tax authority at its location.
4. Special considerations relating to the registration of foreign organizations which act as an investor under an agreement or as the operator of an agreement shall be established by the Ministry of Finance of the Russian Federation.
5. An application for registration with a tax authority shall be submitted to the tax authorities in accordance with clauses 1 and 3 of this Article within 10 days from the date of entry into force of the agreement in question.
6. The form of the application for registration with a tax authority shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.
7. When submitting an application for registration with a tax authority, a taxpayer shall submit together with that application, in addition to the documents which are referred to in Article 84 of this Code, the documents envisaged by clause 2 of Article 346.35 of this Code.
8. The form of a certificate of registration with a tax authority of an investor under an agreement as a taxpayer which carries out activities associated with

the performance of an agreement shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

The above-mentioned certificate must contain the name of the agreement, an indication of the date of entry into force and period of validity of the agreement, the name of the site of subsurface resources granted for use in accordance with the conditions of the agreement and an indication of the location thereof, and a reference to the fact that the taxpayer in question is an investor under the agreement or the operator of the agreement and the special tax regime which is established by this Chapter applies to that taxpayer.

**Article 346.42 Special Considerations Relating to the Performance of On-Site Tax Audits in the Context of the Performance of Agreements**

1. An on-site tax audit may cover any period during the period of validity of an agreement with account taken of the provisions of Article 87 of this Code beginning in the year in which the agreement entered into force.
2. For tax control purposes, an investor under an agreement or the operator of an agreement shall be obliged to retain primary documents relating to the calculation and payment of taxes during the entire period of validity of the agreement.
3. An on-site tax audit of an investor under an agreement or the operator of an agreement in connection with activities under the agreement may not continue for more than six months. In the case of the performance of on-site audits of organizations which have branches and representations, the period allowed for the performance of the audit shall be increased by one month for the performance of an audit of each branch and representation.

**SECTION IX REGIONAL TAXES AND LEVIES**

**CHAPTER 28. TRANSPORT TAX**

**Article 356 General Provisions**

Transport tax (hereafter in this Chapter referred to as “tax”) shall be established by this Code and laws of constituent entities of the Russian Federation concerning the tax, shall be implemented in accordance with this Code by laws of constituent entities of the Russian Federation concerning the tax and shall be compulsory for payment in the territory of the relevant constituent entity of the Russian Federation.

When introducing the tax, the legislative (representative) bodies of a constituent entity of the Russian Federation shall specify the rate of tax within the limits which are established by this Code, the procedure and time limits for the payment thereof.

When establishing the tax, laws of constituent entities of the Russian Federation may also provide for tax exemptions and stipulate the grounds for the enjoyment thereof by the taxpayer.

**Article 357 Taxpayers**

The taxpayers of the tax (hereafter in this Chapter referred to as “taxpayers”) shall be persons to whom means of transport which are deemed to be an object of taxation in accordance with Article 358 of this Chapter have been registered in accordance with the legislation of the Russian Federation, unless otherwise stipulated by this Article.

In the case of means of transport which are registered to physical persons and were acquired and transferred by them on the basis of a power of attorney for the possession and disposal of a means of transport before this Chapter entered into force, the taxpayer shall be the person specified in that power of attorney. In this respect, the persons to whom the above-mentioned means of transport are registered shall notify the tax authority of the transfer of those means of transport on the basis of a power of attorney.

Persons who are organizers of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and persons who are marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law shall not be taxpayers in relation to means of transport which are owned by them and which are used exclusively in connection with the organization and (or) holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games and the development of the city of Sochi as a mountain climate resort.

**Article 358 Object of Taxation**

1. The object of taxation shall be automobiles, motorcycles, motor scooters, omnibuses and other self-propelled tyre-mounted and caterpillar-tracked machines and mechanisms, aeroplanes, helicopters, motor ships, yachts, sailboats, cutters, snow-going vehicles, motor sledges, motor boats, hydrocycles, non-self-propelled (towable vessels) and other watercraft and aircraft (hereafter in this Chapter referred to as “means of transport”) which have been registered according to the established procedure in accordance with the legislation of the Russian Federation.
2. The following shall not be an object of taxation:
  - 1) rowing boats, and motor boats with an engine capacity not exceeding 5 horsepower;
  - 2) motor cars which are specially equipped for use by disabled persons and motor cars with an engine capacity of up to 100 horsepower (up to 73.55 kW) which have been obtained (acquired) through social welfare bodies in accordance with the procedure established by law;
  - 3) sea-going and river-going harvesting vessels;
  - 4) passenger and freight sea vessels, river vessels and aircraft which are owned (on the basis of economic jurisdiction or operational management) by organizations and private entrepreneurs whose main type of activity is the performance of passenger and (or) freight carriage;
  - 5) tractors, self-propelled combines of all marques, special motorized vehicles (milk tankers, cattle trucks, special vehicles for the transportation of poultry, vehicles for the transportation and placement of mineral fertilizers, veterinary aid and technical maintenance) which have been registered to agricultural goods producers and are used in agricultural work for the production of agricultural produce;
  - 6) means of transport which belong on the basis of operational management to federal executive bodies where military and (or) equated service is envisaged by legislation;
  - 7) means of transport which are the subject of a search, provided that the theft thereof is confirmed by a document which is issued by an authorized body;
  - 8) air ambulance and medical service aeroplanes and helicopters;
  - 9) vessels registered in the Russian International Register of Vessels.

**Article 359 Tax Base**

1. The tax base shall be determined:

## Transport Tax

- 1) for means of transport which have engines (with the exception of the means of transport referred to in subsection 1.1 of this clause) - as the engine capacity of the means of transport in horsepower;
  - 1.1) for aircraft for which the jet thrust is determined - as the certified static take-off thrust of the jet engine (the aggregate certified static take-off thrust of all the jet engines) of the aircraft in terrestrial conditions in kilogrammes force;
  - 2) for non-self-propelled (towable) watercraft for which the gross capacity is determined - as the gross capacity in registered tonnes;
  - 3) for watercraft and aircraft not mentioned in subsections 1, 1.1 and 2 of this clause - as a unit of the means of transport.
2. The tax base for the means of transport referred to in subsections 1, 1.1 and 2 of clause 1 of this Article shall be determined separately for each means of transport.

The tax base shall be determined separately for means of transport referred to in subsection 3 of clause 1 of this Article.

### **Article 360 Tax Period. Accounting Period**

1. The tax period shall be a calendar year.
2. The accounting periods for taxpayers which are organizations shall be the first quarter, second quarter and third quarter.
3. Legislative (representative) bodies of constituent entities of the Russian Federation shall have the right not to establish accounting periods when establishing the tax.

### **Article 361 Tax Rates**

1. Tax rates shall be established by laws of constituent entities of the Russian Federation based on the engine capacity, jet thrust or gross capacity of a means of transport per one horsepower of engine capacity of a means of transport, per one kilogramme force of jet thrust, per one registered tonne of a means of transport or per unit of a means of transport respectively in the following amounts:

Name of object of taxation	Tax rate (in roubles)
Motor cars with an engine capacity (per horsepower):	
- up to 100 h.p. (up to 73.55 kW) inclusively	2.5
- exceeding 100 h.p. and up to 150 h.p. (exceeding 73.55 kW and up to 110.33 kW) inclusively	3.5



**Transport Tax**

- exceeding 150 h.p. and up to 200 h.p. (exceeding 110.33 kW and up to 147.1 kW) inclusively	5
- exceeding 200 h.p. and up to 250 h.p. (exceeding 147.1 kW and up to 183.9 kW) inclusively	7.5
- exceeding 250 h.p. (exceeding 183.9 kW)	15
Motorcycles and motor scooters with an engine capacity (per horsepower):	
- up to 20 h.p. (up to 14.7 kW) inclusively	1
- exceeding 20 h.p. and up to 35 h.p. (exceeding 14.7 kW and up to 25.74 kW) inclusively	2
- exceeding 35 h.p. (exceeding 25.74 kW)	5
Omnibuses with an engine capacity (per horsepower):	
- up to 200 h.p. (up to 147.1 kW) inclusively	5
- exceeding 200 h.p. (exceeding 147.1 kW)	10
Freight vehicles with an engine capacity (per horsepower):	
- up to 100 h.p. (up to 73.55 kW) inclusively	2.5
- exceeding 100 h.p. and up to 150 h.p. (exceeding 73.55 kW and up to 110.33 kW) inclusively	4
- exceeding 150 h.p. and up to 200 h.p. (exceeding 110.33 kW and up to 147.1 kW) inclusively	5
- exceeding 200 h.p. and up to 250 h.p. (exceeding 147.1 kW and up to 183.9 kW) inclusively	6.5
- exceeding 250 h.p. (exceeding 183.9 kW)	8.5
Other self-propelled tyre-mounted and caterpillar-tracked means of transport, machines and mechanisms (per horsepower)	2.5
Snow-going vehicles and motor sledges with an engine capacity (per horsepower):	
- up to 50 h.p. (up to 36.77 kW) inclusively	2.5
- exceeding 50 h.p. (exceeding 36.77 kW)	5
Cutters, motor boats and other watercraft with an engine capacity (per horsepower):	
- up to 100 h.p. (up to 73.55 kW) inclusively	10
- exceeding 100 h.p. (exceeding 73.55 kW)	20
Yachts and other motorized sailboats with an engine capacity (per horsepower):	
- up to 100 h.p. (up to 73.55 kW) inclusively	20
- exceeding 100 h.p. (exceeding 73.55 kW)	40
Hydrocycles with an engine capacity (per horsepower):	
- up to 100 h.p. (up to 73.55 kW) inclusively	25

## **Transport Tax**

- exceeding 100 h.p. (exceeding 73.55 kW)	50
Non-self-propelled (towable) vessels for which the gross capacity is determined (on each registered tonne of gross capacity)	20
Aeroplanes, helicopters and other aircraft with engines (per horsepower)	25
Aeroplanes with jet engines (on each kilogramme force of thrust)	20
Other watercraft and aircraft without engines (on a unit of the means of transport)	200

2. The tax rates which are referred to in clause 1 of this Article may be increased (reduced) by laws of constituent entities of the Russian Federation, but not more than tenfold.

The above-mentioned limitation on the reduction of tax rates by laws of constituent entities of the Russian Federation shall not apply to motor cars with an engine capacity (per horsepower) of up to 150 h.p. (up to 110.33 kW) inclusively.

3. Differentiated tax rates may be established for each category of means of transport and taking into account the number of years which have elapsed from the year of manufacture of the means of transport, and (or) their environmental class.

The number of years which have elapsed from the year of manufacture of a means of transport shall be determined as at January 1 of the current year in calendar years from the year following the year of manufacture of the means of transport.

### **Article 362 The Procedure for the Calculation of the Amount of Tax and Amounts of Advance Tax Payments**

1. Taxpayers which are organizations shall calculate the amount of tax and the amount of an advance tax payment independently. The amount of tax payable by taxpayers which are physical persons shall be calculated by tax authorities on the basis of information which is presented to the tax authorities by bodies which carry out the State registration of means of transport in the territory of the Russian Federation.
2. Unless otherwise provided by this Article, the amount of tax payable to the budget on the basis of the results for a tax period shall be calculated in relation to each means of transport as the product of the appropriate tax base and the tax rate.

The amount of tax payable to the budget by taxpayers which are organizations shall be determined as the difference between the calculated amount of tax and amounts of advance tax payments which are payable during the tax period.

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- 2.1 Taxpayers which are organizations shall calculate amounts of advance tax payments after the end of each accounting period as one quarter of the product of the appropriate tax base and the tax rate.
3. In the event that a means of transport is registered and (or) deregistered (removed from records, excluded from the State shipping register, etc.) during a tax (accounting) period, the amount of tax (the amount of the advance tax payment) shall be calculated with account taken of a coefficient which is determined as the ratio of the number of full months during which the means of transport in question was registered to the taxpayer to the number of calendar months in the tax (accounting) period. In this respect, the month in which the means of transport was registered and the month in which the means of transport was de-registered shall count as a whole month. In the event that a means of transport is registered and de-registered in the course of a single calendar month, that month shall count as one whole month.
4. Bodies which carry out the State registration of means of transport shall be obliged to notify the tax authorities for their location of means of transport which have been registered or de-registered by those bodies and of the persons to which means of transport have been registered within 10 days after they are registered or de-registered.
5. Bodies which carry out the State registration of means of transport shall be obliged to supply the tax authorities for their location with information concerning means of transport and concerning the persons to whom means of transport have been registered as at December 31 of the calendar year which has ended by February 1 of the current calendar year and concerning all relevant changes which occurred in the preceding calendar year.
- The information which is referred to in clauses 4 and 5 of this Article shall be presented by bodies which carry out the State registration of means of transport in forms to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.
6. A legislative (representative) body of a constituent entity of the Russian Federation shall have the right, when establishing the tax, to stipulate for certain categories of taxpayers the right not to calculate and pay advance tax payments during a tax period.

### **Article 363 The Procedure and Time Limits for the Payment of Tax and Advance Tax Payments**

1. Tax and advance tax payments shall be paid by taxpayers to the budget at the location of means of transport according to the procedure and within the time limits which are established by laws of constituent entities of the Russian Federation.

In this respect, the deadline for the payment of tax which is established for taxpayers which are organizations may not be earlier than the deadline which is envisaged by clause 3 of Article 363.1 of this Code.

## **Transport Tax**

The deadline for the payment of tax which is established for taxpayers who are physical persons may not be earlier than November 1 of the year following a tax period which has ended.

2. During a tax period taxpayers which are organizations shall pay advance tax payments unless otherwise provided by laws of constituent entities of the Russian Federation. After the tax period has ended taxpayers which are organizations shall pay the amount of tax calculated in accordance with the procedure envisaged by clause 2 of Article 362 of this Code.
3. Taxpayers which are physical persons shall pay transport tax on the basis of a tax demand to be sent by a tax authority.

A tax demand may be sent for not more than the three tax periods preceding the calendar year in which it is sent.

Taxpayers such as are referred to in paragraph 1 of this clause shall pay tax for not more than the three tax periods preceding the calendar year in which a tax demand such as is referred to in paragraph 2 of this clause is sent.

The refund (crediting) of an amount of tax which has been paid (recovered) in excess in connection with the recalculation of the amount of tax shall take place in respect of the period for which the recalculation was made in accordance with the procedure established by Articles 78 and 79 of this Code.

### **Article 363.1 Tax Declaration**

1. After the end of a tax period taxpayers which are organizations shall submit a tax declaration for the tax to the tax authority at the location of means of transport.
3. Tax declarations for the tax shall be submitted by taxpayers which are organizations not later than February 1 of the year following the tax period which has ended.
4. Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations to the tax authority where they are registered as major taxpayers.

## CHAPTER 29. GAMING TAX

### Article 364 Terms Used in This Chapter

The following terms shall be used for the purposes of this Chapter:

- gaming – entrepreneurial activity which involves the derivation by organizations or private entrepreneurs of income in the form of a payoff and (or) a charge for the conduct of games of chance and (or) bets and which does not constitute the sale of goods (property rights), work or services;
- organizer of a gaming establishment, including a bookmaking office (hereafter in this Chapter referred to as “organizer of a gaming establishment”) – an organization or private entrepreneur which carries out in the gaming sphere activities involving the organization of games of chance, with the exception of games of chance on a totalizator;
- organizer of a totalizator – an organization or private entrepreneur which carries out in the gaming sphere intermediary activities associated with the organization of games of chance involving the acceptance of stakes from participants in mutual betting and (or) the payment of a payoff;
- participant – a physical person who takes part in games of chance and (or) betting carried out by an organizer of a gaming establishment (organizer of a totalizator);
- game of chance – a risk-based agreement concerning a payoff which is concluded by two or more participants between each other or with the organizer of a gaming establishment (organizer of a totalizator) according to the rules established by the organizer of the gaming establishment (organizer of the totalizator);
- bet – a risk-based agreement concerning a payoff which is concluded by two or more participants between each other or with the organizer of a gaming establishment (organizer of a totalizator), the outcome of which depends on an event whose occurrence is uncertain;
- gaming table – a specially equipped place on the premises of an organizer of a gaming establishment, having one or more playing fields, which is intended for the playing of games of chance with any kind of payoff, in which the organizer of the gaming establishment participates through its representatives as a party or as an organizer;
- playing field – a special place on a gaming table, equipped in accordance with the rules of a game of chance, where a game of chance is conducted with any number of participants and with only one representative of the organizer of the gaming establishment participating in that game;

- gaming machine – special equipment (mechanical, electric, electronic or other technical equipment) which has been installed by an organizer of a gaming establishment and is used for the playing of games of chance with any kind of payoff without the participation of representatives of the gaming establishment in those games;

- counter of a totalizator or bookmaking office – a specially equipped place on the premises of an organizer of a gaming establishment (organizer of a totalizator) where the total amount of stakes is recorded and the amount of the payoff to be paid is determined.

### **Article 365 Taxpayers**

The taxpayers of gaming tax (hereafter in this Chapter referred to as “tax”) shall be organizations or private entrepreneurs which engage in entrepreneurial activities in the field of gaming.

### **Article 366 Objects of Taxation**

1. The following shall be deemed to be objects of taxation:
  - 1) a gaming table;
  - 2) a gaming machine;
  - 3) a totalizator counter;
  - 4) a bookmaking office counter.
2. For the purposes of this Chapter, each object of taxation which is referred to in clause 1 of this Article must be registered with the tax authority where that object of taxation is installed not later than two days before the date on which each object of taxation is installed. Registration shall be carried out by the tax authority on the basis of an application made by the taxpayer for the registration of the object (objects) of taxation with the mandatory issue of a certificate of registration of the object (objects) of taxation. The form of the above-mentioned application and the form of the above-mentioned certificate shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Taxpayers which are not registered with the tax authorities in the territory of the constituent entity of the Russian Federation where an object of taxation (objects of taxation) referred to in clause 1 of this Article is (are) installed shall be obliged to register with the tax authorities at the location where that object (those objects) of taxation is (are) installed not later than two days before the date on which each object of taxation is installed.

3. A taxpayer shall also be obliged to register with the tax authorities at the location where objects of taxation are registered any change in the number of objects of taxation no later than two days before the date on which each object of taxation is installed or removed.
4. An object of taxation shall be deemed to have been registered from the date on which the taxpayer submits to the tax authority an application for the registration of the object (objects) of taxation.  
  
An object of taxation shall be deemed to have been removed from the date on which the taxpayer submits to the tax authority an application for the registration of changes (reductions) in the number of objects of taxation.
5. An application for the registration of an object (objects) of taxation shall be submitted by the taxpayer to the tax authority in person or through its representative or shall be sent as a postal item with a list of enclosures.
6. The tax authorities shall be obliged, within five days from the date on which an application is received from a taxpayer for the registration of an object (objects) of taxation (concerning a change in the number of objects of taxation), to issue a certificate of registration or make amendments associated with the changes in the number of objects of taxation to the previously issued certificate.

**Article 367 Tax Base**

For each of the objects of taxation which are referred to in Article 366 of this Code, the tax base shall be determined separately as the total number of the respective objects of taxation.

**Article 368 Tax Period**

The tax period shall be a calendar month.

**Article 369 Tax Rates**

1. Tax rates shall be established by laws of constituent entities of the Russian Federation within the following limits:
  - 1) for one gaming table – from 25,000 to 125,000 roubles;
  - 2) for one gaming machine – from 1,500 to 7,500 roubles;
  - 3) for one totalizator counter or one bookmaking office counter – from 25,000 to 125,000 roubles.

2. Where the rates of taxes have not been established by laws of constituent entities of the Russian Federation, the rates of taxes shall be established in the following amounts:
  - 1) for one gaming table – 25,000 roubles;
  - 2) for one gaming machine – 1,500 roubles;
  - 3) for one totalizator counter or one bookmaking office counter – 25,000 roubles.

**Article 370 The Procedure for the Calculation of Tax**

1. The amount of tax shall be calculated by the taxpayer independently as the product of the tax base established for each object of taxation and the rate of tax established for each object of taxation.

Where one gaming table has more than one playing field, the rate of tax for that gaming table shall be increased by a multiple equal to the number of playing fields.

2. A tax declaration for a tax period which has ended shall be submitted by the taxpayer to the tax authority at the location where objects of taxation are registered, unless otherwise provided by this clause, not later than the 20th of the month following the tax period which has ended. The tax declaration shall be completed by the taxpayer with account taken of any change in the number of objects of taxation during the tax period which has ended.

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations to the tax authority where they are registered as major taxpayers.

3. Where a new object (new objects) of taxation is (are) installed before the 15th of the current tax period, the amount of tax shall be calculated as the product of the total number of the relevant objects of taxation (including the new object of taxation that has been installed) and the rate of tax established for those objects of taxation.

Where a new object (new objects) of taxation is (are) installed after the 15th of the current tax period, the amount of tax for that object (those objects) for that tax period shall be calculated as the product of the number of those objects of taxation and one half of the rate of tax established for those objects of taxation.

4. Where an object (objects) of taxation is (are) removed on or before the 15th of the current tax period, the amount of tax for that object (those objects) for that tax period shall be calculated as the product of the number of those objects of taxation and one half of the rate of tax established for those objects of taxation.



Where an object (objects) of taxation is (are) removed after the 15th of the current tax period, the amount of tax shall be calculated as the product of the total number of the relevant objects of taxation (including the removed object (objects) of taxation) and the rate of tax established for those objects of taxation.

**Article 371 The Procedure and Time Limits for the Payment of Tax**

Tax which is payable on the basis of the results for a tax period shall be paid by the taxpayer to the budget at the location where objects of taxation referred to in clause 1 of Article 366 of this Code are registered with a tax authority no later than the date established for the submission of a tax declaration for the relevant tax period in accordance with Article 370 of this Code.

**CHAPTER 30. TAX ON THE ASSETS OF ORGANIZATIONS**

**Article 372 General Provisions**

1. Tax on the assets of organizations (hereinafter referred to as “tax”) shall be established by this Code and laws of constituent entities of the Russian Federation, shall be implemented in accordance with this Code by laws of constituent entities of the Russian Federation and shall be compulsory for payment in the territory of a particular constituent entity of the Russian Federation from the moment when it is implemented.
2. When establishing the tax, legislative (representative) bodies of constituent entities of the Russian Federation shall determine the tax rate within the limits prescribed by this Chapter and the procedure and time limits for the payment of the tax.

When establishing the tax, laws of constituent entities of the Russian Federation may also envisage tax exemptions and grounds for the use thereof by taxpayers.

**Article 373 Taxpayers**

1. The taxpayers of the tax (hereafter in this Chapter referred to as “taxpayers”) shall be organizations which have assets which are deemed to be an object of taxation in accordance with Article 374 of this Code.
  - 1.1 Organizations which are organizers of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games in accordance with Article 3 of Federal Law No. 310-FZ of December 1, 2007 “Concerning the Organization and Holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games, the Development of the City of Sochi as a Mountain Climate Resort and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and persons who are marketing partners of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law shall not be taxpayers in relation to assets which are used by them exclusively in connection with the organization and (or) holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games and the development of the city of Sochi as a mountain climate resort.
2. Activities of a foreign organization shall be deemed to give rise to a permanent establishment in the Russian Federation in accordance with Article 306 of this Code, unless otherwise provided by international agreements of the Russian Federation.

**Article 374 Object of Taxation**

1. The objects of taxation for Russian organizations shall be movable and immovable property (including assets transferred for temporary possession, use, disposal or fiduciary management, contributed to joint activity or received under a concession agreement) which is recorded on the balance sheet as items of fixed assets in accordance with the established accounting procedure, unless otherwise provided by Articles 378 and 378.1 of this Code.
2. The objects of taxation for foreign organizations which carry out activities in the Russian Federation through permanent establishments shall be movable and immovable property which is classified as fixed assets and assets received under a concession agreement.

For the purposes of this Chapter, foreign organizations shall maintain records of objects of taxation in accordance with the accounting procedure established in the Russian Federation.

3. The objects of taxation for foreign organizations which do not carry out activities in the Russian Federation through permanent establishments shall be immovable property situated in the territory of the Russian Federation which is owned by those foreign organizations and immovable property received under a concession agreement.
4. The following shall not be deemed to be objects of taxation:
  - 1) plots of land and other natural resource sites (bodies of water and other natural resources);
  - 2) assets which belong on the basis of a right of operational management to federal executive bodies in which military and (or) equated service is envisaged by legislation and which are used by those bodies for the requirements of defence, civil defence, security and the protection of law and order in the Russian Federation.

**Article 375 Tax Base**

1. The tax base shall be determined as the average annual value of assets which are deemed to be an object of taxation.

For the purpose of determining the tax base, assets which are deemed to be an object of taxation shall be taken into account on the basis of their net book value as determined in accordance with the established accounting procedure which has been approved in an organization's accounting policies.

Where the charging of amortization is not envisaged for particular items of fixed assets, the value of those items for taxation purposes shall be determined as the difference between their historical cost and the amount of depreciation which is calculated on the basis of the established norms of amortization deductions for accounting purposes at the end of each tax (accounting) period.

2. The tax base for items of immovable property of foreign organizations which do not carry out activities in the Russian Federation through permanent establishments and for items of immovable property of foreign organizations which are not associated with the activities of those organizations in the Russian Federation through permanent establishments shall be deemed to be the inventory value of those items according to the data of technical inventory bodies.

Authorized bodies and specialized organizations which carry out record-keeping and technical inventorying in respect of items of immovable property shall be obliged to inform the tax authority at the location of those items of the inventory value of each such item which is situated in the territory of a particular constituent entity of the Russian Federation within 10 days from the date of valuation (revaluation) of those items.

### **Article 376 Procedure for Determining the Tax Base**

1. The tax base shall be determined separately in relation to assets which are taxable at the location of an organization (the place at which a permanent establishment of a foreign organization is registered with the tax authorities), in relation to the assets of each economically autonomous subdivision of an organization which has a separate balance sheet, in relation to each item of immovable property situated other than at the location of an organization, an economically autonomous subdivision of an organization which has a separate balance sheet or a permanent establishment of a foreign organization, in relation to assets forming part of the Unified Gas Supply System in accordance with Federal Law No. 69-FZ of March 31, 1999 “Concerning Gas Supply in the Russian Federation” (hereafter in this Chapter referred to as “assets forming part of the Unified Gas Supply System”), and in relation to assets which are taxable at different tax rates.
2. In the event that an item of immovable property which is taxable is actually situated in the territories of different constituent entities of the Russian Federation or in the territory of a constituent entity of the Russian Federation and in the territorial sea of the Russian Federation (on the continental shelf of the Russian Federation or in the exclusive economic zone of the Russian Federation), the tax base for that item of immovable property shall be determined separately and shall be taken into account in calculating tax in a particular constituent entity of the Russian Federation to an extent proportional to the balance sheet value (or, in the case of the items of immovable property which are referred to in clause 2 of Article 375 of this Code, the inventory value) of the item of immovable property in the territory of that constituent entity of the Russian Federation.
3. The tax base shall be determined by taxpayers independently in accordance with this Chapter.
4. The average value of assets deemed to be an object of taxation for an accounting period shall be determined as the quotient from dividing the sum

obtained as a result of adding together the amounts of the net book value of the assets as at the 1<sup>st</sup> of each month of the accounting period and the 1<sup>st</sup> of the month following the accounting period by the number of months in the accounting period plus one.

The average annual value of assets deemed to be an object of taxation for a tax period shall be determined as the quotient from dividing the sum obtained as a result of adding together the amounts of the net book value of the assets as at the 1<sup>st</sup> of each month of the tax period and the last date of the tax period by the number of months in the tax period plus one.

5. The tax base for each item of immovable property of foreign organizations which is referred to in clause 2 of Article 375 of this Code shall be taken to be equal to the inventory value of that item of immovable property as at January 1 of the year which is the tax period.
6. The tax base shall be reduced by the amount of completed capital investments in the construction, reconstruction and (or) modernization of navigational hydraulic structures situated on internal waterways of the Russian Federation, port hydraulic structures and air transport infrastructure facilities (with the exception of a centralized aircraft fuelling system and a cosmodrome) which are in the process of being commissioned, reconstructed and (or) modernized, to the extent that those investments have been included in the balance sheet value of those facilities.

The provision of this clause shall not apply to completed capital investments which were included in the balance sheet value of the above-mentioned facilities before January 1, 2010.

**Article 377 Special Considerations Relating to the Determination of the Tax Base in the Context of a Simple Partnership Agreement (Joint Activity Agreement)**

1. The tax base in the context of a simple partnership agreement (joint activity agreement) shall be determined on the basis of the net book value of assets deemed to be an object of taxation which have been contributed by a taxpayer under the simple partnership agreement (joint activity agreement) and on the basis of the net book value of other assets deemed to be an object of taxation which have been acquired and (or) created in the course of joint activity and constitute the common assets of the partners which are recorded on the separate balance sheet of the simple partnership by the party to the simple partnership agreement which manages the common affairs. Each party to the simple partnership agreement shall calculate and pay tax in relation to assets deemed to be an object of taxation which it has transferred to the joint activity. Tax due in respect of assets acquired and (or) created in the course of the joint activity shall be calculated and paid by the parties to the simple partnership agreement in proportion to their contribution to the common business.
2. The person which keeps records of the common assets of the parties must, for taxation purposes, inform each taxpayer which is a party to the simple

partnership agreement (joint activity agreement) not later than the 20th of the month following an accounting period of the net book value of assets which make up the common assets of the partners as at the 1st of each month of the accounting period in question and of the share of each participant in the common assets of the partners. In this respect, the person which maintains records of the common assets of the partners shall supply the information needed to determine the tax base.

**Article 378 Special Considerations Relating to the Taxation of Assets Placed Under Fiduciary Management**

1. Assets placed under fiduciary management and assets acquired in the context of a fiduciary agreement shall be taxable (with the exception of assets comprising a mutual investment fund) for the principal.
2. Assets forming a mutual investment fund shall be taxable for the management company. In this respect, tax shall be paid from assets forming that mutual investment fund.

**Article 378.1 Special Considerations Relating to the Taxation of Assets in the Context of Concession Agreements**

Assets transferred to and (or) created by a concessionaire in accordance with a concession agreement shall be taxable for the concessionaire.

**Article 379 Tax Period. Accounting Period**

1. The tax period shall be a calendar year.
2. The accounting periods shall be the first quarter, six months and nine months of a calendar year.
3. A legislative (representative) body of a constituent entity of the Russian Federation shall have the right not to establish accounting periods when establishing the tax.

**Article 380 Tax Rate**

1. Tax rates shall be established by laws of constituent entities of the Russian Federation and may not exceed 2.2 per cent.
2. Differentiated tax rates may be established depending on the categories of taxpayers and (or) assets which are deemed to be an object of taxation.

**Article 381 Tax Exemptions**

The following shall be exempt from taxation:

- 1) organizations and institutions of the penal system – with respect to assets which are used in carrying out the functions assigned to them;
- 2) religious organizations – with respect to assets which are used by them in carrying out religious activities;
- 3) all-Russian social organizations of disabled persons (including those established as unions of social organizations of disabled persons) in which disabled persons and their representatives account for not less than 80 per cent of the membership – with respect to assets which are used by them in carrying out their statutory activities;

organizations whose charter capital consists of contributions made by the above-mentioned all-Russian social organizations of disabled persons if the average number of disabled persons among their workforce is not less than 50 per cent and their share in the labour payment fund is not less than 25 per cent – with respect to assets which are used by them for the production and (or) sale of goods (with the exception of excisable goods, mineral raw materials and other commercial minerals and other goods according to a list to be approved by the Government of the Russian Federation in consultation with all-Russian social organizations of disabled persons), work and services (with the exception of broker and other intermediary services);

institutions whose assets are solely owned by the above-mentioned all-Russian social organizations of disabled persons – with respect to assets which are used by them to achieve educational, cultural, therapeutic-recreational, sport and fitness, scientific, informational and other goals relating to the social welfare and rehabilitation of disabled persons, and to provide legal and other assistance to disabled persons and to disabled children and their parents;

- 4) organizations whose main type of activity is the production of pharmaceutical products – with respect to assets which are used by them for the production of veterinary immunobiological preparations intended to combat epidemics and epizootics;
- 5) organizations – with respect to objects which are recognised as historical and cultural monuments of federal significance in accordance with the procedure established by the legislation of the Russian Federation;
- 9) organizations – with respect to nuclear installations which are used for scientific purposes, facilities for the storage of nuclear materials and radioactive substances, and radioactive waste repositories;
- 10) organizations – with respect to ice-breakers, vessels with nuclear power installations and nuclear service vessels;

- 11) organizations – with respect to public railway tracks, federal public roads, main pipelines, power transmission lines and installations which form an integral technological part of the above-mentioned facilities. The range of assets which may be classified as such facilities shall be approved by the Government of the Russian Federation;
- 12) organizations – with respect to space facilities;
- 13) assets of specialized prosthetic and orthopaedic enterprises;
- 14) assets of Bar associations, law bureaus and legal advice bureaus;
- 15) assets of State scientific centres;
- 17) organizations – with respect to assets recorded on the balance sheet of an organization which is a resident of a special economic zone which were created or acquired for the purpose of conducting activities in the territory of the special economic zone, are used in the territory of the special economic zone under the terms of the agreement on the creation of the special economic zone and are located in the territory of that special economic zone, for 5 years from the moment when those assets are entered in accounting record;
- 18) organizations – with respect to vessels registered in the Russian International Register of Vessels;
- 19) organizations which are recognised as management companies in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre”;
- 20) organizations which have acquired the status of participants in a project involving the conduct of research and development activities and commercialization of the results of those activities in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre”. Those organizations shall lose the right to exemption from taxation in cases specified in clause 2 of Article 145.1 of this Code. As proof of the right to exemption from taxation such organizations shall be obliged to present to the tax authority where they are registered documents confirming their status as project participants, as specified in the Federal Law “Concerning the “Skolkovo” Innovation Centre”, and data from records of income (expenses).

**Article 382 Procedure for the Calculation of the Amount of Tax and Amounts of Advance Tax Payments**

1. The amount of tax shall be calculated on the basis of the results for the tax period as the product of the appropriate tax rate and the tax base for the tax period.
2. The amount of tax payable to the budget on the basis of the results for the tax period shall be determined as the difference between the amount of tax calculated in accordance with clause 1 of this Article and the amounts of advance tax payments calculated during the tax period.



3. The amount of tax payable to the budget shall be calculated separately in relation to assets which are taxable at the location of an organization (at the place at which a permanent establishment of a foreign organization is registered with the tax authorities), in relation to the assets of each economically autonomous subdivision of an organization which has a separate balance sheet, in relation to each item of immovable property situated other than at the location of an organization, an economically autonomous subdivision of an organization which has a separate balance sheet or a permanent establishment of a foreign organization, in relation to assets forming part of the Unified Gas Supply System, and in relation to assets which are taxable at different tax rates.
4. The amount of an advance tax payment shall be calculated on the basis of the results for each accounting period as one quarter of the product of the appropriate tax rate and the average value of assets determined for the accounting period in accordance with clause 4 of Article 376 of this Code.
5. The amount of the advance tax payment for items of immovable property of foreign organizations which are referred to in clause 2 of Article 375 of this Code shall be calculated after an accounting period has ended as one quarter of the inventory value of an item of immovable property as at January 1 of the year which is the tax period, multiplied by the appropriate tax rate.

In the event that the right of ownership in an item of immovable property of foreign organizations as referred to in clause 2 of Article 375 of this Code arises (ceases) for a taxpayer during a tax (accounting) period, the amount of tax (the amount of the advance tax payment) payable in relation to that item of immovable property shall be calculated with account taken of a coefficient determined as the ratio of the number of full months for which the item of immovable property was owned by the taxpayer to the number of months in the tax (accounting) period, unless otherwise provided by this Article.

6. When establishing the tax, a legislative (representative) of a constituent entity of the Russian Federation shall have the right to allow certain categories of taxpayers the right not to calculate and pay advance tax payments during the tax period.

**Article 383 Procedure and Time Limits for the Payment of Tax and Advance Tax Payments**

1. Tax and advance tax payments shall be payable by taxpayers according to the procedure and within the time limits which are established by laws of constituent entities of the Russian Federation.
2. During a tax period taxpayers shall pay advance tax payments unless otherwise provided by a law of a constituent entity of the Russian Federation. After the tax period has ended, taxpayers shall pay the amount of tax calculated according to the procedure envisaged by clause 2 of Article 382 of this Code.

3. Tax and advance tax payments in respect of assets which are on the balance sheet of a Russian organization shall be payable at the location of that organization with account taken of the special considerations envisaged by Articles 384, 385 and 385.2 of this Code.
5. Foreign organizations which carry out activities in the Russian Federation through permanent establishments shall pay tax and advance tax payments in relation to the assets of permanent establishments at the place where those permanent establishments are registered with the tax authorities.
6. Tax and advance tax payments in respect of items of immovable property of a foreign organization which are referred to in clause 2 of Article 375 of this Code shall be payable to the budget at the location of the item of immovable property.

**Article 384 Special Considerations Relating to the Calculation and Payment of Tax at the Location of Economically Autonomous Subdivisions**

An organization which has economically autonomous subdivisions possessing a separate balance sheet shall pay tax (advance tax payments) to the budget at the location of each of the economically autonomous subdivisions in relation to assets deemed to be an object of taxation in accordance with Article 374 of this Code which are on the separate balance sheet of each of those subdivisions in an amount to be determined as the product of the tax rate in effect in the territory of the relevant constituent entity of the Russian Federation in which those economically autonomous subdivisions are located and the tax base (one quarter of the average value of assets) determined for the tax (accounting) period in accordance with Article 376 of this Code with respect to each economically autonomous subdivision.

**Article 385 Special Considerations Relating to the Calculation and Payment of Tax in Relation to Items of Immovable Property Which Are Situated Other Than at the Location of an Organization or of an Economically Autonomous Subdivision Thereof**

An organization which records on its balance sheet items of immovable property which are situated other than at the location of the organization or of an economically autonomous subdivision thereof which has a separate balance sheet shall pay tax (advance tax payments) to the budget at the location of each of those items of immovable property in an amount to be determined as the product of the tax rate in effect in the territory of the relevant constituent entity of the Russian Federation in which those items of immovable property are situated and the tax base (one quarter of the average value of assets) determined for the tax (accounting) period in accordance with Article 376 of this Code with respect to each item of immovable property.

**Article 385.1 Special Considerations Relating to the Calculation and Payment of Tax on the Assets of Organizations by Residents of the Special Economic Zone in the Kaliningrad Province**

1. Residents of the Special Economic Zone in the Kaliningrad Province shall pay tax on the assets of organizations in accordance with this Chapter in relation to all assets which are an object of taxation for that tax, with the exception of assets which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province.
2. Residents shall calculate the amount of tax on the assets of organizations in relation to assets which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province on a separate basis.
3. For residents, during the first six calendar years commencing from the day on which a legal entity is included in the unified register of residents of the Special Economic Zone in the Kaliningrad Province the tax rate for tax on the assets of organizations for assets which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall be established at 0 per cent.
4. In the period from the seventh to the twelfth calendar year inclusively from the day on which a legal entity is included in the unified register of residents of the Special Economic Zone in the Kaliningrad Province, the tax rate for tax on the assets of organizations for assets which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall be equal to the value established by a law of the Kaliningrad Province, reduced by fifty per cent.
5. The special procedure for the payment of tax on the assets of organizations shall not apply to that portion of the value of assets (which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province) that has been used for the production of goods (work and services) which may not be the subject of an investment project. In this respect, the proportion of the value of assets that has been used for the production of goods (work and services) which may not be the subject of an investment project shall be considered to be equal to the proportion of income from the sale of such goods (work and services) to the aggregate amount of all income of the resident.
6. The difference between the amount of tax on the assets of organizations in relation to the tax base for tax on assets of organizations (which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province) that would have been calculated by the resident if the special procedure for the payment of tax on the assets of organizations which is established by this Article were not used and the amount of tax on the assets of organizations which is calculated by the resident in accordance with this Article with respect to tax on assets of

organizations which have been created or acquired in connection with the implementation of an investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province shall not be included in the tax base for tax on the profit of organizations for residents.

7. In the event that a resident is excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province before it has received a certificate of the fulfilment of the conditions of an investment declaration, the resident shall be considered to have lost the right to apply the special procedure for the payment of tax on assets of organizations which is established by this Article from the beginning of the quarter in which it was excluded from that register.

In this case the resident shall be obliged to calculate the amount of tax in relation to assets created or acquired by it in connection with the implementation of the investment project in accordance with the federal law concerning the Special Economic Zone in the Kaliningrad Province at the tax rate established in accordance with Article 380 of this Code.

The amount of tax shall be calculated for the period of the application of the special taxation procedure.

The calculated amount of tax must be paid by the resident upon the expiration of the accounting or tax period in which it was excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province, not later than the dates established for the payment of advance tax payments for the accounting period or tax for the tax period in accordance with clause 1 of Article 383 of this Code.

When an on-site tax audit of a resident which has been excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province is carried out to determine whether or not the amount of tax has been correctly calculated and paid in full in relation to assets created or acquired by the resident in connection with the implementation of the investment project, the limitations which are established by paragraph 2 of clause 4 and clause 5 of Article 89 of this Code shall not apply provided that the decision to order the performance of the audit was adopted not later than within three months from the date on which the resident paid the amount of tax in question.

#### **Article 385.2 Special Considerations Relating to the Calculation and Payment of Tax in Relation to Assets Forming Part of the Unified Gas Supply System**

1. Tax (advance tax payments) shall be calculated in relation to assets forming part of the Unified Gas Supply System on the basis of the tax base determined for a constituent entity of the Russian Federation as a whole, and shall be paid to the budgets of the constituent entities of the Russian Federation where the assets are actually located.
2. For the purposes of this Chapter the actual location of assets forming part of the Unified Gas Supply System shall be deemed to be the territory of the

constituent entity of the Russian Federation where the extraction, transportation, storage and (or) supply of gas takes place.

3. An organization which owns assets forming part of the Unified Gas Supply System shall be obliged to ensure that records are maintained of those assets with the actual location of the assets shown in primary accounting documents.

#### **Article 386 Tax Declaration**

1. Taxpayers shall be obliged, after the end of each accounting and tax period, to present tax advance tax payment computations and a tax declaration to the tax authorities at their location, at the location of each of their economically autonomous subdivisions which has a separate balance sheet, at the location of each item of immovable property (for which the separate calculation and payment of tax is prescribed) and at the location of assets forming part of the Unified Gas Supply System, unless otherwise provided by this clause.

Advance tax payment computations and a tax declaration in respect of assets which are located in the territorial sea of the Russian Federation, on the continental shelf of the Russian Federation and (or) outside the territory of the Russian Federation (in the case of Russian organizations) shall be presented to the tax authority at the location of the Russian organization (at the place where the permanent establishment of a foreign organization is registered with the tax authorities).

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations (computations) to the tax authority where they are registered as major taxpayers.

2. Taxpayers shall present advance tax payment computations not later than 30 calendar days from the date on which the relevant accounting period ends.
3. Tax declarations based on the results for a tax period shall be presented by taxpayers not later than March 30 of the year following the tax period which has ended.

#### **Article 386.1 Elimination of Double Taxation**

1. Amounts of assets tax paid by a Russian organization outside the territory of the Russian Federation in accordance with the legislation of another state in relation to assets owned by the Russian organization which are situated in the territory of that state shall be allowed as a credit for the purpose of the payment of tax in relation to those assets in the Russian Federation.

In this respect, the total of amounts of tax paid outside the territory of the Russian Federation which are allowed as a credit may not exceed the amount of tax payable by that organization in the Russian Federation in relation to the assets referred to in this clause.

2. In order for tax to be credited a Russian organization must submit the following documents to the tax authorities:

- an application for tax to be credited;
- a document concerning the payment of tax outside the territory of the Russian Federation, confirmed by a tax authority of the foreign state concerned.

The above-mentioned documents shall be submitted by the Russian organization to the tax authority for the location of the Russian organization together with the tax declaration for the tax period in which tax was paid outside the territory of the Russian Federation.

**SECTION X LOCAL TAXES**

**CHAPTER 31. LAND TAX**

**Article 387 General Provisions**

1. Land tax (hereafter in this Chapter referred to as “tax”) shall be established by this Code and normative legal acts of representative bodies of municipalities, shall be implemented and cease to have effect in accordance with this Code and normative legal acts of representative bodies of municipalities and shall be compulsorily payable in the territories of those municipalities.

In the cities of federal significance, Moscow and Saint Petersburg, tax shall be established by this Code and laws of those constituent entities of the Russian Federation, shall be implemented and cease to have effect in accordance with this Code and laws of those constituent entities of the Russian Federation and shall be compulsorily payable in the territories of those constituent entities of the Russian Federation.

2. When establishing the tax, representative bodies of municipalities (the legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg) shall determine the tax rates within the limits which are established by this Chapter, and the procedure and time limits for the payment of tax.

When establishing the tax, normative legal acts of representative bodies of municipalities (laws of the cities of federal significance, Moscow and Saint Petersburg) may also establish tax exemptions and the grounds and procedure for the application thereof, including the establishment of the level of the non-taxable amount for certain categories of taxpayers.

**Article 388 Taxpayers**

1. The taxpayers of the tax (hereafter in this Chapter referred to as “taxpayers”) shall be organizations and physical persons which possess plots of land such as are deemed to be an object of taxation in accordance with Article 389 of this Code on the basis of ownership, on the basis of permanent (indefinite) use or on the basis of lifetime inheritable possession, except as otherwise established by this clause.

In the case of land plots which are part of assets forming a mutual investment fund, the taxpayers shall be the management companies. In this respect, tax shall be paid from assets forming that mutual investment fund.

2. Organizations and physical persons shall not be deemed to be taxpayers in relation to plots of land which are possessed by them on the basis of fixed-term use without consideration or have been transferred to them under a lease agreement.

**Article 389 Object of Taxation**

1. The object of taxation shall be plots of land situated within a municipality (the cities of federal significance, Moscow and Saint Petersburg) in whose territory the tax has been introduced.
2. The following shall not be deemed to be objects of taxation:
  - 1) plots of land which have been taken out of circulation in accordance with the legislation of the Russian Federation;
  - 2) plots of land subject to restricted circulation in accordance with the legislation of the Russian Federation which are occupied by especially valuable objects of the cultural heritage of the peoples of the Russian Federation, sites included in the World Heritage List, historical and cultural conservation areas and archaeological heritage sites;
  - 3) plots of land subject to restricted circulation in accordance with the legislation of the Russian Federation which have been provided for defence, security and customs requirements;
  - 4) plots of land forming part of lands of the forest estate;
  - 5) plots of land subject to restricted circulation in accordance with the legislation of the Russian Federation which are occupied by State-owned bodies of water forming part of the water resource stock.

**Article 390 Tax Base**

1. The tax base shall be defined as the cadastral value of plots of land which are deemed to be an object of taxation in accordance with Article 389 of this Code.
2. The cadastral value of a plot of land shall be determined in accordance with the land legislation of the Russian Federation.

**Article 391 The Procedure for Determining the Tax Base**

1. The tax base shall be determined in relation to each plot of land as its cadastral value as at January 1 of the year which is the tax period.

In the case of a plot of land which was formed in the course of a tax period, the tax base in that tax period shall be determined as its cadastral value as at the date of the cadastral registration of the plot of land in question.

The tax base for a plot of land which is in the territories of a number of municipalities (in the territories of a municipality and the cities of federal



## Land Tax

significance, Moscow or Saint Petersburg) shall be determined for each municipality (the cities of federal significance, Moscow and Saint Petersburg). In this respect, the tax base for the portion of the plot of land which lies within the borders of a particular municipality (of the cities of federal significance, Moscow and Saint Petersburg) shall be determined as a portion of the cadastral value of the entire plot of land which is proportional to that portion of the plot of land.

2. The tax base shall be determined separately in relation to shares in the common ownership of a plot of land where different persons are recognised as the taxpayers or different tax rates have been established in relation to such shares.
3. Taxpayers which are organizations shall determine the tax base independently on the basis of information in the State cadastre of immovable property concerning each plot of land which belongs to them on the basis of ownership or permanent (indefinite) use.

Taxpayers which are physical persons operating as private entrepreneurs shall determine the tax base independently in relation to plots of land which are used (are intended to be used) by them in entrepreneurial activities on the basis of information in the State cadastre of immovable property concerning each plot of land which belongs to them on the basis of ownership, permanent (indefinite) use or lifetime inheritable possession.

4. Unless otherwise provided by clause 3 of this Article, the tax base for each taxpayer which is a physical person shall be determined by tax authorities on the basis of information which is provided to tax authorities by bodies which carry out cadastral registration, maintain the State cadastre of immovable property and carry out the State registration of rights in immovable property and transactions involving such property.
5. The tax base shall be reduced by a non-taxable amount equal to 10,000 roubles per one taxpayer in the territory of one municipality (the cities of federal significance, Moscow and Saint Petersburg) with respect to a plot of land which is in the ownership, permanent (indefinite) use or lifetime inheritable possession of the following categories of taxpayers:
  - 1) Heroes of the Soviet Union, Heroes of the Russian Federation and full cavaliers of the Order of Glory;
  - 2) disabled persons with Group I disability and persons for whom Group II disability was established before January 1, 2004;
  - 3) persons disabled from childhood;
  - 4) veterans of and persons disabled as a result of participation in the Great Patriotic War, and veterans of and persons disabled as a result of participation in combat operations;

- 5) physical persons who have the right to receive social support in accordance with the Law of the Russian Federation “Concerning the Social Protection of Citizens Exposed to Radiation as a Result of the Disaster at the Chernobyl Atomic Electric Power Station” (as reworded by Law No. 3061-1 of the Russian Federation of June 18, 1992), in accordance with Federal Law No. 175-FZ of November 26, 1998 “Concerning the Social Protection of Citizens of the Russian Federation Who Were Exposed to Radiation as a Result of the Accident in 1957 at the *Mayak* Production Association and the Dumping of Radioactive Waste into the River Techa”, and in accordance with Federal Law No. 2-FZ of January 10, 2002 “Concerning Social Guarantees for Citizens Exposed to Radiation as a Result of Nuclear Tests on the Semipalatinsk Testing Range”;
  - 6) physical persons who, as part of special-risk subdivisions, directly participated in nuclear and thermonuclear weapons tests and in recovery operations for nuclear accidents at weapons facilities and military establishments;
  - 7) physical persons who contracted or suffered radiation sickness or became disabled as a result of tests, training exercises and other work associated with any types of nuclear installations, including nuclear weapons and space technology.
6. The tax base shall be reduced by the non-taxable amount which is established by clause 5 of this Article on the basis of documents confirming the right to reduce the tax base which are presented by the taxpayer to the tax authority at the location of a plot of land.
- The procedure and time limits for the presentation by taxpayers of documents confirming the right to reduce the tax base shall be established by normative legal acts of representative bodies of municipalities (laws of the cities of federal significance, Moscow and Saint Petersburg). In this respect, the deadline established for the presentation of documents confirming the right to a reduction of the tax base may not be later than February 1 of the year following a tax period which has ended.
7. If the size of the non-taxable amount which is envisaged by clause 5 of this Article exceeds the size of the tax base which has been determined for a plot of land, the tax base shall be taken to be equal to zero.

**Article 392 Special Considerations Relating to the Determination of the Tax Base for Plots of Land Which Are Under Common Ownership**

1. The tax base for plots of land which are under common shared ownership shall be determined for each of the taxpayers which are owners of the plot of land in question in proportion to its share in the common shared ownership.
2. The tax base for plots of land which are under common joint ownership shall be determined for each of the taxpayers which are owners of the plot of land in question in equal proportions.

3. If, when a building, installation or other immovable property is acquired, the right of ownership in that part of a plot of land which is occupied by the immovable property and is required for the use of that property passes to the acquirer (purchaser) in accordance with the law or an agreement, the tax base for that person in relation to that plot of land shall be determined in proportion to that person's share in the ownership of the plot of land in question.

Where a building, installation or other immovable property is acquired (purchased) by a number of persons, the tax base in relation to that part of a plot of land which is occupied by the immovable property and is required for the use of that property shall be determined for those persons in proportion to their share in the ownership (in the area) of that immovable property.

**Article 393 Tax Period. Accounting Period**

1. The tax period shall be a calendar year.
2. The accounting periods for taxpayers which are organizations and physical persons operating as private entrepreneurs shall be the first quarter, second quarter and third quarter of a calendar year.
3. When establishing the tax, the representative body of a municipality (the legislative (representative) State bodies of the cities of federal significance, Moscow and Saint Petersburg) shall have the right not to establish an accounting period.

**Article 394 Tax Rate**

1. Tax rates shall be established by normative legal acts of representative bodies of municipalities (laws of the cities of federal significance, Moscow and Saint Petersburg), and may not exceed:
  - 1) 0.3 per cent for plots of land:
    - which are classified as agricultural lands or as lands within agricultural use zones in inhabited localities and are used for agricultural production;
    - which are occupied by housing facilities and facilities of the engineering infrastructure of the housing and utility complex (with the exception of a part interest in a plot of land pertaining to a facility which is not part of housing facilities or facilities of the engineering infrastructure of the housing and utility complex), or which have been acquired (provided) for housing construction;
    - which have been acquired (provided) for private subsidiary farming, horticulture, market-gardening or animal husbandry, or for dacha plot farming;
  - 2) 1.5 per cent for other plots of land.

2. It shall be permissible to establish differentiated tax rates based on categories of lands and (or) the authorized use of a plot of land.

### **Article 395 Tax Exemptions**

The following shall be exempt from taxation:

- 1) organizations and institutions of the penal system of the Ministry of Justice of the Russian Federation - with respect to plots of land provided specifically for the performance of the functions assigned to those organizations and institutions;
- 2) organizations - with respect to plots of land which are occupied by State public highways;
- 4) religious organizations - with respect to plots of land belonging to them on which buildings, structures and installations designated for religious and charitable use are situated;
- 5) all-Russian social organizations of disabled persons (including those established as unions of social organizations of disabled persons) where disabled persons and their legal representatives account for no less than 80 per cent of the members - with respect to plots of land which are used by them in carrying out their statutory activities;  
  
organizations whose charter capital consists entirely of contributions made by the above-mentioned social organizations of disabled persons, if the average number of disabled persons among their employees is no less than 50 per cent and their share of the labour payment fund is no less than 25 per cent - with respect to plots of land which are used by them for the production and (or) sale of goods (with the exception of excisable goods, mineral raw materials and other commercial minerals and other goods in accordance with a decision to be approved by the Government of the Russian Federation in consultation with all-Russian social organizations of disabled persons), work and services (with the exception of brokerage and other intermediary services);  
  
institutions whose assets are solely owned by the above-mentioned all-Russian social organizations of disabled persons - with respect to plots of land which are used by them to achieve educational, cultural, health and recreation, sport and fitness, scientific, informational and other goals associated with the social protection and rehabilitation of disabled persons, and to provide legal and other assistance to disabled persons and to disabled children and their parents;
- 6) folk craft organizations - with respect to plots of land which are situated in the traditional locations of folk crafts and are used for the production and sale of folk craft articles;
- 7) physical persons belonging to small-numbered indigenous peoples of the North, Siberia and the Far East of the Russian Federation and communities of such peoples - with respect to plots of land which are used for the preservation

and development of their traditional way of life, economic activity and industries;

- 9) organizations which are residents of a special economic zone – with respect to plots of land situated in the territory of the special economic zone, for a period of 5 years from the moment when the right of ownership arises in each plot of land;
- 10) organizations which are recognised as management companies in accordance with the Federal Law “Concerning the “Skolkovo” Innovation Centre” – in relation to land plots provided for the direct performance of those organizations’ functions in accordance with that Federal Law.

**Article 396 The Procedure for the Calculation of Tax and Advance Tax Payments**

1. The amount of tax shall be calculated after a tax period has ended as a percentage of the tax base corresponding to the tax rate, unless otherwise provided by clauses 15 and 16 of this Article.
2. Taxpayers which are organizations shall calculate the amount of tax (the amount of advance tax payments) independently.  
  
Taxpayers which are physical persons operating as private entrepreneurs shall calculate the amount of tax (the amount of advance tax payments) independently in relation to plots of land which are used (are intended to be used) by them in entrepreneurial activities.
3. Unless otherwise provided by clause 2 of this Article, the amount of tax which is payable to the budget by taxpayers who are physical persons shall be calculated by tax authorities.
5. The amount of tax payable to the budget on the basis of the results for a tax period shall be determined by taxpayers which are organizations or private entrepreneurs as the difference between the amount of tax calculated in accordance with clause 1 of this Article and amounts of advance tax payments payable during the tax period.
6. Taxpayers for whom the accounting period is established as a quarter shall calculate amounts of advance tax payments upon the expiration of the first, second and third quarters of the current tax period as one quarter of a percentage corresponding to the tax rate of the cadastral value of a plot of land as at January 1 of the year which is the tax period.
7. Where the right of ownership (permanent (indefinite) use, lifetime inheritable possession) in a plot of land (a portion thereof) arises (ceases) for a taxpayer during a tax period, the amount of tax (the amount of the advance tax payment) for that plot of land shall be calculated using a coefficient which is determined as the ratio of the number of full months during which the plot of land in question was under the ownership (permanent (indefinite) use, lifetime inheritable possession) of the taxpayer to the number of calendar months in

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the tax (accounting) period, unless otherwise provided by this Article. In this respect, if the above-mentioned rights arose (ceased) on or before the 15th of a particular month, the month in which those rights arose shall be taken as a full month. If the above-mentioned rights arose (ceased) after the 15th of a particular month, the month in which those rights ceased shall be taken as a full month.

8. In the case of a plot of land (a portion thereof) which has passed to a physical person by inheritance, tax shall be calculated from the month in which the inheritance commences.
9. The representative body of a municipality (the legislative (representative) bodies of the cities of federal significance, Moscow and Saint Petersburg) may, when establishing the tax, stipulate the right of certain categories of taxpayers not to calculate and pay advance tax payments during a tax period.
10. Taxpayers which have the right to tax exemptions must submit documents confirming that right to the tax authorities at the location of the plot of land which is deemed to be an object of taxation in accordance with Article 389 of this Code.

Where the right to a tax exemption arises (ceases) for taxpayers during a tax (accounting) period, the amount of tax (the amount of the advance tax payment) for the plot of land in relation to which the right to a tax exemption is granted shall be calculated using a coefficient determined as the ratio of the number of full months during which there is no tax exemption to the number of calendar months in the tax (accounting) period. In this respect, the month in which the right to a tax exemption arises and the month in which that right ceases shall be taken as full months.

11. Bodies which carry out cadastral registration, maintain the State cadastre of immovable property and carry out the State registration of rights in immovable property and transactions involving such property shall present information to tax authorities in accordance with clause 4 of Article 85 of this Code.
12. Bodies which carry out cadastral registration, maintain the State cadastre of immovable property and carry out the State registration of rights in immovable property and transactions involving such property must, on an annual basis and before February 1 of a year which is a tax period, supply to the tax authorities at their location information concerning plots of land which are deemed to be an object of taxation in accordance with Article 389 of this Code as at January 1 of the year which is the tax period.
13. The information referred to clause 12 of this Article shall be presented by bodies which carry out cadastral registration, maintain the State cadastre of immovable property and carry out the State registration of rights in immovable property and transactions involving such property in the form approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

14. On the basis of the results of a State cadastral appraisal of lands information on the cadastral value of plots of land shall be provided to taxpayers in the manner prescribed by a federal executive body authorized by the Government of the Russian Federation.

15. With respect to plots of land ownership of which was acquired by (provided to) physical persons and legal entities on condition of carrying out housing construction thereon, other than individual housing construction, the amount of tax (the amount of advance tax payments) shall be calculated by taxpayer – organizations or taxpayer – physical persons who are private entrepreneurs using a coefficient of 2 during a three-year period of construction commencing from the date of the State registration of rights in the plots of land in question until the State registration of rights in the constructed item of immovable property has taken place. In the event that such housing construction and the State registration of rights in the constructed item of immovable property are completed before the expiration of the three-year construction period, the amount of tax paid during that period in excess of an amount of tax calculated using a coefficient of 1 shall be deemed to be an amount of overpaid tax and shall be offset for (refunded to) the taxpayer according to the generally established procedure.

With respect to plots of land ownership of which was acquired by (provided to) physical persons and legal entities on condition of carrying out housing construction thereon, other than individual housing construction, the amount of tax (the amount of advance tax payments) shall be calculated using a coefficient of 4 during any period in excess of the three-year construction period until the date of State registration of rights in the constructed item of immovable property.

16. With respect to plots of land ownership of which was acquired by (provided to) physical persons and legal entities for individual housing construction, the amount of tax (the amount of advance tax payments) shall be calculated using a coefficient of 2 upon the expiration of a period of 10 years from the date of State registration of rights in the plots of land concerned until the State registration of rights in the constructed item of immovable property has taken place.

**Article 397 The Procedure and Time Limits for the Payment of Tax and Advance Tax Payments**

1. Tax and advance tax payments shall be payable by taxpayers according to the procedure and within the time limits which are established by normative legal acts of representative bodies of municipalities (laws of the cities of federal significance, Moscow and Saint Petersburg).

In this respect, the time limit for the payment of tax which is established for taxpayers which are organizations or physical persons operating as private entrepreneurs may not be earlier than the time limit which is envisaged by clause 3 of Article 398 of this Code.

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The deadline for the payment of tax which is established for physical persons who are private entrepreneurs may not be earlier than November 1 of the year following a tax period which has ended.

2. During a tax period taxpayers (organizations or private entrepreneurs) shall pay advance tax payments unless otherwise provided by a normative legal act of the representative body of a municipality (laws of the cities of federal significance, Moscow and Saint Petersburg). After the tax period has ended taxpayers (organizations or private entrepreneurs) shall pay the amount of tax calculated in accordance with the procedure laid down in clause 5 of Article 396 of this Code.
3. Tax and advance tax payments shall be paid by taxpayer – organizations and taxpayer – physical persons who are private entrepreneurs to the budget at the location of plots of land which are deemed to be an object of taxation in accordance with Article 389 of this Code.
4. Taxpayers which are physical persons shall pay tax on the basis of a tax demand sent by a tax authority.

A tax demand may be sent for not more than the three tax periods preceding the calendar year in which it is sent.

Taxpayers such as are referred to in paragraph 1 of this clause shall pay tax for not more than the three tax periods preceding the calendar year in which a tax demand such as is referred to in paragraph 2 of this clause is sent.

The refund (crediting) of an amount of tax which has been paid (recovered) in excess in connection with the recalculation of the amount of tax shall take place in respect of the period for which the recalculation was made in accordance with the procedure established by Articles 78 and 79 of this Code.

### **Article 398 Tax Declaration**

1. Taxpayer organizations or taxpayer physical persons who are private entrepreneurs with respect to plots of land which are possessed by them on the basis of ownership or on the basis of permanent (indefinite) use and are used (are intended for to be used) in entrepreneurial activities shall, after a tax period has ended, submit a tax declaration for tax to the tax authority at the location of a plot of land.
3. Tax declarations for tax shall be submitted by taxpayers not later than February 1 of the year following the tax period which has ended.
4. Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations to the tax authority where they are registered as major taxpayers.



**President of the Russian Federation**

**Land Tax**  
**V.V. Putin**