

January 2016

AGP lawyers offer a brief overview of the most essential amendments to the RF Tax Code, that went into effect in 2016.

Liability of and Enforcement Measures against Tax Agents

In the event of tax agent's failure to submit a calculation of Personal Income Tax amounts assessed and withheld by the tax agent, within 10 days upon expiry of the deadline for submission of such calculation the tax authority has the right to render a decision to suspend the tax agent's bank account transactions and wire transfers of its funds. The tax authority must revoke its decision no later than on the day following the date of submission by the tax agent of the said calculation (Section 3.2 of Art. 76 of the RF TC as amended by Federal Law of May 2, 2015 N 113-FZ).

Furthermore, the tax agent who fails to submit to the local tax authority (with which it is registered) a calculation of Personal Income Tax amounts assessed and withheld by it, within the established time limit, will incur a penalty of 1,000 rubles for each month or fraction thereof from the date of the deadline for submission of the calculation (Section 1.2 of Art. 126 of the RF TC as amended by Federal Law of May 2, 2015 N 113-FZ).

A tax agent submitting to the tax authority documents containing inaccurate information will incur a penalty of 500 rubles for each submitted document containing inaccurate information. However the tax agent will be released from liability in case it detects mistakes itself and submits to the tax authority corrected documents before the time when the tax agent learns about discovery by the tax authority of the inaccuracy of information set out in the documents submitted by it (Art. 126.1 of the RF TC as amended by Federal Law of May 2, 2015 N 113-FZ).

Reduction of the Threshold for Application of the Declarative VAT Credit Procedure

The threshold value of tax amounts allowing for application of the declarative VAT refund procedure, has been reduced from 10 to 7 billion rubles.

Federal Law of December 29, 2015 N 397-FZ amends subsection 1 of section 2 of Article 176.1 of the RF TC, effective as of the beginning of this year. From January 2016 on, taxpayers (organizations) whose total amount of VAT, excise taxes, corporate profit tax and mineral production tax, paid during three calendar years preceding the year in which they file a notice of application of the declarative tax refund procedure, net of tax amounts paid in connection with movement of goods across the border of the Russian Federation and when acting as a tax agents, is 7 billion rubles or more may apply the declarative tax refund procedure.

Also from January 1, 2016 the declarative tax refund procedure may be applied by taxpayers who are residents of the free port Vladivostok, subject to their meeting conditions set forth in subsection 4 of section 2 of Art. 176.1 of the Tax Code (as amended by Federal Law of July 13, 2015 N 214-FZ).

Personal Income Tax. Extension of the Minimum Term of Ownership Required for Application of a Tax Rebate

From January 1, 2016 income received by a taxpayer from sale of real property is exempt from taxation, provided that such real property had been owned by the taxpayer for five years. The previously applicable three-year term is preserved only for real property with respect to which one of the following conditions is met:

- 1) the taxpayer acquired title to the real property by way of inheritance or under a gift contract from an individual who is recognized as a family member and (or) close relative of such taxpayer, as defined in the Family Code of the Russian Federation;
- 2) the taxpayer acquired title to the real property by way of privatization;
- 3) the taxpayer, being a rent payer, acquired title to the real property as a result of transfer of the property under an agreement for maintenance of dependent for life (Articles 210 and 217.1 of the RF TC as amended by Federal Law of November 29, 2014 N 382-FZ).

Personal Income Tax. Possibility of Making of Education and Medical Costs Deductions Directly by the Employer

From the beginning of this year social tax deductions of education and medical costs may be made not only when the taxpayer files his/her tax return to tax authorities after the end of the fiscal period, but also by taxpayer's employer upon submission to it of a written request before the end of the fiscal period (section 2 of Art. 219 of the RF TC as amended by Federal Law of April 6, 2015 N 85-FZ).

Personal Income Tax. Income from Sale of Certain Securities May Be Excluded from the Tax Base, Provided that the Seller Had Continuously Owned Such Securities for One Year or a Longer Time

From the beginning of this year income from sale (redemption) of shares, bonds issued by Russian organizations, investment units conforming to requirements of Article 284.2.1 of the RF TC fall within exempt income, provided that by the date of their sale (redemption) the taxpayer had continuously owned or otherwise held interest in them for one year or a longer time (section 17.2 of Art. 217 of the RF TC as amended by Federal Law of December 29, 2015 N 396-FZ).

Profit Tax. Increase of the Minimal Acquisition Value of the Amortizable Assets from 40,000 to 100,000 rubles.

The above referenced amendments apply to amortizable property put into operation on or after January 1, 2016. Similar amendments have also been made with respect to fixed assets acquisition value (section 1 of Art. 256 of the RF TC, section 1 of Art. 257 of the RF TC as amended by Federal Law of June 8, 2015 N 150-FZ).

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This overview is not intended to provide legal advice and/or any other form of legal assistance that may be rendered by attorney-at-law to client. The exclusive purpose of this review is to make aware its recipient of certain recent changes in Russian laws and regulations, and of the development of law application practice. Any use of the information contained herein for particular purposes may require more detailed case-specific explanations. Further information can be obtained via +7 (495) 933 75 67 or office@agp.ru



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