

# I Bellerage Alinga

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Dear Clients and Partners,

As some of you may know, Russia started warm times as usually with two long weekends in the beginning of May, celebrating Labor Day and Victory Day. In late April it was announced, that the four days in between would be non-working days (with salaries still being paid), delighting employees and dismaying some employers.

For me personally, this was a déjà vu – in March 2020 two weeks of non-working days were actually the start of a lockdown of several months, with work being done either from home or not at all.

Now, public life in Moscow is up and running: one may travel to other cities or dine in a restaurant with friends and family, going to a mall and buy new clothes – no problem. So not only for the people, but also for business there are things to do in Russia.

Nevertheless, the pandemic continues to affect economy and politics, with relieves for small and medium enterprises being prolonged and digitalization and automation of processes continuing to go forward – read about this and more in our new Quarterly.

P.S. Our company keeps growing, and so does our IT department, so if you look to automate some of your business-processes too, we are happy to help.

Jaclyn Shvets

Client & Partners Relations



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## New criteria of mandatory audit

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From 2021 new legislation came into power, according to which companies must have an audit in case in the preceding year:

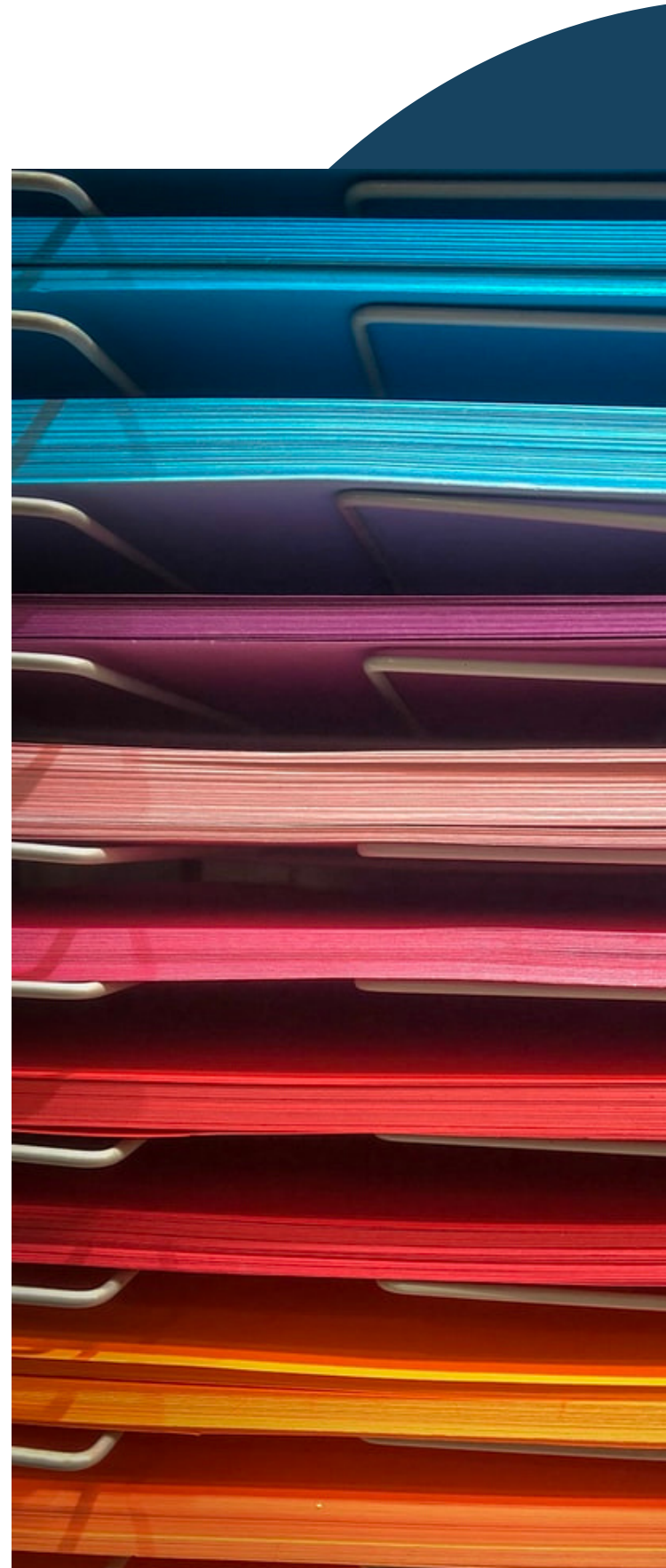
- Organization's income exceeds 800 million roubles (previously – 400 millions)
- The sum of balance sheet assets exceeds 400 million roubles (previously – 60 millions)

In reality the goal of this raise of limits is to free small and medium businesses from this procedure. The new rules apply to accounts for 2020, in case the audit has not started yet. In all other cases the report will have to be sent to the Federal Taxation Service anyway.

Besides, from now on funds (excluding public, off-budget and international) are not subject to mandatory audit if the income of property, including monetary assets, amounted less than 3 million rubles per year.

Other amendments to the law concern the code of work ethics and the rules of independence and activities of self-regulating companies.

**Author: Ekaterina Sukhinina**



## Personal data: new regulations

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From March 2021 new requirements concerning personal data treatment came into power.

- A new Roskomnadzor order has been developed, which sets new content personal data utilisation agreements, which from now on has to be arranged separately from all other similar documents. Also, silentness or inactivity shall not be regarded as agreement.
- Operators must provide the subject of personal data with the ability to determine the information in each category, which is allowed for sharing.
- In case a subject himself has disclosed personal data to third parties and has not provided the operator with an agreement, the operator will be the one responsible for proving the legality of further treatment of this data.
- Consent to usage of data can be acquired in 2 ways: directly from the subject or via the Roskomnadzor information system.
- Operators must publish information about the terms of usage of personal data within 3 days after the consent has been given.
- Personal data transfer must be stopped at any time at the subject's will.

Furthermore, fines for breaking the law on personal data have been increased: for authorities they amount from 10 to 50 thousand rubles, for legal entities - from 20 to 300 thousand rubles.

**Author: Timur Nurmukhametdinov**



## Product traceability system VS Marking: what to expect in 2021

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In the middle of 2019 an experiment on product traceability was started in Russia. As marking, this measure is directed towards controlling turnover of contrafact and contraband products and allowing tracking of a product from the moment of its import to Russia and up to its sale to the consumer. The difference is that the traceability system controls the whole shipment rather than single goods and it doesn't require the seller to have any special equipment.

Currently connecting to the system is voluntary, however from July 2021 it will become mandatory for all importers of the following categories of goods:

- Refrigeration equipment;
- Some types of industrial equipment: forklift trucks, bulldozers etc.;
- Washing machines and baby strollers;
- Monitors and projectors;
- Electronic integral circuits;
- Children's seats for cars.

In addition companies and individual entrepreneurs will be obliged to provide quarterly reports on the operations with traced goods:

- VAT payers will provide data in the VAT declaration
- Others – as a separate report.

Non-providing or untimely reports are expected to be fined.

**Author: Marina Kukshinova**





## SME register is now updated monthly

New legislation came into power, according to which the register of small and medium enterprises (further referred to as 'register') has started to be updated every month. Previously, companies could enter it only once a year – in August.

Companies with the status of SME have the right to enjoy several benefits, among which are: lower premium rates (combined rate amounts 15%) concerning payments to the employees, that exceed minimum wage.

To enter the register, a Russian company must satisfy the following criteria:

- Revenue does not exceed 2 billion roubles per year;
- Average number of employees per year does not exceed 250 people.

Besides, in case a Russian legal entity is owned by a foreign company by more than 49%, the foreign company also must satisfy the described criteria and not be registered in an offshore area.

Confirmation of compliance of the foreign participant to all the conditions and submitting of all the required documents to the tax authorities can be done by audit organizations.

Bellerage Alinga's consultants are always glad to help you with analyzing the opportunities of getting the SME status or/and verifying the reporting of corresponding international organization.

**Author: Timur Nurmukhametdinov**



## Russia revises agreements on avoiding double taxation

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The Ministry of Finances of Russia has published a list of 34 countries, with whom changes in agreements on avoiding double taxation came into power from 1st of January 2021. These are France, Great Britain, Czech Republic and other states. Such massive changes of relations between countries are possible thanks to MLI convention, which is adopted by every state in the list.

Changes tighten the requirements for accounting to obtain tax benefits. Thus, transferring funds abroad (such as royalty payment, dividends etc.) requires explanation of the business benefits of foreign companies in payment chains, or else it could be regarded as an attempt to avoid taxes.

Experts claim that this new feature significantly complicates tax minimization as well as broadens the jurisdiction of tax authorities.

**Author: Daniil Kravtsov**

