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FEDERAL LAW No. 146-FZ OF 31 JULY 1998

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Federation and Certain Legislative Acts of the Russian Federation;


Legislative Acts of the Russian Federation in Connection with the Adoption of the Federal Law “Concerning Information, Information Technologies and Information Protection”;


60. Federal Law No. 94-FZ of the Russian Federation of 7 May 2013 Concerning the Introduction of Amendments to Article 85 of Part One and Articles 284 and 346.2 of Part Two of the Tax Code of the Russian Federation;

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82. Federal Law No. 376-FZ of the Russian Federation of 24 November 2014 Concerning the Introduction of Amendments to Parts One and Two of the Tax Code of the Russian Federation (Regarding the Taxation of Profit of Controlled Foreign Companies and Income of Foreign Organizations);


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SECTION I. GENERAL PROVISIONS

CHAPTER 1. LEGISLATION CONCERNING TAXES AND LEVIES AND OTHER NORMATIVE LEGAL ACTS CONCERNING TAXES AND LEVIES

Article 1 The Tax and Levy Legislation of the Russian Federation, the Tax and Levy Legislation of Constituent Entities of the Russian Federation, and Normative Legal Acts of Representative Bodies of Municipalities Concerning Taxes and Levies

1. The tax and levy legislation of the Russian Federation shall consist of this Code and federal laws concerning taxes, levies and insurance contributions which are adopted in accordance with this Code.

2. This Code establishes the system of taxes and levies, insurance contributions and the principles of assessment to insurance contributions, and the general principles of taxation and levies in the Russian Federation, including:

1) the types of taxes and levies which are to be collected in the Russian Federation;

2) the grounds on which obligations to pay taxes and levies arise (change, terminate) and the procedure for the fulfilment of those obligations;

3) the principles governing the establishment, implementation and abolition of previously introduced taxes of constituent entities of the Russian Federation and local taxes;

4) the rights and obligations of taxpayers, tax authorities and other parties to relations which are regulated by tax and levy legislation;

5) the forms and methods of tax control;

6) liability for tax offences;

7) the procedure for appealing against acts of tax authorities and the actions (inaction) of their officials.

3. The force of this Code shall apply to rights and obligations associated with the establishment, introduction and collection of levies and insurance contributions in those instances where this is directly stipulated by this Code.

4. The tax and levy legislation of constituent entities of the Russian Federation shall consist of tax laws of constituent entities of the Russian Federation which have been adopted in accordance with this Code.
5. Normative legal acts of municipalities concerning local taxes and levies shall be adopted by representative bodies of municipalities in accordance with this Code.

6. The laws and other normative legal acts which are referred to in this Article shall hereafter in the text of this Code be referred to as “tax and levy legislation”.

7. The introduction of amendments to the tax and levy legislation of the Russian Federation and the suspension, abolition or annulment of provisions of acts of tax and levy legislation of the Russian Federation shall take place by means of separate federal laws and may not be included in the texts of federal laws which amend (suspend, abolish, annul) other legislative acts of the Russian Federation or have their own subject of legal regulation.

8. Federal laws may provide for experiments involving the establishment of taxes, levies and special tax regimes to be conducted for a limited period of time in the territory of one or more constituent entities of the Russian Federation or municipalities.

Legal relations arising in the course of conducting those experiments shall be regulated by tax and levy legislation with account taken of the special considerations established by federal laws concerning the conduct of experiments.

In the period in which an experiment is conducted, but not later than six months before it ends, the Government of the Russian Federation shall submit to the State Duma of the Federal Assembly of the Russian Federation a report on the effectiveness (ineffectiveness) of the experiment conducted and proposals for it to be extended, for the tax, levy or special regime in question to be established by this Code or for the experiment to be terminated.

**Article 2**

**Relations Which Are Regulated by Tax and Levy Legislation**

1. Tax and levy legislation shall regulate relations of power with respect to the establishment, introduction and collection of taxes, levies and insurance contributions in the Russian Federation and relations which arise in the process of exercising tax control, appealing against acts of tax authorities and the actions (inaction) of their officials and imposing sanctions for the commission of tax offences.

2. Tax and levy legislation shall not apply to relations associated with the establishment, introduction and collection of customs payments and relations which arise in the process of exercising control over the payment of customs payments, appealing against acts of customs authorities and the actions (inaction) of their officials and imposing sanctions on offenders, unless otherwise stipulated by this Code.
3. Tax and levy legislation shall not apply to relations associated with the establishment and charging of insurance contributions for compulsory social insurance against industrial accidents and occupational illnesses and insurance contributions for compulsory medical insurance of the non-working population, or to relations arising in the process of the monitoring of the payment of those insurance contributions, appeals against acts and actions (inaction) of officials of relevant control authorities and the imposition of sanctions on culpable persons.

Article 3 Basic Principles of Tax and Levy Legislation

1. Every person must pay legally established taxes and levies. Tax and levy legislation shall be based on the recognition of the universality and equality of taxation. In establishing taxes account shall be taken of the actual ability of the taxpayer to pay the tax.

2. Taxes and levies may not be of a discriminatory nature or be applied differently on the basis of social, racial, national, religious or other similar criteria.

   It shall not be permissible to establish differentiated rates of taxes and levies or tax exemptions depending on form of ownership, the nationality of physical persons or the place of origin of capital.

3. Taxes and levies must have an economic basis and may not be arbitrary. Taxes and levies which hinder citizens from exercising their constitutional rights shall not be permissible.

4. It shall not be permissible to establish taxes and levies which violate the single economic space of the Russian Federation and, in particular, which directly or indirectly restrict the free movement of goods (work and services) or financial resources within the territory of the Russian Federation, or otherwise to restrict or create hindrances to economic activities of physical persons and organizations which are not prohibited by law.

5. No one may be charged with an obligation to pay taxes and levies or other contributions and payments which have the attributes of taxes and levies as established by this Code other than those which are provided for by this Code or which have been established in a manner other than that which is prescribed by this Code.

6. When taxes are established all elements of taxation must be defined. Acts of legislation concerning taxes and levies must be formulated in such a way that every person knows precisely which taxes (levies and insurance contributions) he must pay and when and according to what procedure he must pay them.
7. All unresolvable doubts, contradictions and ambiguities in acts of tax and levy legislation shall be interpreted in favour of the taxpayer (levy payer, payer of insurance contributions, tax agent).

**Article 4**


1. The Government of the Russian Federation, federal executive bodies which are authorized to carry out functions involving the formulation of State policy and normative-legal regulation in the sphere of taxes and levies and in the customs sphere, executive bodies of constituent entities of the Russian Federation and executive local government bodies in cases provided by tax and levy legislation shall, within the limits of their competence, issue normative legal acts which may not make amendments or additions to tax and levy legislation.

2. The federal executive body in charge of control and supervision in the area of taxes and levies and its territorial bodies and customs authorities of the Russian Federation which are subordinate to the federal executive body in charge of the customs sphere shall not have the right to issue normative legal acts on matters concerning taxes, levies and insurance contributions.

**Article 5**

**The Force of Acts of Tax and Levy Legislation in Time**

1. Acts of their official publication and not earlier than the 1st day of the next tax period for the tax in question, except in cases provided for in this Article.

Acts of legislation concerning levies shall enter into force no earlier than one month after the day of their official publication, except in cases provided for in this Article.

Acts of tax and levy legislation, insofar as they concern the regulation of insurance contributions, shall enter into force not earlier than upon the lapse of one month from the day of their official publication and not earlier than the first day of the next computation period for insurance contributions, except in cases provided for in this Article.

Federal laws which introduce amendments to this Code regarding the establishment of new taxes and (or) levies and acts of tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of representative bodies of municipalities which introduce taxes shall enter into force no earlier than 1 January of the year following the year in which they are adopted, but not earlier than one month from the day of their official publication.
Acts of tax and levy legislation such as are referred to in clauses 3 and 4 of this Article may enter into force on dates directly specified in those acts, but not earlier than the date of their official publication.

2. Acts of tax and levy legislation which establish new taxes, levies and (or) insurance contributions, raise tax rates, levy rates and (or) rates of insurance contributions, establish or increase liability for the violation of tax and levy legislation, establish new obligations or otherwise worsen the position of taxpayers, levy payers and (or) payers of insurance contributions and of other parties to relations which are regulated by tax and levy legislation shall not have retroactive force.

3. Acts of tax and levy legislation which abolish or reduce liability for the violation of tax and levy legislation or establish additional guarantees of the protection of the rights of taxpayers, levy payers, payers of insurance contributions, tax agents and their representatives shall have retroactive force.

4. Acts of tax and levy legislation which abolish taxes, levies and (or) insurance contributions, lower tax rates, levy rates and (or) rates of insurance contributions, eliminate obligations of taxpayers, levy payers, payers of insurance contributions, tax agents or their representatives or otherwise improve their position may have retroactive force if they directly stipulate this.

4.1 Provisions of acts of tax and levy legislation regarding the increasing and (or) abolition of reduced tax rates and insurance contribution rates established for taxpayers which are participants in special investment contracts in connection with the performance by them of a special investment contract in accordance with Federal Law No. 488-FZ of 31 December 2014 “Concerning Industrial Policy in the Russian Federation”, and (or) regarding the abolition or amendment of the conditions for the granting of tax concessions and other preferences (including special procedures and time limits for the payment and procedures for the calculation of taxes and levies) established for such taxpayers, shall not apply to those taxpayers until the earliest of the following dates:

- the date on which the taxpayer loses the status of participant in a special investment contract;

- the expiry date of the effective periods of the tax rates, insurance contribution rates, tax concessions, tax calculation procedures and tax payment procedures and time limits established as at the date of conclusion of a special investment contract, if the expiry date of the effective periods of the tax rates, insurance contribution rates, tax concessions, tax calculation procedures and tax payment procedures and time limits established as at the date of conclusion of a special investment contract falls before the date on which the taxpayer loses the status of participant in a special investment contract.
The provisions of this clause shall apply to acts of tax and levy legislation insofar as they concern insurance contributions, tax on profit of organizations, tax on assets of organizations, transport tax and land tax and shall apply for a taxpayer which is a participant in a special investment contract provided that the special investment contract in question contains references to provisions of acts of tax and levy legislation regarding reduced tax rates, insurance contribution rates or tax concessions and other preferences (including special procedures and time limits for the payment and procedures for the calculation of taxes and levies) established for taxpayers which are participants in special investment contracts in connection with the performance by them of a special investment contract which are covered by this clause.

4.2 Provisions of acts of tax and levy legislation regarding the increasing and (or) abolition of reduced tax rates and insurance contribution rates established for taxpayers which are residents of priority socio-economic development areas and taxpayers which are residents of the Vladivostok free port in connection with the performance by them of activity agreements in accordance with Federal Law No. 473-FZ of 29 December 2014 “Concerning Priority Socio-Economic Development Areas” or Federal Law No. 212-FZ of 13 July 2015 “Concerning the Vladivostok Free Port”, and (or) regarding the abolition or amendment of the conditions for the granting of tax concessions and other preferences (including special procedures and time limits for the payment and procedures for the calculation of taxes and levies) established for such taxpayers, shall not apply in relation to those taxpayers until the earliest of the following dates:

- the date on which the taxpayer loses the status of resident of a priority socio-economic development area or resident of the Vladivostok free port respectively;

- the expiry date of the effective periods of the tax rates, insurance contribution rates, tax concessions, tax calculation procedures and tax payment procedures and time limits established as at the date of conclusion of an activity agreement such as is referred to in paragraph 1 of this clause, if the expiry date of the effective periods of the tax rates, insurance contribution rates, tax concessions, tax calculation procedures and tax payment procedures and time limits established as at the date of conclusion of the agreement in question falls before the date on which the taxpayer loses the status of resident of a priority socio-economic development area or resident of the Vladivostok free port.

The provisions of this clause shall apply to acts of tax and levy legislation insofar as they concern insurance contributions, tax on profit of organizations, tax on assets of organizations, transport tax and land tax and shall apply for a taxpayer which is a resident of a priority socio-economic development area or a resident of the Vladivostok free port provided that the relevant activity agreement contains references to provisions of acts of tax and levy legislation
regarding reduced tax rates, insurance contribution rates or tax concessions and other preferences (including special procedures and time limits for the payment and procedures for the calculation of taxes and levies) established for taxpayers which are residents of priority socio-economic development areas and taxpayers which are residents of the Vladivostok free port in connection with the performance by them of activity agreements which are covered by this clause.

5. The provisions laid down in this Article shall also apply to normative legal acts of the Government of the Russian Federation, federal executive bodies, executive bodies of constituent entities of the Russian Federation and local government bodies which are issued within the limits of their competence in accordance with tax and levy legislation, except as otherwise provided in this clause.

Normative legal acts which provide for the approval of new standard forms (formats) of tax declarations (computations) or the introduction of amendments to existing standard forms (formats) of tax declarations (computations) shall enter into force not earlier than upon the lapse of two months from the date of their official publication.

Article 6  
Failure of Normative Legal Acts to Conform to this Code

1. A normative legal act pertaining to taxes, levies and insurance contributions shall be deemed to be at variance with this Code where such act:

1) has been issued by a body which does not have the right to issue such acts in accordance with this Code or has been issued in violation of the established procedure for the issue of such acts;

2) abolishes or limits the rights of taxpayers, levy payers, payers of insurance contributions, tax agents and their representatives or the powers of tax authorities and customs authorities which are established by this Code;

3) introduces obligations which are not provided for by this Code or alters the substance as defined by this Code of the obligations of parties to relations which are regulated by tax and levy legislation and of other persons whose obligations are established by this Code;

4) prohibits actions of taxpayers, levy payers, payers of insurance contributions, tax agents and their representatives which are permitted by this Code;

5) prohibits actions of tax authorities and customs authorities and officials thereof which are permitted or prescribed by this Code;

6) authorizes or allows actions which are prohibited by this Code;
 alters the grounds, conditions, sequence or procedure which are established by this Code for the actions of parties to relations which are regulated by tax and levy legislation and of other persons whose obligations are established by this Code;

8) alters the essence of concepts and terms which are defined in this Code or uses those concepts and terms in a meaning other than the meaning in which they are used in this Code;

9) otherwise conflicts with the general principles and (or) the literal meaning of particular provisions of this Code.

2. The normative legal acts which are referred to in clause 1 of this Article shall be deemed to be at variance with this Code in the event that any one or more of the circumstances provided for in clause 1 of this Article exist.

3. A normative legal act shall be declared to be at variance with this Code through the courts unless otherwise stipulated by this Code. The Government of the Russian Federation or other executive body or local government executive body which adopted the act in question or their higher bodies shall have the right to abolish the act or make appropriate amendments to the act prior to a court examination.

4. Normative legal acts which regulate the procedure for the levying of taxes which are payable in connection with the movement of goods across the customs border of the Customs Union within the Eurasian Economic Community (hereafter in this Code referred to as “the Customs Union”) shall be governed by the provisions established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

Article 6.1 Procedure for the Calculation of Time Limits Established by Tax and Levy Legislation

1. Time limits established by tax and levy legislation shall be set in terms of a calendar date, or by reference to an event which must inevitably occur or to an action which must be performed, or in terms of a period of time which is calculated in years, quarters, months or days.

2. A time limit shall begin to run on the day following the calendar date or the occurrence of the event (performance of the action) by which the commencement of the time limit is defined.

3. A time limit which is calculated in years shall expire in the corresponding month and on the corresponding date of the last year of the time limit.

In this respect, a year (with the exception of a calendar year) may be any period of time consisting of 12 consecutive calendar months.
4. A time limit which is calculated in quarters shall expire on the last day of the last month of the time limit.

In this respect, a quarter shall be considered to be equal to three calendar months, and quarters shall be counted from the beginning of a calendar year.

5. A time limit which is calculated in months shall expire in the corresponding month and on the corresponding date of the last month of the time limit.

Where the end of a time limit falls in a month which does not have the corresponding date, the time limit shall expire on the last day of that month.

6. A time limit which is set in days shall be calculated in terms of working days unless the time limit is established in calendar days. In this respect, a working day shall be understood to be a day which is not deemed to be a day of rest and (or) a non-working public holiday in accordance with the legislation of the Russian Federation.

7. Where the last day of a time limit falls on a day which is deemed to be a day of rest and (or) a non-working public holiday in accordance with the legislation of the Russian Federation, the time limit shall be deemed to expire on the next working day after that day of rest and (or) non-working public holiday.

8. An action for the performance of which a time limit has been established may be performed before 24:00 on the last day of the time limit.

If documents or monetary resources are deposited at a communications organization before 24:00 on the last day of the time limit, the time limit shall not be considered to have been exceeded.

Article 7 International Taxation Agreements

1. Where an international agreement of the Russian Federation establishes rules and norms which differ from those laid down in this Code and in normative legal acts which have been adopted in accordance with this Code, the rules and norms of international agreements of the Russian Federation shall apply.

2. For the purposes of this Code, a person who has an actual right to income shall be a person (a foreign structure without the formation of a legal entity) who, by virtue of direct and (or) indirect participation in an organization or control over an organization (a foreign structure without the formation of a legal entity), or by virtue of other circumstances, has the right independently to use and (or) dispose of income received by that organization (foreign structure without the formation of a legal entity).
There shall also be recognised as a person who has an actual right to income for the purposes of this Code a person (a foreign structure without the formation of a legal entity) in whose interests another person (another foreign structure without the formation of a legal entity) has the authority to dispose of income received by an organization (a foreign structure without the formation of a legal entity) such as is referred to in paragraph 1 of this clause or directly by that other person (other foreign structure without the formation of a legal entity).

In determining the person who has the actual right to income, account shall be taken of the functions which are performed and the risks which are assumed by the persons referred to in this clause. In this respect, the possession of an actual right to income shall be determined with respect to each individual payment of dividend income and (or) to a group of payments of income within the framework of one agreement.

3. Where an international taxation agreement of the Russian Federation provides for the application of reduced tax rates or exemption from taxation in relation to income from sources in the Russian Federation for foreign persons who have an actual right to that income, for the purposes of the application of that international agreement a foreign person shall not be deemed to have an actual right to such income if that person possesses limited powers in relation to the disposal of that income and carries out intermediary functions in relation to that income in the interests of another person without performing any other functions and without assuming any risks, directly or indirectly paying the income in question (in whole or in part) to that other person who, were that income to be received directly from sources in the Russian Federation, would not have the right to the application of the provisions of the international taxation agreement of the Russian Federation which are referred to in this clause.

4. Where income is paid from sources in the Russian Federation to a foreign person (a foreign structure without the formation of a legal entity) who does not have an actual right to that income, if the person (persons) who has (have) an actual right to that income is (are) known to the source of payment then the income paid to the foreign person (foreign structure without the formation of a legal entity) who does not have an actual right to that income shall be considered to have been paid to the person (persons) who has (have) an actual right to the income paid, and the income paid shall be taxed as follows:

1) where the person who has an actual right to the income which is paid (or a part thereof) is deemed to be a tax resident of the Russian Federation in accordance with this Code, the income which is paid (or a part thereof) shall be taxed in accordance with the provisions of the appropriate chapters of Part Two of this Code for taxpayers who are tax residents of the Russian Federation without the relevant tax being withheld at source on the income which is paid (or a part thereof) provided that notice is given to the tax authority with which the organization which is the source of payment of the income is registered in
accordance with a procedure to be established by the federal executive body in charge of control and supervision in the area of taxes and levies;

2) where the person who has an actual right to the income which is paid (or a part thereof) is a foreign person who is covered by an international taxation agreement of the Russian Federation, the provisions of that international agreement of the Russian Federation shall apply in relation to the person who has an actual right to the income which is paid (or a part thereof) in accordance with the procedure laid down in the international agreement of the Russian Federation;

3) if the person who has an actual right to the income paid (or a part thereof) is a foreign person not covered by an international tax treaty of the Russian Federation, the income paid (or part thereof) shall be taxed in accordance with the provisions of the appropriate chapters of Part Two of this Code.

**Article 8  Definition of a Tax, a Levy and Insurance Contributions**

1. A tax shall be understood to be a compulsory and individually non-refundable payment which is collected from organizations and physical persons by means of the alienation of monetary resources which belong to them on the basis of the right of ownership, economic jurisdiction or operational management for the purpose of financing the activities of the State and (or) municipalities.

2. A levy shall be understood to be a compulsory contribution collected from organizations and physical persons the payment of which is one of the conditions of the performance by State authorities and local government bodies in relation to the levy payers of particular legally significant acts, including the provision of particular rights or the issue of permits (licences), or the payment of which is required in connection with the carrying out of certain types of entrepreneurial activities within the territory in which the levy has been introduced.

3. Insurance contributions shall be understood to mean compulsory payments for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity and for compulsory medical insurance which are charged on organizations and physical persons for the purpose of financing the exercise of rights of insured persons to receive insurance benefits in respect of a corresponding type of compulsory social insurance.

For the purposes of this Code, insurance contributions shall also be understood to include contributions which are charged on organizations for the purpose of providing supplemental social support to certain categories of physical persons.
Article 9  Parties to Relations Which Are Regulated by Tax and Levy Legislation

Parties to relations which are regulated by tax and levy legislation shall include:

1) organizations and physical persons recognised as taxpayers, levy payers or payers of insurance contributions in accordance with this Code;

2) organizations and physical persons recognised as tax agents in accordance with this Code;

3) tax authorities (the federal executive body in charge of control and supervision in the area of taxes and levies, and its territorial bodies);

4) customs authorities (the federal executive body in charge of the customs sphere, and customs authorities of the Russian Federation which are subordinate to that body).

Article 10  Proceedings in Respect of Violations of Tax and Levy Legislation

1. Proceedings in respect of tax offences shall be instituted and conducted in accordance with the procedure which is established in Chapters 14 and 15 of this Code.

2. Proceedings in respect of violations of tax and levy legislation which have the attributes of an administrative offence or crime shall be conducted in accordance with the procedure which is established by the administrative offences legislation of the Russian Federation and the criminal procedure legislation of the Russian Federation respectively.

Article 11  Institutions, Concepts and Terms Used in this Code

1. Institutions, concepts and terms contained in civil, family and other areas of legislation of the Russian Federation which are used in this Code shall have the same meaning as they have in those areas of legislation, unless otherwise stipulated by this Code.

2. The following terms shall be used for the purposes of this Code and other acts of tax and levy legislation:

- organizations means legal entities formed in accordance with the legislation of the Russian Federation and international companies (hereinafter referred to as “Russian organizations”), and foreign legal entities, companies and other corporate entities possessing civil capacity which have been established in accordance with the legislation of foreign states, international organizations and branches and representations of such foreign entities and international
organizations which have been established in the territory of the Russian Federation (hereinafter referred to as “foreign organizations”);

- **physical persons** means citizens of the Russian Federation, foreign citizens and stateless persons;

- **private entrepreneurs** means physical persons who have been registered in accordance with the established procedure and carry out entrepreneurial activities without forming a legal entity and heads of peasant (farm) holdings. Physical persons who carry out entrepreneurial activities without forming a legal entity but have not been registered as private entrepreneurs in violation of the requirements of the civil legislation of the Russian Federation shall not, insofar as the fulfilment of the obligations which are placed upon them by this Code is concerned, have the right to plead that they are not private entrepreneurs;

- **persons (person)** means organizations and (or) physical persons;

- **foreign structure without the formation of a legal entity** – an organizational form established in accordance with the legislation of a foreign state (territory) without the formation of a legal entity (in particular, a fund, a partnership, a partnership association, a trust or another form of collective investment and (or) fiduciary arrangement) which has the right in accordance with its personal law to carry out activities aimed at the derivation of income (profit) in the interests of its participants (unit holders, principals or other persons) or other beneficiaries;

- **foreign financial intermediaries** – foreign stock exchanges and foreign depositary and clearing organizations which have been included in a list to be approved by the Central Bank of the Russian Federation in consultation with the Ministry of Finance of the Russian Federation;

- **public companies** – Russian and foreign organizations which are issuers of securities which (or depositary receipts for which) have been listed and (or) have been admitted for circulation on one or more Russian exchanges possessing an appropriate licence or exchanges included in the list of foreign financial intermediaries;

- **banks (bank)** means commercial banks and other credit organizations which have a licence issued by the Central Bank of the Russian Federation;

- **accounts (account)** means settlement (current) and other bank accounts opened on the basis of a bank account agreement, including bank accounts opened on the basis of a precious metal bank account agreement;

- **ledger accounts** means accounts which have been opened with bodies of the Federal Treasury (other bodies which open and maintain ledger accounts) in accordance with the budget legislation of the Russian Federation;
- **Federal Treasury accounts** means accounts opened for territorial bodies of the Federal Treasury which are intended for the recording of revenue receipts and the distribution thereof among budgets of the budget system of the Russian Federation in accordance with the budget legislation of the Russian Federation;

- **source of payment of income to a taxpayer** means an organization or physical person from whom a taxpayer receives income;

- **arrears** means an amount of a tax, an amount of a levy or an amount of insurance contributions which has not been paid within the time limit established by tax and levy legislation;

- **certificate of registration with a tax authority** means a document confirming that a Russian organization, a foreign organization or a physical person is registered with the tax authority for, accordingly, the location of a Russian organization, the location of an international organization, the location at which a foreign organization carries out activities in the territory of the Russian Federation through an economically autonomous subdivision or the place of residence of a physical person;

- **notification of registration with a tax authority** means a document confirming that an organization or a physical person, including a private entrepreneur, is registered with a tax authority on grounds established by this Code other than grounds specified by this Code as grounds for the issuance of a certificate of registration with a tax authority;

- **seasonal production** means production activity which is directly connected with natural and climatic conditions and the seasons. This term shall be applicable to an organization or a private entrepreneur if their production activities are not carried out in certain tax periods (quarters, halves of the year) by reason of natural and climatic conditions;

- **location of an economically autonomous subdivision of a Russian organization** means the place where that organization carries out activities through an economically autonomous subdivision;

- **place of residence of a physical person** means the address (name of constituent entity of the Russian Federation, district, town, other locality, street, building and apartment numbers) at which that physical person has been registered at his place of residence in accordance with the procedure established by the legislation of the Russian Federation. Where a physical person does not have a place of residence in the territory of the Russian Federation, at the request of that physical person the place of residence may be defined for the purposes of this Code as the place of stay of the physical person. In this respect, the place of stay of a physical person shall be understood to be the place where the physical person resides on a temporary
basis according to the address (name of constituent entity of the Russian Federation, district, town, other inhabited locality, street, building number, apartment number) at which the physical person has been registered as staying in accordance with the procedure established by the legislation of the Russian Federation;

- **economically autonomous subdivision of an organization** means any subdivision which is territorially separate from the organization and at whose location permanent workplaces are equipped. An economically autonomous subdivision shall be recognised as such irrespective of whether or not its establishment is reflected in the organization’s foundation documents or other organizational and administrative documents and of the powers vested in that subdivision. In this respect, a workplace shall be deemed permanent if it is created for more than one month;

- **accounting policies for taxation purposes** means the aggregate set, chosen by a taxpayer, of methods (procedures) permitted by this Code for the determination, recognition, measurement and distribution of income and (or) expenses, and for the recording of other indicators of a taxpayer’s financial and economic activities which are required for taxation purposes;

- **the territory of the Russian Federation and other territories under its jurisdiction** means the territory of the Russian Federation and the territories of artificial islands, installations and structures over which the Russian Federation exercises jurisdiction in accordance with the legislation of the Russian Federation and provisions of international law;

- **deflator coefficient** – a coefficient which is established annually for each ensuing calendar year and is calculated as the product of the deflator coefficient which is applied for the purposes of relevant chapters of this Code in the preceding calendar year 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. Except as otherwise provided by the tax and levy legislation of the Russian Federation, deflator coefficients shall be established by the federal executive body which carries out functions involving normative legal regulation in the area of the analysis and forecasting of social and economic development in accordance with data in State statistical reports and, unless otherwise provided by the tax and levy legislation of the Russian Federation, must be officially published not later than 20 November of the year in which the deflator coefficients are established.

3. The concepts of “taxpayer”, “object of taxation”, “tax base”, “tax period” and other specific concepts and terms contained in tax and levy legislation shall be used in the meanings which are given in the relevant articles of this Code.

4. In relations which arise in connection with the levying of taxes in respect of the movement of goods across the customs border of the Customs Union,
there shall be used the concepts which are defined by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation and, to the extent not covered thereby, by this Code.


Article 11.1 Concepts and Terms Used in Relation to the Taxation of Hydrocarbon Extraction

1. For the purposes of this Code the following concepts and terms shall be used in relation to the taxation of hydrocarbon extraction:

1) hydrocarbon reservoir – an accounting unit of reserves of one of the types of commercial minerals referred to in subsection 3 of clause 2 of Article 337 of this Code (with the exception of associated gas) in the State balance sheet of reserves of commercial minerals at a particular subsurface site within which no other accounting units of reserves have been designated;

2) hydrocarbon deposit – the aggregate of hydrocarbon reservoirs designated for commercial exploitation in accordance with duly approved design documentation for exploitation;

3) commercial exploitation of a hydrocarbon deposit – the technological process of recovering hydrocarbons from the subsurface and bringing them to the first state in which they are of a quality conforming to a national or international standard or, where those standards do not exist, to the standard of an organization;

4) offshore hydrocarbon deposit – a hydrocarbon deposit within a subsurface site (subsurface sites) which lies (lie) wholly within the boundaries of the internal sea waters and (or) the territorial sea of the Russian Federation and (or) on the continental shelf of the Russian Federation and (or) in the Russian part (Russian sector) of the bed of the Caspian Sea;

5) new offshore hydrocarbon deposit – an offshore hydrocarbon deposit for which the date of commencement of commercial extraction of hydrocarbons falls on or after 1 January 2016 (including an offshore hydrocarbon deposit for which the date of commencement of commercial hydrocarbon extraction has not been determined as at 1 January 2016), with the exception of an offshore hydrocarbon deposit such as is referred to in clause 1.2 of Article 35 of Law No. 5003-1 of the Russian Federation of 21 May 1993 “Concerning the Customs Tariff”;

6) date of commencement of commercial hydrocarbon extraction at a hydrocarbon deposit – the date of preparation of the State balance sheet of
reserves of commercial minerals which shows the level of depletion of reserves of one or more types of hydrocarbons (with the exception of associated gas) extracted at that hydrocarbon deposit to have exceeded 1 per cent;

7) hydrocarbon extraction activities carried on commencing from the date of State registration of the relevant licence for subsurface use at a new offshore hydrocarbon deposit – activities which include one or more of the following types of activity:

- prospecting for and appraisal of a new offshore hydrocarbon deposit at a subsurface site which are carried out on the basis of a licence for the use of subsurface resources for both geological study (prospecting and exploration) and the extraction of commercial minerals or for exploration and the extraction of commercial minerals, including activities involving the construction, preparation for use (operation), technical maintenance, repair, reconstruction, modernization, retooling, suspension of operation, dismantling and abandonment (other work of a capital nature) of artificial islands, installations and structures and of other assets required for the prospecting for and appraisal of a new offshore hydrocarbon deposit;

- pre-design and design and survey operations and construction of facilities on a new offshore hydrocarbon deposit (including work involving the erection (construction), creation (manufacture), preparation for use (operation), technical maintenance, repair, reconstruction, modernization and retooling (other work of a capital nature) of artificial islands, installations and structures and of other facilities required for the construction of field facilities of a new offshore hydrocarbon deposit);

- exploration and commercial exploitation of a new offshore hydrocarbon deposit and activities involving the sale of hydrocarbons extracted at that new offshore hydrocarbon deposit (including storage and delivery of hydrocarbons to recipients);

- manufacture of liquefied natural gas from natural fuel gas (including associated gas) extracted at a new offshore hydrocarbon deposit, and activities involving the sale of such liquefied natural gas (including storage and delivery of liquefied natural gas to recipients);

- processing of gas condensate extracted at a new offshore hydrocarbon deposit to produce stable condensate and natural gas liquids, and activities involving the sale of such stable condensate and natural gas liquids (including storage and delivery of those products to recipients);

- transportation of natural fuel gas (including associated gas) and (or) gas condensate extracted at a new offshore hydrocarbon deposit to appropriate places for the manufacture of liquefied natural gas and (or) the processing of gas condensate.
For the purposes of this Article, the level of depletion of reserves of each type of hydrocarbon extracted at a hydrocarbon deposit shall be calculated by the taxpayer independently on the basis of data in the approved State balance sheet of commercial minerals as the quotient obtained from dividing the amount of accumulated extraction of that type of hydrocarbon at the hydrocarbon deposit (including extraction losses) by the initial reserves thereof (in the case of oil – initial recoverable reserves).

Initial recoverable oil reserves which have been duly approved with account taken of increments and write-offs of oil reserves shall be determined as the sum of recoverable reserves of all categories and accumulated extraction from the commencement of exploitation of the hydrocarbon deposit.

Initial reserves of natural fuel gas (excluding associated gas) or gas condensate which have been duly approved with account taken of increments and write-offs of natural fuel gas (excluding associated gas) or gas condensate shall be determined as the sum of reserves of natural fuel gas (excluding associated gas) or gas condensate of all categories and accumulated extraction from the commencement of exploitation of the hydrocarbon deposit.

**Article 11.2  Taxpayer’s Personal Account**

1. A taxpayer’s personal account is an information resource which is available on the official site of the federal executive body in charge of control and supervision in the area of taxes and levies on the “Internet” data network and which is maintained by that body in accordance with the procedure established by that body. In cases provided for in this Code, a taxpayer’s personal account may be used for the exercise by taxpayers and tax authorities of their rights and obligations as established by this Code.

2. A taxpayer’s personal account shall be used by taxpayer physical persons to receive documents from a tax authority and transmit documents (information) and data to a tax authority in electronic form with account taken of the special considerations laid down in this clause.

The procedure in accordance with which taxpayer physical persons obtain access to a taxpayer’s personal account shall be determined by the federal executive body in charge of control and supervision in the area of taxes and levies.

Taxpayer physical persons who have obtained access to a taxpayer’s personal account shall receive from a tax authority in electronic form via the taxpayer’s personal account documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation.
Documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation shall not be sent by post in paper form to taxpayer physical persons who have obtained access to a taxpayer’s personal account, except as otherwise provided in this clause.

In order for documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation to be received in paper form, taxpayer physical persons who have obtained access to a taxpayer’s personal account shall send to any tax authority of their choice a notification of the need to receive documents in paper form.

Where taxpayer physical persons transmit documents to a tax authority through a taxpayer’s personal account in electronic form, documents signed with an enhanced unqualified electronic signature generated in the manner prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with the requirements of Federal Law No. 63-FZ of 6 April 2011 “Concerning Electronic Signatures” shall be recognised as electronic documents equivalent to documents in paper form signed with the taxpayer’s handwritten signature.

The provisions of this clause shall apply to levy payers who are physical persons.

The provisions of this clause shall not apply to private entrepreneurs, privately practising notaries, lawyers who have founded law offices and other persons who engage in private practice in accordance with the procedure established by the legislation of the Russian Federation with respect to the transmission to the tax authorities of documents (information) and data pertaining to the conduct by them of those activities.

A taxpayer’s personal account shall be used by a foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code for the purpose of receipt of documents from a tax authority and the submission to a tax authority of documents (information) and data concerning the provision of services in electronic form such as are referred to in clause 1 of Article 174.2 of this Code, with account taken of the special considerations laid down in this clause.

Access to a taxpayer’s personal account shall be provided to a foreign organization from the day on which it is registered with a tax authority in accordance with paragraph 1 of clause 4.6 of Article 83 of this Code and paragraph 9 of clause 2 of Article 84 of this Code.

Where a foreign organization is deregistered with a tax authority in accordance with clause 5.5 of Article 84 of this Code, access to the taxpayer’s personal account of that foreign organization shall be retained for the purpose of receiving documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation. In this respect,
where, after being deregistered with a tax authority on the above-mentioned ground, a foreign organization has been registered with a tax authority in accordance with paragraph 2 of clause 4.6 of Article 83 of this Code, the taxpayer’s personal account may not be used by that foreign organization for the purpose of the submission to the tax authority of documents (information) and data such as are referred to in paragraph 1 of this clause for one year from the day of the deregistration of the organization with the tax authority.

Where a foreign organization such as is referred to in this clause submits documents in electronic form to a tax authority via a taxpayer’s personal account, documents which have been signed with an enhanced unqualified electronic signature generated in accordance with a procedure to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with Federal Law No. 63-FZ of 6 April 2011 “Concerning Electronic Signatures” shall be recognised as electronic documents equivalent to paper documents signed with the handwritten signature of a representative of the organization concerned.

CHAPTER 2. THE SYSTEM OF TAXES AND LEVIES IN THE RUSSIAN FEDERATION

Article 12 Types of Taxes and Levies in the Russian Federation. Powers of Legislative (Representative) State Bodies of Constituent Entities of the Russian Federation and Representative Bodies of Municipalities with Respect to the Establishment of Taxes and Levies

1. The following types of taxes and levies shall be established in the Russian Federation: federal, regional and local.

2. Federal taxes and levies shall be taxes and levies which have been established by this Code and are compulsorily payable throughout the entire territory of the Russian Federation, unless otherwise provided by clause 7 of this Article.

3. Regional taxes shall be taxes which have been established by this Code and by tax laws of constituent entities of the Russian Federation and are compulsorily payable in the territories of the relevant constituent entities of the Russian Federation, unless otherwise provided by clause 7 of this Article.

Regional taxes shall be implemented and shall cease to have effect in the territories of constituent entities of the Russian Federation in accordance with this Code and tax laws of constituent entities of the Russian Federation.

When establishing regional taxes, legislative (representative) State bodies of constituent entities of the Russian Federation shall determine the following elements of taxation according to the procedure and within the limits which are laid down in this Code: the tax rates and the procedure and time limits for
the payment of the taxes, unless those elements of taxation are established by this Code. Other elements of taxation for regional taxes and taxpayers shall be determined by this Code.

Legislative (representative) bodies of constituent entities of the Russian Federation may establish tax exemptions and the grounds and procedure for the application thereof through tax laws according to the procedure and within the limits which are laid down in this Code.

4. Local taxes and levies shall be taxes and levies which have been established by this Code and normative legal acts of representative bodies of municipalities concerning taxes and levies and are compulsorily payable in the territories of the corresponding municipalities, except as otherwise provided in this clause and clause 7 of this Article.

Local taxes and levies shall be implemented and shall cease to operate in the territories of municipalities in accordance with this Code and normative legal acts of representative bodies of municipalities concerning taxes and levies.

Local taxes and levies shall be established by this Code and normative legal acts of representative bodies of settlements (municipal districts) and urban regions (intra-urban districts) concerning taxes and levies and shall be compulsorily payable in the territories of the corresponding settlements (inter-settlement territories) and urban regions (intra-urban districts), except as otherwise provided in clause 7 of this Article. Local taxes and levies shall be implemented and shall cease to operate in the territories of settlements (inter-settlement territories) and urban regions (intra-urban districts) in accordance with this Code and normative legal acts of representative bodies of settlements (municipal districts) and urban regions (intra-urban districts) concerning taxes and levies.

In an urban region with intra-urban division the powers of representative bodies of municipalities to establish, implement and terminate the operation of local taxes in the territories of intra-urban districts shall be exercised by representative bodies of the urban region with intra-urban division or by representative bodies of the corresponding intra-urban districts according to the law of a constituent entity of the Russian Federation concerning the demarcation of powers between local government bodies of an urban region with intra-urban division and local government bodies of intra-urban districts.

Local taxes and levies in the cities of federal significance Moscow, Saint Petersburg and Sevastopol shall be established by this Code and laws of those constituent entities of the Russian Federation concerning taxes and levies and shall be compulsorily payable in the territories of those constituent entities of the Russian Federation except as otherwise provided in clause 7 of this Article. Local taxes and levies shall be implemented and shall cease to operate in the territories of the cities of federal significance Moscow, Saint
Petersburg and Sevastopol in accordance with this Code and laws of those constituent entities of the Russian Federation.

Where local taxes are established by representative bodies of municipalities (legislative (representative) State bodies of the cities of federal significance Moscow, Saint Petersburg and Sevastopol), the following elements of taxation shall be determined in accordance with the procedure and within the limits which are stipulated by this Code: tax rates and the procedure and time limits for the payment of taxes, unless those elements of taxation are established by this Code. Other elements of taxation for local taxes and the taxpayers shall be determined by this Code.

Representative bodies of municipalities (legislative (representative) State bodies of the cities of federal significance Moscow, Saint Petersburg and Sevastopol) may, in accordance with the procedure and within the limits which are laid down in this Code, establish special considerations relating to the determination of the tax base, tax concessions and the grounds and procedure for the application thereof.

When establishing local levies, representative bodies of municipalities (legislative (representative) State bodies of the cities of federal significance Moscow, Saint Petersburg and Sevastopol) shall set the rates of the levies in accordance with the procedure and within the limits which are laid down in this Code and may establish concessions relating to the payment of the levies and the grounds and procedure for the application thereof.

5.
Federal, regional and local taxes and levies shall be abolished by this Code.

6.
There may not be established any federal, regional or local taxes and levies which are not provided for by this Code.

7.
This Code shall establish special tax regimes which may provide for federal taxes which are not specified in Article 13 of this Code, and shall determine the procedure for the establishment of such taxes and the procedure for the implementation and application of those special tax regimes.

Special tax regimes may provide for exemption from the obligation to pay certain federal, regional and local taxes and levies which are specified in Articles 13 to 15 of this Code.

Legislative (representative) State government bodies of constituent entities of the Russian Federation and representative bodies of municipalities shall have the right, in the cases, according to the procedure and within the limits which are laid down in this Code, to establish for special tax regimes:

- types of entrepreneurial activity in relation to which a particular special tax regime may be applied;
- restrictions on transferring to a special tax regime and on the application of a special tax regime;

- tax rates depending on categories of taxpayers and types of entrepreneurial activities;

- special considerations relating to the determination of the tax base;

- tax concessions and the grounds and procedure for the application thereof.

**Article 13  Federal Taxes and Levies**

The following shall be classified as federal taxes and levies:

1) value added tax;
2) excise duties;
3) tax on income of physical persons;
5) tax on the profit of organizations;
6) tax on the extraction of commercial minerals;
8) water tax;
9) levies for the use of fauna and for the use of aquatic biological resources;
10) State duty;
11) tax on additional income from hydrocarbon extraction.

**Article 14  Regional Taxes**

The following shall be classified as regional taxes:

1) tax on the assets of organizations;
2) gaming tax;
3) transport tax.

**Article 15  Local Taxes and Levies**

Local taxes and levies shall include:
1) land tax;

2) tax on property of physical persons;

3) the trade levy.

**Article 16 Information on Taxes**

1. Information and copies of laws and other normative legal acts concerning the establishment, amendment and termination of regional and local taxes shall be sent by State bodies of constituent entities of the Russian Federation and local government bodies to territorial bodies of the federal executive body in charge of control and supervision in the area of taxes and levies for the appropriate constituent entity of the Russian Federation and financial bodies of appropriate constituent entities of the Russian Federation.

2. The information referred to in clause 1 of this Article shall be submitted to territorial bodies of the federal executive body in charge of control and supervision in the area of taxes and levies for the relevant constituent entity of the Russian Federation in electronic form. The form, format and procedure for sending that information 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 17 General Conditions of the Establishment of Taxes and Levies**

1. A tax shall be considered to have been established if the taxpayers and the elements of tax assessment have been defined, and specifically:

   - the object of taxation;
   - the tax base;
   - the tax period;
   - the tax rate;
   - the procedure for the calculation of tax;
   - the procedure and deadlines for the payment of tax.

2. Where necessary, tax exemptions and the grounds on which they may be used by the taxpayer may also be stipulated in the relevant act of tax and levy legislation when a tax is established.
Article 18  Special Tax Regimes

1. Special tax regimes shall be established by this Code and shall be applied in the cases and according to the procedure which are laid down in this Code and other acts of tax and levy legislation. Special tax regimes may also be established by federal laws adopted in accordance with this Code which provide for the conduct of experiments involving the establishment of special tax regimes.

Special tax regimes may prescribe a special procedure for defining the elements of taxation and may provide for exemption from the obligation to pay certain taxes and levies which are provided for in Articles 13 to 15 of this Code.

2. The following shall be classified as special tax regimes:

1) the system of taxation for agricultural goods producers (the unified agricultural tax);

2) the simplified taxation system;

3) the taxation system in the form of a unified tax on imputed income for certain types of activity;

4) the system of taxation in the context of the performance of production sharing agreements;

5) the licence-based taxation system;

6) tax on professional income (on an experimental basis).

CHAPTER 2.1. INSURANCE CONTRIBUTIONS IN THE RUSSIAN FEDERATION

Article 18.1  Insurance Contributions

1. This Code establishes insurance contributions in the Russian Federation, which shall be federal and compulsorily payable in the entire territory of the Russian Federation.

2. Insurance contributions shall be abolished by this Code.
Article 18.2 General Conditions of the Establishment of Insurance Contributions

1. When insurance contributions are established, the payers and the following elements of assessment shall be determined in accordance with Chapter 34 of this Code:

1) the object of assessment to insurance contributions;
2) the base for the calculation of insurance contributions;
3) the computation period;
4) the rate of insurance contributions;
5) the procedure for the calculation of insurance contributions;
6) the procedure and time limits for the payment of insurance contributions.

2. The elements of assessment to insurance contributions which are referred to in subsections 1 and 2 of clause 1 of this Article may be determined with respect to particular categories of payers of insurance contributions.
SECTION II. TAXPAYERS AND LEVY PAYERS AND PAYERS OF INSURANCE CONTRIBUTIONS. TAX AGENTS. REPRESENTATION IN TAX AFFAIRS

CHAPTER 3. TAXPAYERS AND LEVY PAYERS AND PAYERS OF INSURANCE CONTRIBUTIONS. TAX AGENTS

Article 19  Taxpayers, Levy Payers and Payers of Insurance Contributions

Taxpayers, levy payers and payers of insurance contributions shall be understood to mean organizations and physical persons who or which bear an obligation in accordance with this Code to pay taxes, levies and insurance contributions respectively.

Branches and other economically autonomous subdivisions of Russian organizations shall, in accordance with the procedure which is stipulated by this Code, fulfil the obligations of those organizations with respect to the payment of taxes, levies and insurance contributions at the location of those branches and other economically autonomous subdivisions.

In cases provided for in this Code, foreign structures without the formation of a legal entity shall be deemed to be taxpayers.

Article 20  Interdependent Persons

1. For taxation purposes “interdependent persons” shall mean physical persons and (or) organizations between whom there exists a relationship which can influence the conditions or economic results of their activities or the activities of the persons whom they represent, specifically where:

   1) one organization possesses a direct and (or) indirect share interest in another organization, and the aggregate proportion of such interest exceeds 20 per cent. The proportion of an indirect share interest of one organization in another via a sequence of other organizations shall be determined as the product of the proportions of the direct share interest which the organizations within that sequence possess in one another;

   2) one physical person is subordinate to another physical person in terms of official status;

   3) the persons concerned are married to each other or related to each other by blood or by marriage or are connected by a relationship of adopter and adopted or guardian and ward in accordance with family law.

2. A court may declare persons to be interdependent on other grounds not provided for in clause 1 of this Article if the relationship between those persons can influence the results of transactions involving the sale of goods (work and services).
Article 21  The Rights of Taxpayers (Levy Payers, Payers of Insurance Contributions)

1. Taxpayers shall have the right:

1) to receive from tax authorities at the location where they are registered free information (including information in written form) on current taxes and levies, tax and levy legislation and normative legal acts adopted in accordance therewith, the procedure for the calculation and payment of taxes and levies, the rights and obligations of taxpayers and the powers of tax authorities and their officials, and to receive tax declaration (computation) forms and explanations on how to complete them;

2) to receive from the Ministry of Finance of the Russian Federation written explanations on issues relating to the application of the tax and levy legislation of the Russian Federation, and to receive from financial authorities of constituent entities of the Russian Federation and municipalities written explanations on issues relating to the application of the tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of municipalities concerning taxes and levies respectively;

3) to use tax exemptions wherever justified and in accordance with the procedure which is established by tax and levy legislation;

4) to be granted a deferral, instalment plan or investment tax credit in accordance with the procedure and subject to the conditions which are established by this Code;

5) to the timely crediting or refund of amounts of taxes, penalties and fines which have been paid or recovered in excess;

5.1) to perform a reconciliation of settlements in respect of taxes, levies, penalties and fines jointly with the tax authorities, and to receive a statement of the joint reconciliation of settlements in respect of taxes, levies, penalties and fines;

6) to represent their interests in relations governed by tax and levy legislation in person or through a representative;

7) to present to tax authorities and their officials explanations relating to the calculation and payment of taxes and relating to reports on tax audits;

8) to be present when an on-site tax audit is performed;

9) to receive copies of the report on a tax audit and the decisions of the tax authorities, and of tax notices and tax payment demands;
to demand that officials of the tax authorities and other authorized bodies comply with tax and levy legislation in their actions towards taxpayers;

not to comply with unlawful acts and requirements of tax authorities, other authorized bodies and their officials which are at variance with this Code or other federal laws;

to appeal in accordance with the established procedure against the acts of tax authorities, other authorized bodies and the actions (inaction) of their officials;

to the observance and preservation of tax secrets;

to full compensation for losses caused by unlawful acts of tax authorities or unlawful actions (inaction) of their officials;

to participate in the process of the examination of tax audit materials or other acts of tax authorities in the cases provided for by this Code.

2. Taxpayers shall also have other rights established by this Law and other acts of tax and levy legislation.

3. Levy payers and payers of insurance contributions shall have the same rights as taxpayers.

4. Any of the participants in an investment partnership agreement shall have the right to appeal in accordance with the established procedure against acts of tax authorities and actions (inaction) of their officials.

Article 22 Safeguarding and Protection of the Rights of Taxpayers (Levy Payers, Payers of Insurance Contributions)

1. Taxpayers (levy payers, payers of insurance contributions) shall be guaranteed administrative and judicial protection of their rights and legal interests.

The procedure for the protection of the rights and legal interests of taxpayers (levy payers, payers of insurance contributions) shall be determined by this Code and other federal laws.

2. The rights of taxpayers (levy payers, payers of insurance contributions) shall be safeguarded by corresponding obligations of officials of tax authorities and other authorized bodies.

The failure to fulfil or improper fulfilment of obligations relating to the safeguarding of the rights of taxpayers (levy payers) shall result in the liability which is provided for in federal laws.
Article 23  
**Obligations of Taxpayers (Levy Payers, Payers of Insurance Contributions)**

1. Taxpayers shall be obliged:
   1) to pay legally established taxes;
   2) to register with tax authorities where such obligation is stipulated by this Code;
   3) to maintain records of their income (expenses) and objects of taxation in accordance with the established procedure where such obligation is stipulated by tax and levy legislation;
   4) to submit tax declarations (computations) to the tax authority where they are registered in accordance with the established procedure where such obligation is stipulated by tax and levy legislation;
   5) to present to the tax authority for the place of residence of a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office, upon the tax authority’s request, a journal of income and expenses and economic operations; to present accounting (financial) statements to the tax authority for the location of an organization not later than three months after the end of an accounting year, except in cases where, in accordance with Federal Law No. 402-FZ of 6 December 2011 “Concerning Accounting”, an organization is not obliged to maintain accounting records or is a religious organization for which no obligations to pay taxes or levies have arisen for accounting (tax) periods of a calendar year;
   6) to present documents required for the calculation and payment of taxes to tax authorities and their officials in the instances and in accordance with the procedure which are laid down in this Code;
   7) to comply with legal orders issued by a tax authority to rectify violations of tax and levy legislation which have been discovered, and to refrain from hindering the lawful activities of tax authority officials when they are performing their official duties;
   8) to ensure the retention for a period of four years of financial and tax accounting records and other documents which are needed for the calculation and payment of taxes, including documents confirming the receipt of income, the incurring of expenses (in the case of organizations and private entrepreneurs) and the payment (withholding) of taxes, except as otherwise provided by this Code;
   9) to bear other obligations stipulated by tax and levy legislation.
2. In addition to the obligations which are stipulated by clause 1 of this Article, taxpaying organizations and private entrepreneurs shall be obliged to present notice to the tax authority at the location of an organization and the place of residence of a private entrepreneur accordingly:

2) of their participation in Russian organizations (with the exception of participation in business partnership associations and limited liability companies) where the direct participating interest exceeds 10 per cent – not later than one month from the date of commencement of such participation;

3) of all economically autonomous subdivisions of the Russian organization which have been established in the territory of the Russian Federation (excluding branches and representations) and of changes to details previously given to the tax authority concerning such economically autonomous subdivisions:

- within one month from the day on which an economically autonomous subdivision of a Russian organization is established;

- within three days from the day on which a particular detail concerning an economically autonomous subdivision of a Russian organization changes;

3.1) of all economically autonomous subdivisions of a Russian organization in the territory of the Russian Federation through which activities of that organization are to be discontinued (which are to be closed by the organization):

- within three days from the day of the adoption by the Russian organization of the decision to discontinue activities through a branch or representation (to close a branch or representation);

- within three days from the day of the discontinuation of the Russian organization’s activities through another economically autonomous subdivision (the closure of another economically autonomous subdivision).

2.1 In addition to the obligations laid down in clause 1 of this Article, physical persons who are taxpayers of taxes which are payable on the basis of tax notices shall be obliged to present a notice of items of immovable property and (or) means of transport possessed by them which are considered to be objects of taxation for those taxes to the tax authority of their choice in the event that they do not receive tax notices and have not paid taxes on those items during the period of ownership thereof.

The above-mentioned notice, accompanied by copies of title documents (title certificates) for items of immovable property and (or) documents confirming the State registration of means of transport, shall be submitted to the tax authority in relation to each taxable item on a single occasion by 31 December of the year following a tax period which has ended.
A notice of possession of a taxable item such as is referred to in paragraph 1 of this clause shall not be submitted to the tax authority where a physical person has received a tax notice for the payment of tax in relation to the item in question or if he has not received a tax notice owing to the granting of a tax concession.

3.1 In addition to the obligations provided for in clauses 1 to 2 of this Article, taxpayers shall be obliged to notify the tax authority for the location of an organization and the place of residence of a physical person accordingly in accordance with the procedure and within the time limits which are stipulated by Article 25.14 of this Code:

1) of their participation in foreign organizations (where the participating interest exceeds 10 per cent). For the purposes of this subsection, the size of a participating interest in a foreign organization shall be determined in accordance with the procedure established by Article 105.2 of this Code;

2) of the foundation of foreign structures without the formation of a legal entity;

3) of controlled foreign companies in relation to which they are controlling persons.

3.2 In addition to the obligations which are provided for in this Article, foreign organizations and foreign structures without the formation of a legal entity which own assets which are deemed to be an object of taxation in accordance with Article 374 of this Code shall be obliged, in the cases and in accordance with the procedure which are stipulated by this Code, to submit to the tax authority for the location of an item of immovable property information on the participants in the foreign organization (in the case of a foreign structure without the formation of a legal entity – information on its founders, beneficiaries and managers).

Where a foreign organization (a foreign structure without the formation of a legal entity) has multiple assets such as are referred to in this clause, the information shall be submitted to the tax authority for the location of one of the assets at the choice of the person concerned.

3.3 The taxpayer obligations which are provided for in subsections 1 and 2 of clause 3.1 of this Article shall apply to persons who are deemed to be tax residents of the Russian Federation in accordance with this Code and carry out fiduciary management of property in the event that those persons contribute property which is the subject of fiduciary management to the capital of a foreign organization or transfer that property to foreign structures without the formation of a legal entity which they have founded.

3.4 Payers of insurance contributions shall be obliged:
1) to pay insurance contributions established by this Code;

2) to maintain records of objects of assessment to insurance contributions, and of amounts of calculated insurance contributions for each physical person in whose favour payments and other remunerations have been made, in accordance with Chapter 34 of this Code;

3) to submit insurance contribution computations in accordance with the established procedure to the tax authority with which they are registered;

4) to submit documents needed for the calculation and payment of insurance contributions to tax authorities and their officials in cases and in accordance with the procedure which are laid down in this Code;

5) to present details of insured persons in the individual (personalized) records system to tax authorities and their officials in cases and in accordance with the procedure which are laid down in this Code;

6) to ensure that documents needed for the calculation and payment of insurance contributions are retained for six years;

7) to inform the tax authority for the location of a Russian organization which is a payer of insurance contributions of the conferment of authority (withdrawal of authority) to credit payments and remunerations in favour of physical persons on an economically autonomous subdivision (including a branch or representation) established in the territory of the Russian Federation within one month from the day on which that authority is conferred (withdrawn);

8) to bear other obligations provided for in the tax and levy legislation of the Russian Federation.

4. Levy payers shall be obliged to pay legally established levies and bear other obligations established by the tax and levy legislation of the Russian Federation.

5. A taxpayer (levy payer, payer of insurance contributions) shall bear liability in accordance with the legislation of the Russian Federation for the failure to fulfil or improper fulfilment of the obligations placed upon them.

5.1 A person belonging to the category of taxpayers who are obliged in accordance with clause 3 of Article 80 of this Code to submit tax declarations (computations) in electronic form must, not later than 10 days from the day on which any of the grounds for assigning the person concerned to that category of taxpayers arises, make arrangements to enable documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation to be received from the tax authority with which it is registered in electronic form via telecommunications channels through an electronic document interchange operator.
A person such as is referred to in paragraph 1 of this clause shall be obliged to transmit an acknowledgement of the receipt of such documents to the tax authority in electronic form via telecommunications channels through an electronic document interchange operator within six days from the day on which the tax authority sent them.

The obligation of a person which is provided for in paragraph 1 of this clause shall be considered to have been fulfilled if the person has a contract with an electronic document interchange operator for the provision of services enabling electronic document interchange (concerning the transfer of rights to use software intended to enable electronic document interchange) with the tax authority with which the person concerned is registered and a qualified electronic signature verification key certificate or if such a contract and a qualified electronic signature verification key certificate are possessed by an authorized representative of the person concerned who has been granted powers to receive documents from that tax authority.

Where the receipt of documents from a tax authority takes place through an authorized representative of a person who bears the obligation provided for in paragraph 1 of this clause, that obligation shall be considered to have been fulfilled if the tax authority also has documents confirming the authority of the authorized representative of the person who holds the above-mentioned qualified electronic signature verification key certificate to receive documents from that tax authority. In this respect, where the authorized representative of a person is a legal entity, the obligation in question shall be considered to have been fulfilled if the tax authority also has documents confirming the authority of the physical person who holds the above-mentioned qualified electronic signature verification key certificate to receive documents from that tax authority (except where the physical person is a legal representative of the legal entity in question).

Documents confirming the authority of authorized representatives such as are referred to in this clause must be presented to a tax authority by the person concerned in person or through a representative or sent to the tax authority electronically in the form of electronic images of documents (paper documents converted into electronic by means of scanning them and storing their particulars) through an electronic document interchange operator not later than three days from the day on which the authority in question was granted to the authorized representative.

The format and procedure for sending the above-mentioned documents to a tax authority in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

A foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code shall be obliged to submit to a tax authority documents (information) and data which are required to be
submitted in accordance with this Code using formats to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies via a taxpayer’s personal account, except as otherwise provided in this clause.

A foreign organization such as is referred to in paragraph 1 of this clause must provide for documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation to be received from a tax authority in electronic form via a taxpayer’s personal account.

In a period in which a taxpayer’s personal account cannot be used by such a foreign organization to submit documents (information) and data to a tax authority in accordance with paragraph 2 of clause 3 of Article 11.2 of this Code, documents (information) and data which are required to be submitted in accordance with this Code shall be submitted by that foreign organization to the tax authority in electronic form via telecommunications channels through an electronic document interchange operator.

6. Taxpayers which pay taxes in connection with the movement of goods across the customs border of the Customs Union shall also bear the obligations which are provided for in the legislation of the Customs Union and customs-related legislation of the Russian Federation.

7. Notices such as are provided for in clauses 2 and 2.1 and subsection 7 of clause 3.4 of this Article may be presented to a tax authority in person or through a representative, sent by registered mail or transmitted in electronic form via telecommunications channels or through a taxpayer’s personal account.

Where the above-mentioned notices are transmitted in electronic form via telecommunications channels, the notices must be certified by the enhanced qualified electronic signature of the person presenting them or the enhanced qualified electronic signature of a representative of that person.

The standard forms and formats of notices presented in paper form or in electronic form and the procedure for completing the standard forms of those notices shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

The procedure for presenting the notices provided for in clauses 2 and 2.1 and subsection 7 of clause 3.4 of this Article in electronic form via telecommunications channels shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

8. The obligations established by this Article for taxpayers (tax agents) shall also apply to foreign organizations which have independently declared themselves tax residents of the Russian Federation in accordance with Part Two of this Code.
Article 24  Tax Agents

1. Tax agents shall be persons who are charged in accordance with this Code with obligations associated with the calculation, withholding from a taxpayer and transfer of taxes to the budget system of the Russian Federation.

2. Tax agents shall have the same rights as taxpayers unless otherwise stipulated by this Code.

The rights of tax agents shall be guaranteed and protected in accordance with Article 22 of this Code.

3. Tax agents shall be obliged:

1) correctly and timely to calculate monetary resources which are paid to taxpayers, and to remit taxes to the budget system of the Russian Federation by payment to appropriate Federal Treasury accounts;

2) to present written notice to the tax authority where they are registered of the impossibility of withholding tax and of the amount of a taxpayer’s indebtedness within one month from the day on which the tax agent became aware of those circumstances;

3) to maintain records of income accrued for and paid to taxpayers and of taxes calculated, withheld and remitted to the budget system of the Russian Federation, including individual records for each taxpayer;

4) to present to the tax authority where they are registered such documents as are required in order to check whether taxes have been correctly calculated, withheld and transferred;

5) to ensure the retention for a period of four years of documents which are needed for the calculation, withholding and remittance of taxes.

3.1 Tax agents shall also bear other obligations specified in this Code.

4. Tax agents shall transfer withheld taxes in accordance with the procedure which is stipulated by this Code for the payment of tax by a taxpayer.

5. Tax agents shall bear liability in accordance with the legislation of the Russian Federation for the failure to fulfil or improper fulfilment of the obligations placed upon them.
Article 24.1 Participation of a Taxpayer in an Investment Partnership Agreement

1. Every taxpayer shall independently fulfil obligations relating to the payment of tax on profit of organizations and tax on income of physical persons which arise in connection with the taxpayer’s participation in an investment partnership agreement, with account taken of the special considerations laid down in this Article and other provisions of this Code.

2. Responsibility for the payment of taxes and levies which are not referred to in clause 1 of this Article but arise in connection with the performance of an investment partnership agreement shall rest with the participant in that agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”).

3. The managing partner responsible for the maintenance of tax records shall be deemed to be a tax agent in relation to income of foreign persons from participation in an investment partnership.

4. The managing partner responsible for the maintenance of tax records shall be obliged:

1) to send a copy of the investment partnership agreement (excluding the investment declaration) to the tax authority where it is registered, to give notice of the termination of that agreement and to give notice of the performance and cessation of performance of the functions of managing partner not later than five days from the date of conclusion or termination of the agreement or the commencement or cessation of the performance of the functions of managing partner;

2) to maintain separate records of operations of the investment partnership in the manner prescribed by Chapter 25 of this Code;

3) to submit a computation of the financial result of the investment partnership to the tax authority where it is registered.

The standard form of the computation of the financial result of an investment partnership shall be approved by the Ministry of Finance of the Russian Federation.

The computation of the financial result of an investment partnership shall be submitted to the tax authority within the time limits established by this Code for the submission of a tax declaration (computation) for tax on profit of organizations;

5) to provide to participants in the agreement, in the manner and within the time limits established by the investment partnership agreement but not later than fifteen days before the expiry of the time limit for the submission to the tax

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authority of tax declarations (computations) for tax on profit of organizations which are prescribed by this Code, a copy of the computation of the financial result of the investment partnership and information on the proportion of the profit (loss) of the investment partnership attributable to each of the participants.

The managing partner shall provide information to the partners concerning the proportion of profit (loss) of the investment partnership attributable to each of those partners with respect to each type of income for which a separate tax base is determined in accordance with this Code;

6) to provide to the participants in the investment partnership agreement the information provided for in the Federal Law “Concerning Investment Partnerships”;

7) in the event that adjustments are made to the computation of the financial result of the investment partnership, to submit a revised computation to the tax authority where it is registered and to provide a copy of the revised computation of the financial result of the investment partnership to the participants in the agreement within five days from the date on which adjustments are made.

5. The managing partner responsible for the maintenance of tax records shall have the same rights as taxpayers in relations associated with the management of the investment partnership’s affairs.

**Article 24.2** International Companies and International Holding Companies

1. Except as otherwise provided by clause 4 of this Article, for the purposes of this Code an international holding company shall be understood to mean an international company registered in accordance with the Federal Law “Concerning International Companies” which simultaneously meets the following conditions:

1) the international company was registered through the redomiciliation of a foreign organization which was established in accordance with its personal law before 1 January 2018;

2) the international company submitted the following documents and information to the tax authority where it is registered not later than 15 days from the day of its registration:

- the financial statements of the foreign organization through the redomiciliation of which the international company was registered for the last financial year which ended before the date of registration, prepared in accordance with the standards established by the personal law of that foreign organization, except as otherwise provided by this paragraph. If the personal law of the foreign organization does not establish a standard for the
preparation of financial statements, those statements must be prepared in accordance with International Financial Reporting Standards or other internationally recognised standards for the preparation of financial statements which are accepted by foreign stock exchanges and foreign depositary and clearing organizations included in the list of foreign financial intermediaries for the purpose of deciding whether to admit securities for trading. In this respect, if, at the time of the registration of the international company, the financial statements for the last complete financial year have not yet been approved, the financial statements for the preceding financial year shall be submitted;

- an auditor’s report on financial statements such as are referred to in this subsection which does not contain an adverse opinion or a disclaimer of opinion;

details of controlling persons of the international company as provided for in clause 5 of this Article, with the exception of international companies such as are referred to in subsection 3 of clause 4 of this Article;

3) controlling persons of the international company as at the date of the registration of the international company through the redomiciliation of a foreign organization became controlling persons of that foreign organization before 1 January 2017.

2. An international company shall lose the status of an international holding company in the following cases:

1) if the international holding company adopts a decision on re-organization in the form of acquisition (including in the form of the acquisition by it of another legal entity) or merger, except in the case of the acquisition of or merger with another international company which meets the conditions for recognition as an international holding company as at the date of the decision on re-organization in accordance with the conditions laid down in clause 1 of this Article;

2) if, within 365 calendar days after the registration of the international company, there appears among the controlling persons of that international company a new controlling person which is not recognised as a controlling person of the international company as at the date of its registration;

3) if the status of an international company is terminated in accordance with the Federal Law “Concerning International Companies”.

3. In cases established by clause 2 of this Article, an international company shall lose the status of an international holding company from the date of the occurrence of the earliest of the events referred to in subsections 1 to 3 of clause 2 of this Article.
4. The condition for the recognition of an international company as an international holding company which is established by subsection 3 of clause 1 of this Article and the case of the loss of international holding company status which is established by subsection 2 of clause 2 of this Article shall not apply in relation to:

1) international companies which are public companies as at 1 January 2018;

2) international companies in which the aggregate direct and (or) indirect participating interest of an international company such as is referred to in subsection 1 of this clause amounts to 100 per cent;

3) international companies with respect to which one or more controlling parties holding an aggregate direct and (or) indirect participating interest of not less than 25 per cent as at 1 January 2017 were subject after that date to restrictive measures imposed by a foreign state, a State association and (or) union and (or) a State (interstate) institution of a foreign state or a State association and (or) union, a list of which shall be determined in accordance with clause 4 of Article 207 of this Code. In order for the provisions of this subsection to be applied in relation to such controlling persons, the details provided for in subsections 1 to 3 of clause 5 of this Article must be submitted to the tax authority in accordance with the procedure and within the time limits specified in subsection 2 of clause 1 of this Article, indicating their participating interest in the international company referred to in paragraph 1 of this subsection as at 1 January 2017.

5. Details of controlling persons of an international company which is required to be submitted to a tax authority in accordance with paragraph 4 of subsection 2 of clause 1 of this Article must include the following information:

1) the full name of an organization or the surname, first name and patronymic (if any) of a physical person which/who is a controlling person of the international company;

2) the registration number (numbers) assigned to a controlling person in the state (territory) of registration (incorporation, residence), the code (codes) of a controlling person as a taxpayer in the state (territory) of registration (incorporation, residence) (or equivalents thereof) and the address in the state (territory) of registration (incorporation, residence) of a controlling person (if available) – in relation to foreign controlling persons;

3) the main State registration number of an organization and the taxpayer identification number and code of reason for registration of the taxpayer – in relation to Russian controlling persons;

4) the participating interest of a controlling person in the international company and disclosure of the manner of participation of a controlling person in the
international company in the case of indirect participation, stating the following information:

- information provided for in subsections 1 and 2 of this clause – in relation to each successive organization through which (using which) indirect participation in the international company is exercised;

- the participating interest in each successive organization through which indirect participation in the international company is exercised;

- the name, main State registration number, taxpayer identification number and code of reason for registration of a Russian taxpayer organization through which indirect participation in an international company is exercised;

- the organizational form of a foreign structure without the formation of a legal entity, the name and particulars of the document concerning the foundation of a foreign structure without the formation of a legal entity, the date of foundation (registration) of a foreign structure without the formation of a legal entity and the registration number (other identifier) in the state of foundation (registration) of a foreign structure without the formation of a legal entity (if these exist) (or equivalents thereof) – where indirect participation in the international company is exercised through a foreign structure without the formation of a legal entity;

  5) a description of the grounds for classing a person as a controlling person of the international company;

  6) an indication of whether a controlling person of the foreign organization which has been registered as an international company was a controlling person thereof before 1 January 2017.

6. The form (formats) of details of controlling persons of an international company which are to be submitted to a tax authority in accordance with clause 5 of this Article and the procedure for completing the form and the procedure for submission in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

CHAPTER 3.1. CONSOLIDATED GROUP OF TAXPAYERS

Article 25.1 General Provisions Concerning a Consolidated Group of Taxpayers

1. A consolidated group of taxpayers shall be a voluntary association of taxpayers of tax on profit of organizations formed on the basis of an agreement on the creation of a consolidated group of taxpayers according to the procedure and subject to the conditions which are laid down in this Code.
with a view to tax on profit of organizations being calculated and paid with reference to the aggregate financial result of the economic activities of those taxpayers (hereinafter referred to as “tax on profit of organizations for a consolidated group of taxpayers”).

2. A member of a consolidated group of taxpayers shall be an organization which is a party to a current agreement on the creation of a consolidated group of taxpayers and meets the criteria and conditions which are laid down in this Code for members of a consolidated group of taxpayers.

3. The responsible member of a consolidated group of taxpayers shall be the member of a consolidated group of taxpayers which is responsible in accordance with the agreement on the creation of the consolidated group of taxpayers for the calculation and payment of tax on profit of organizations for the consolidated group of taxpayers and which, in matters associated with the calculation and payment of that tax, exercises the same rights and bears the same obligations as taxpayers of tax on profit of organizations.

4. The document confirming the powers of the responsible member of a consolidated group of taxpayers shall be an agreement on the creation of a consolidated group of taxpayers which has been concluded in accordance with this Code and the civil legislation of the Russian Federation.

Article 25.2 Conditions for the Creation of a Consolidated Group of Taxpayers

1. Russian organizations which meet the conditions laid down in this Article shall have the right to create a consolidated group of taxpayers.

   The conditions which must be satisfied by members of a consolidated group of taxpayers such as are provided for in this Article shall apply for the entire duration of the agreement on the creation of that group, except as otherwise provided by this Code.

2. A consolidated group of taxpayers may be created by organizations on condition that one organization has a direct and (or) indirect participating interest in the charter (pooled) capital of the other organizations and the size of such participating interest in each such organization is not less than 90 per cent. This condition must be met during the entire term of the agreement on the creation of the consolidated group of taxpayers.

   The size of the participating interest of one organization in another organization shall be determined in the manner prescribed by this Code.

3. An organization which is a party to an agreement on the creation of a consolidated group of taxpayers must satisfy the following conditions:
the organization is not in the process of re-organization or liquidation, except as otherwise provided by this Code;

2) the organization is not the subject of insolvency (bankruptcy) proceedings as at the date on which the agreement on the creation of the consolidated group of taxpayers is registered or as at the date on which the organization joins an existing consolidated group of taxpayers;

2.1) none of the bankruptcy procedures (other than supervision) provided for in the insolvency (bankruptcy) legislation of the Russian Federation has been instituted in relation to the organization;

3) the size of the organization’s net assets as calculated on the basis of accounting (financial) statements as at the last accounting date before the date of submission of documents to the tax authority for the purpose of the registration of the agreement on the creation (alteration) of the consolidated group of taxpayers exceeds the size of its charter (pooled) capital. If, at the time when an agreement on the creation (alteration) of a consolidated group of taxpayers is submitted to a tax authority, the time limit for the preparation of accounting (financial) statements as at the last accounting date has not yet been reached, the amount of net assets or charter (pooled) capital shall be determined on the basis of accounting (financial) statements prepared as at the preceding accounting date.

4. A new organization may be admitted to an existing consolidated group of taxpayers on condition that the organization being admitted satisfies the conditions laid down in clause 3 of this Article as at the date of its admission.

5. The organizations which are members of a consolidated group of taxpayers must, taken in the aggregate, satisfy the following conditions:

1) the aggregate amount of value added tax, excise duties, tax on profit of organizations and tax on the extraction of commercial minerals paid during the calendar year preceding the year in which documents are submitted to the tax authority for the purpose of the registration of the agreement on the creation of the consolidated group of taxpayers, not including amounts of taxes paid in connection with the movement of goods across the customs border of the Customs Union, is not less than 10 billion roubles;

2) the aggregate amount of receipts from the sale of goods and products, the performance of work and the rendering of services, and from miscellaneous income shown in accounting (financial) statements for the calendar year preceding the year in which documents are submitted to the tax authority for the purpose of the registration of the agreement on the creation of the consolidated group of taxpayers, is not less than 100 billion roubles;

3) the aggregate amount of assets shown in accounting (financial) statements as at 31 December of the calendar year preceding the year in which documents
are submitted to the tax authority for the purpose of the registration of the agreement on the creation of the consolidated group of taxpayers is not less than 300 billion roubles.

6. The following organizations may not be members of a consolidated group of taxpayers:

1) organizations which are residents of special economic zones;
2) organizations which apply special tax regimes;
3) banks, except where all the other organizations in the group are banks;
4) insurance organizations, except where all the other organizations in the group are insurance organizations;
5) non-State pension funds, except where all the other organizations in the group are non-State pension funds;
6) professional participants in the securities market which are not banks, except where all the other organizations in the group are professional participants in the securities market which are not banks;
7) organizations which are members of another consolidated group of taxpayers;
8) organizations which are not recognised as taxpayers of tax on profit of organizations or which exercise the right to exemption from the obligations of a taxpayer of tax on profit of organizations in accordance with Chapter 25 of this Code;
9) organizations which carry on educational and (or) medical activities and apply a 0 per cent tax rate for tax on profit of organizations in accordance with Chapter 25 of this Code;
10) organizations which are taxpayers of the gaming tax;
11) clearing organizations;
12) credit consumer co-operatives;
13) microfinance organizations;
14) organizations which are participants in a free economic zone.

7. A consolidated group of taxpayers shall be created for not less than five tax periods for tax on profit of organizations.
Article 25.3  Agreement on the Creation of a Consolidated Group of Taxpayers

1. In accordance with an agreement on the creation of a consolidated group of taxpayers, organizations which satisfy the conditions established by Article 25.2 of this Code unite on a voluntary basis without creating a legal entity with a view to tax on profit of organizations being calculated and paid for the consolidated group of taxpayers in accordance with procedure and subject to the conditions which are established by this Code.

2. An agreement on the creation of a consolidated group of taxpayers must contain the following:

1) the subject of the agreement on the creation of a consolidated group of taxpayers;

2) a list of member organizations of the consolidated group of taxpayers and details of those organizations;

3) the name of the organization which is to act as the responsible member of the consolidated group of taxpayers;

4) a list of the powers which are transferred by the members of the consolidated group of taxpayers to the responsible member of the group in accordance with this Chapter;

5) the procedure and time limits for the fulfilment of obligations and exercise of rights which are not provided for in this Code by the responsible member and other members of the consolidated group of taxpayers, and liability for failure to fulfil those obligations;

6) the period measured in calendar years for which the consolidated group of taxpayers is created if it is created for a definite time period, or a reference to the lack of a definite time period for which the group is created;

7) indicators needed for the determination of the tax base and the payment of tax on profit of organizations for each member of the consolidated group of taxpayers, with account taken of the special considerations laid down in Article 288 of this Code. In this respect, the chosen indicators must remain unchanged during the entire term of the agreement on the creation of the consolidated group of taxpayers.

3. Legal relations arising from an agreement on the creation of a consolidated group of taxpayers shall be governed by tax and levy legislation and, to the extent not covered by tax and levy legislation, by the civil legislation of the Russian Federation.

Should any provisions of an agreement on the creation of a consolidated group of taxpayers (including the agreement itself) be at variance with the legislation
4. An agreement on the creation of a consolidated group of taxpayers shall have effect until the earliest of the following dates:

1) the date of termination of that agreement which is provided for in the agreement and (or) in this Code;

2) the date of rescission of the agreement;

3) the first day of the tax period for tax on profit of organizations next following the date on which a taxpayer refuses to register the agreement.

5. An agreement on the creation of a consolidated group of taxpayers must be registered with the tax authority with which the organization acting as the responsible member of the consolidated group of taxpayers is registered.

Where the responsible member of a consolidated group of taxpayers is classified as a major taxpayer in accordance with Article 83 of this Code, the agreement on the creation of the consolidated group of taxpayers must be registered with the tax authority with which that responsible member of the consolidated group of taxpayers is registered as a major taxpayer.

6. The responsible member of a consolidated group of taxpayers shall submit the following documents to the tax authority for the purpose of registering the agreement on the creation of the consolidated group of taxpayers:

1) an application for the registration of the consolidated group of taxpayers, signed by authorized officers of all members of the consolidated group of taxpayers which is to be created;

2) two copies of the agreement on the creation of the consolidated group of taxpayers;

3) documents confirming compliance with the conditions laid down in clauses 2, 3 and 5 of Article 25.2 of this Code, certified by the responsible member of the consolidated group of taxpayers, including copies of payment orders for the payment of value added tax, excise duties, tax on profit of organizations and tax on the extraction of commercial minerals (copies of tax authority decisions allowing credits to be made for the above-mentioned taxes), balance sheets and statements of financial results for the preceding calendar year for each member of the group;

4) documents confirming the powers of the persons who signed the agreement on the creation of a consolidated group of taxpayers.
7. The documents referred to in clause 6 of this Article shall be submitted to the tax authority not later than 30 October of the year preceding the tax period commencing from which tax on profit of organizations is to be calculated and paid for the consolidated group of taxpayers.

8. The director (deputy director) of the tax authority shall, within one month from the date on which the documents referred to in clause 6 of this Article were submitted to the tax authority, carry out the registration of the agreement on the creation of a consolidated group of taxpayers or adopt a reasoned decision to refuse to register that agreement.

In the event of the discovery of violations which could be remedied within the time period established by this clause, the tax authority shall be obliged to notify the responsible member of the consolidated group of taxpayers of those violations.

The responsible member of the consolidated group of taxpayers shall have the right to remedy the violations found before the expiry of the time period established by this clause.

9. If the conditions laid down in Article 25.2 of this Code and clauses 1 to 7 of this Article are satisfied, the tax authority shall be obliged to register the agreement on the creation of the consolidated group of taxpayers and, within five days from the date of that registration, to issue one copy of the agreement, marked as registered, to the responsible member of the consolidated group of taxpayers in person against receipt or by another means which provides evidence of the date of receipt.

Within five days from the date of registration of the agreement on the creation of a consolidated group of taxpayers, information on the registration of the agreement on the creation of a consolidated group of taxpayers shall be sent by the tax authority to the tax authorities for the locations of member organizations of the consolidated group of taxpayers and for the locations of economically autonomous subdivisions of member organizations of the consolidated group of taxpayers.

10. A consolidated group of taxpayers shall be considered to have been created from the first day of the tax period for tax on profit of organizations following the calendar year in which the tax authority registered the agreement on the creation of the consolidated group of taxpayers.

11. A tax authority may refuse to register an agreement on the creation of a consolidated group of taxpayers only if at least one of the following circumstances exists:

1) the conditions laid down in Article 25.2 of this Code for the creation of a consolidated group of taxpayers are not satisfied;
2) the agreement on the creation of a consolidated group of taxpayers does not meet the requirements set forth in clause 2 of this Article;

3) non-submission (incomplete submission) or late submission to the authorized tax authority of documents specified in clauses 5 to 7 of this Article which are required for the registration of an agreement on the creation of a consolidated group of taxpayers;

4) documents have been signed by persons not authorized to do so.

12. In the event that a tax authority refuses to register an agreement on the creation of a consolidated group of taxpayers, the responsible member of the consolidated group of taxpayers shall have the right to resubmit documents for the registration of that agreement.

13. A copy of a decision to refuse to register an agreement on the creation of a consolidated group of taxpayers shall be transmitted by the tax authority within five days of the adoption of that decision to an authorized representative of the entity indicated in the agreement as the responsible member of the consolidated group of taxpayers in person against receipt or by another means which provides evidence of the date of receipt.

14. A refusal to register an agreement on the creation of a consolidated group of taxpayers may be contested by the entity indicated in that agreement as the responsible member of the consolidated group of taxpayers in accordance with the procedure and within the time limits which are established by this Code for appealing against acts, actions or inaction of tax authorities and their officials.

In the event that a petition (appeal) is satisfied, provided that the registration of the agreement on the creation of a consolidated group of taxpayers is not prevented by any other obstacles provided for in this Chapter the tax authority shall be obliged to register that agreement and the group shall be deemed to have been created from the first day of the tax period for tax on profit of organizations next following the calendar year in which the group should have been registered in accordance with clause 8 of this Article.

Article 25.4 Amendment and Extension of an Agreement on the Creation of a Consolidated Group of Taxpayers

1. An agreement on the creation of a consolidated group of taxpayers may be amended in accordance with the procedure and subject to the conditions which are laid down in this Article.

2. The parties to an agreement on the creation of a consolidated group of taxpayers shall be obliged to make amendments to that agreement where:
1) a decision is adopted to liquidate one or more of the member organizations of the consolidated group of taxpayers;

2) a decision is adopted to re-organize (by means of a merger, acquisition, spin-off or demerger) one or more of the member organizations of the consolidated group of taxpayers;

3) an organization is admitted to the consolidated group of taxpayers;

4) an organization withdraws from the consolidated group of taxpayers (including in cases where the organization ceases to satisfy the conditions laid down in Article 25.2 of this Code, such as in the case of a merger with an organization which is not a member of the group in question or a demerger (spin-off) of an organization which is a member of the group);

5) a decision is adopted to extend the term of the agreement on the creation of a consolidated group of taxpayers.

2.1 In the event that a member of a consolidated group of taxpayers is re-organized, the re-organized organizations must be included in the group if they meet the conditions stipulated by Article 25.2 of this Code for members of a consolidated group of taxpayers.

3. An agreement on the amendment of an agreement on the creation of a consolidated group of taxpayers (a decision to extend the term of the agreement) shall be adopted by all members of the group, including newly admitted members and excluding members which are withdrawing from the group.

4. An agreement on the amendment of an agreement on the creation of a consolidated group of taxpayers (a decision to extend the term of the agreement) shall be submitted to the tax authority for registration within the following time limits:

1) not later than one month before the beginning of the next tax period for tax on profit of organizations – where amendments are made concerning the admission of new members to the group (except in cases of the re-organization of members of the group);

2) not later than one month before the expiry of the term of the agreement on the creation of a consolidated group of taxpayers – where a decision is adopted to extend the term of the agreement;

3) within one month from the day on which circumstances arise which require the agreement on the creation of a consolidated group of taxpayers to be amended – in other cases.
In order for an agreement on the amendment of an agreement on the creation of a consolidated group of taxpayers (a decision to extend the term of the agreement) to be registered, the responsible member of the group shall submit the following documents to the tax authority:

1) a notification of amendments to the agreement;
2) two copies of the agreement on the amendment of the agreement, signed by authorized officers of the members of the consolidated group of taxpayers;
3) documents confirming the powers of the persons who signed the agreement on amendments to the agreement;
4) documents confirming compliance with the conditions laid down in Article 25.2 of this Code, with account taken of the amendments made to the agreement;
5) two copies of the decision on the extension of the term of the agreement.

The tax authority shall be obliged to register amendments to an agreement on the creation of a consolidated group of taxpayers within 10 days from the date of submission of the documents referred to in clause 5 of this Article, and to issue one copy of the amendments, marked as registered, to an authorized representative of the responsible member of that group.

The registration of amendments to an agreement on the creation of a consolidated group of taxpayers may be refused on the following grounds:

1) the conditions laid down in Article 25.2 of this Code are not satisfied with respect to one or more members of the consolidated group of taxpayers;
2) documents have been signed by persons not authorized to do so;
3) failure to meet the time limit for the submission of documents for the amendment of the agreement;
4) non-submission (incomplete submission) of documents provided for in clause 5 of this Article.

Amendments to an agreement on the creation of a consolidated group of taxpayers shall enter into force according to the following rules:

1) amendments to an agreement on the creation of a consolidated group of taxpayers which are connected with the admission of new organizations to the group (except where members of the group are re-organized) shall enter into force not earlier than the first day of the tax period for tax on profit of organizations following the calendar year in which the amendments to the agreement were registered by the tax authority;
amendments to an agreement on the creation of a consolidated group of taxpayers which are connected with the withdrawal of members from the group shall enter into force from the first day of the tax period for tax on profit of organizations in which the circumstances necessitating amendments to the agreement arose (except as otherwise provided by subsection 3 of this clause);

amendments to an agreement on the creation of a consolidated group of taxpayers which are connected with the withdrawal from the group of members which satisfy the conditions laid down in Article 25.2 of this Code at the time of the registration of the amendments to the agreement by the tax authority shall enter into force from the first day of the tax period for tax on profit of organizations next following the calendar year in which the amendments to the agreement were registered by the tax authority;

in other cases, amendments to an agreement on the creation of a consolidated group of taxpayers shall enter into force from the date indicated by the parties, but not earlier than the date on which the amendments are registered by the tax authority.

Failure to make compulsory amendments to an agreement on the creation of a consolidated group of taxpayers shall result in the agreement being terminated from the first day of the tax period for tax on profit of organizations in which the compulsory amendments to the agreement should have entered into force.

Article 25.5 Rights and Obligations of the Responsible Member and Other Members of a Consolidated Group of Taxpayers

Except as otherwise provided by this Code, the responsible member of a consolidated group of taxpayers shall exercise the rights and bear the obligations which are laid down in this Code for taxpayers of tax on profit of organizations in relations governed by tax and levy legislation which arise in connection with the operation of the consolidated group of taxpayers.

The responsible member of a consolidated group of taxpayers shall have the right:

1) to present to tax authorities and their officials any explanations relating to the calculation and payment of tax on profit of organizations (advance payments) for the consolidated group of taxpayers;

2) to be present during the performance of on-site tax audits which are conducted in connection with the payment of tax on profit of organizations for the consolidated group of taxpayers at the location of any member of the group or of economically autonomous subdivisions thereof;
3) to receive copies of tax audit reports and tax authority decisions which are issued on the basis of audits conducted in connection with the payment of tax on profit of organizations for the consolidated group of taxpayers, and to receive demands for the payment of tax on profit of organizations (advance payments) and other documents relevant to the operation of the consolidated group of taxpayers;

4) to participate in the process of the examination by the director (deputy director) of a tax authority of materials relating to tax audits and additional tax control measures conducted in connection with the payment of tax on profit of organizations for the consolidated group of taxpayers in the cases and according to the procedure which are laid down in Article 101 of this Code;

5) to receive from tax authorities information concerning members of the consolidated group of taxpayers which constitutes tax secrets;

6) to lodge appeals in accordance with the established procedure against acts of tax authorities and other authorized bodies and actions or inaction of their officials, including in the interests of individual members of the consolidated group of taxpayers in connection with the fulfilment of obligations (exercise of rights) by those members with respect to the calculation of tax on profit of organizations for the consolidated group of taxpayers;

7) to submit an application to a tax authority for the crediting (refund) of overpaid tax on profit of organizations for the consolidated group of taxpayers.

3. The responsible member of a consolidated group of taxpayers shall be obliged:

1) to present the agreement on the creation of the consolidated group of taxpayers, amendments to the agreement on the consolidated group of taxpayers and a decision or notification concerning the cessation of operation of the consolidated group of taxpayers to the tax authority in the manner and within the time limits which are laid down in this Code for the purpose of their registration;

2) to maintain tax records and calculate and pay tax on profit of organizations (advance payments) for the consolidated group of taxpayers in the manner prescribed by Chapter 25 of this Code;

3) to present to the tax authority a tax declaration for tax on profit of organizations for the consolidated group of taxpayers and documents received from other members of the group in the manner and within the time limits which are established by this Code;

4) in the event of the cessation of operation of the consolidated group of taxpayers and (or) the withdrawal of an organization from the consolidated
group of taxpayers, to present to other members of the group (including members which have withdrawn from the group or have been re-organized) such information as is needed for the calculation and payment of tax on profit of organizations (advance payments) and the preparation of tax declarations for the relevant accounting and tax periods in accordance with the procedure and within the time limits which are laid down in the agreement on the creation of the consolidated group of taxpayers;

5) to pay arrears, penalties and fines arising in connection with the fulfilment of the obligations of the taxpayer of tax on profit of organizations for the consolidated group of taxpayers;

6) to notify the members of the consolidated group of taxpayers of the receipt of a demand for the payment of taxes and levies within five days of receiving that demand;

7) to request and obtain from members of the consolidated group of taxpayers such documents, explanations and other information as may be necessary for the conduct of tax control measures by tax authorities and the fulfilment of obligations of the taxpayer of tax on profit of organizations for the consolidated group of taxpayers;

8) to present primary documents, tax ledgers and other information relating to the consolidated group of taxpayers which is requested in the course of tax control measures by the tax authority which registered the agreement on the creation of that group;

9) to submit to the tax authority with which it is registered information on projected receipts of tax on profit of organizations from the consolidated group of taxpayers to the budgets of constituent entities of the Russian Federation in the current financial year and for the next financial year and planning period and on factors which affect planned receipts of tax on profit of organizations. That information shall be submitted on the tax authority’s request not later than 30 calendar days from the day on which that request is received.

4. The responsible member of a consolidated group of taxpayers shall, within the limits of the powers conferred on it, have other rights and bear other obligations of a taxpayer which are provided for in this Code.

5. Members of a consolidated group of taxpayers shall be obliged:

1) to submit to the responsible member of the consolidated group of taxpayers (including in electronic form) computations of the tax base for tax on profit of organizations in relation to income and expenses received or incurred by them, data contained in tax ledgers and other documents which are needed by the responsible member of the group for the fulfilment of obligations and the
exercise of rights of the taxpayer of tax on profit of organizations for the consolidated group of taxpayers;

2) to present requested documents and other information to tax authorities within the time limits and according to the procedure established by this Code when a tax authority is carrying out tax control measures in connection with the operation of the consolidated group of taxpayers;

3) to fulfil obligations to pay tax on profit of organizations (advance payments) for the consolidated group of taxpayers and corresponding penalties and fines in the manner prescribed by Articles 45 to 47 of this Code in the event that those obligations are not fulfilled or are improperly fulfilled by the responsible member of the group;

4) to carry out all such actions and provide all such documents as are needed for the registration of the agreement on the creation of the consolidated group of taxpayers and of amendments thereto;

5) in the event that conditions laid down in Article 25.2 of this Code are not satisfied, to notify the responsible member of the consolidated group of taxpayers and the tax authority with which the agreement on the creation of that group is registered;

6) to maintain tax records in the manner provided for in Chapter 25 of this Code.

6. In the event that the responsible member of a consolidated group of taxpayers fails to fulfil or improperly fulfils obligations to pay tax on profit of organizations (advance payments and corresponding penalties and fines), the member (members) of the group which fulfilled those obligations shall acquire a right of recourse to the extent of the amounts and according to the procedure which are provided for in the legislation of the Russian Federation and the agreement on the creation of the group.

7. Members of a consolidated group of taxpayers shall have the right:

1) to receive from the responsible member of the group copies of reports, decisions, demands, reconciliation statements and other documents provided to the responsible member by a tax authority in connection with the operation of the consolidated group of taxpayers;

2) to file independent appeals with a higher tax authority or with a court against acts of tax authorities and actions or inaction of their officials with account taken of the special considerations laid down in this Code;

3) voluntarily to perform the obligation of the responsible member of the consolidated group of taxpayers to pay tax on profit of organizations for the consolidated group of taxpayers;
4) to be present during the performance of tax audits which are conducted in connection with the calculation and payment of tax on profit of organizations for the consolidated group of taxpayers at the site of the member in question, and to participate in the process of the examination of materials relating to such tax audits.

8. When an organization withdraws from a consolidated group of taxpayers, it shall be obliged:

1) to make amendments to tax records from the beginning of the tax period for tax on profit of organizations as from the first day of which the organization has withdrawn from the consolidated group of taxpayers, with a view to complying with the requirements of Chapter 25 of the Code relating to the tax records of a taxpayer which is not a member of a consolidated group of taxpayers;

2) to calculate and pay tax on profit of organizations (advance payments) on the basis of profit actually earned for the relevant accounting and tax periods within the time limits established by Chapter 25 of the Code with respect to the tax period as from the first day of which the organization has withdrawn from the consolidated group of taxpayers;

3) after the end of the tax period as from the first day of which the organization concerned has withdrawn from the consolidated group of taxpayers, to submit a tax declaration for tax on profit of organizations to the tax authority where it is registered within the time limits prescribed by Chapter 25 of this Code.

8.1 A member of a consolidated group of taxpayers which meets the conditions stipulated by Article 25.2 of this Code for members of a consolidated group of taxpayers shall have the right to terminate its membership of the group voluntarily not earlier than after the lapse of five tax periods for tax on profit of organizations from the date on which it joined the group (including periods for which the agreement on the creation of the consolidated group of taxpayers was extended).

9. Where one or more members withdraw from a consolidated group of taxpayers, the responsible member of that group shall be obliged:

1) to make appropriate amendments to tax records from the beginning of the tax period for tax on profit of organizations in which the member (members) has (have) withdrawn from the consolidated group of taxpayers;

2) to recalculate advance payments of tax on profit of organizations for the accounting periods which have passed and to submit to the tax authority where it is registered revised tax declarations for tax on profit of organizations for the consolidated group of taxpayers.
10. The withdrawal of an organization from a consolidated group of taxpayers shall not release that organization from the fulfilment in accordance with Articles 45 to 47 of this Code of obligations to pay tax on profit of organizations and corresponding penalties and fines which arose in the period in which the organization was a member of the group.

This provision shall apply irrespective of whether the organization in question was aware before its withdrawal from the consolidated group of taxpayers of the non-fulfilment of the above-mentioned obligations or of a violation of the tax and levy legislation of the Russian Federation or whether those facts became known to the organization after its withdrawal from the consolidated group of taxpayers.

11. Clauses 8 to 10 of this Article shall also apply where a consolidated group of taxpayers ceases to operate before the expiry of the period for which it was created.

**Article 25.6 Cessation of Operation of a Consolidated Group of Taxpayers**

1. A consolidated group of taxpayers shall cease to operate upon the occurrence of any of the following circumstances:

1) the expiry of the term of the agreement on the creation of the consolidated group of taxpayers;

2) the rescission of the agreement on the creation of the consolidated group of taxpayers;

3) the entry into force of a court decision invalidating the agreement on the creation of the consolidated group of taxpayers;

4) the failure to submit to the tax authority within the established time limits an agreement on the amendment of the agreement on the creation of the consolidated group of taxpayers in connection with the withdrawal from that group of an organization which has violated conditions established by Article 25.2 of this Code;

5) the re-organization (other than re-organization in the form of a conversion of form) or liquidation of the responsible member of the consolidated group of taxpayers;

6) the institution in relation to the responsible member of the consolidated group of taxpayers of one of the bankruptcy procedures (other than supervision) provided for in the insolvency (bankruptcy) legislation of the Russian Federation;
non-compliance by the responsible member of the consolidated group of taxpayers with conditions laid down in Article 25.2 of this Code;

failure to make compulsory amendments to the agreement on the creation of the consolidated group of taxpayers.

The acquisition (sale) of shares (participating interests) in the charter (pooled) capital (fund) of a member organization of a consolidated group of taxpayers, where this does not result in non-compliance with conditions laid down in clause 2 of Article 25.2 of this Code, shall not bring about the cessation of operation of the consolidated group of taxpayers.

Should the circumstance referred to in subsection 2 of clause 1 of this Article arise, the responsible member of a consolidated group of taxpayers shall be obliged to send the decision concerning the cessation of operation of that group, signed by authorized representatives of all member organizations of the consolidated group of taxpayers, to the tax authority which registered the agreement on the creation of that group within a period not exceeding five days from the date of adoption of that decision.

Within five days from the date of receipt of documents such as are referred to in paragraphs 1 and 2 of this clause, information on the cessation of operation of a consolidated group of taxpayers shall be sent by the tax authority to the tax authorities for the locations of member organizations of the consolidated group of taxpayers and for the locations of economically autonomous subdivisions of member organizations of the consolidated group of taxpayers.

A consolidated group of taxpayers shall cease to operate from the first day of the tax period for tax on profit of organizations following the tax period in which the circumstances referred to in clause 1 of this Article arose, except as otherwise provided by this Code.

Where the ground provided for in subsection 3 of clause 1 of this Article arises, a consolidated group of taxpayers shall cease to operate from the first day of the accounting period for tax on profit of organizations in which the court decision referred to in subsection 3 of clause 1 of this Article entered into legal force.

Where the ground provided for in subsection 4 of clause 1 of this Article arises, a consolidated group of taxpayers shall cease to operate from the first day of the tax period for tax on profit of organizations in which a member of the group violated conditions established by Article 25.2 of this Code.
7. Where the grounds provided for in subsections 5 to 7 of clause 1 of this Article arise, a consolidated group of taxpayers shall cease to operate from the first day of the tax period for tax on profit of organizations in which, accordingly, the re-organization (other than re-organization in the form of conversion of form) or liquidation of the responsible member of the group took place, or one of the bankruptcy procedures (other than supervision) provided for in the insolvency (bankruptcy) legislation of the Russian Federation was instituted against that member, or the responsible member failed to comply with conditions laid down in Article 25.2 of this Code.

CHAPTER 3.2. OPERATOR OF A NEW OFFSHORE HYDROCARBON DEPOSIT

Article 25.7 Operator of a New Offshore Hydrocarbon Deposit

1. For the purposes of this Code, an organization shall be recognised as an operator of a new offshore hydrocarbon deposit where that organization simultaneously satisfies the following conditions:

1) a direct or indirect interest in the charter capital of the organization is held by an organization which holds a licence to use the subsurface site within whose boundaries the prospecting for, appraisal, exploration and (or) exploitation of a new offshore hydrocarbon deposit is intended to be carried out, or by an organization which is interdependent with an organization which holds such a licence;

2) the organization carries out at least one of the types of hydrocarbon extraction activities at the new offshore hydrocarbon deposit, independently and (or) through the use of contractors;

3) the organization carries out hydrocarbon extraction activities at the new offshore hydrocarbon deposit on the basis of an agreement concluded with the holder of the licence for the new offshore hydrocarbon deposit and (or) the subsurface site referred to in subsection 1 of this clause, and that agreement provides for the payment to the operator organization of a fee in an amount which depends, inter alia, on the volume of hydrocarbons extracted at the relevant offshore hydrocarbon deposit and (or) receipts from sales of those hydrocarbons (hereinafter in this Code referred to as “operator agreement”).

2. An organization shall be recognised as an operator of a new offshore hydrocarbon deposit from the date of the conclusion of an operator agreement such as is referred to in subsection 3 of clause 1 of this Article if the tax authority has been notified of the conclusion of the agreement in accordance with clause 3 of this Article.
3. An organization such as is referred to in subsection 3 of clause 1 of this Article which is the holder of a licence to use a subsurface site shall, within ten working days from the date of conclusion of an operator agreement, notify the tax authority where it is registered of the conclusion of the operator agreement by submitting the following documents to the tax authority:

1) a notification of the conclusion of the operator agreement, giving information on new offshore hydrocarbon deposits (if such information exists at the date of submitting the notification);

2) a certified copy of the signed operator agreement;

3) a copy of the licence to use the subsurface site within whose boundaries the prospecting for, appraisal, exploration and (or) exploitation of new offshore hydrocarbon deposits are carried out or a new offshore hydrocarbon deposit (new offshore hydrocarbon deposits) is (are) situated.

4. For the purposes of this Code, it shall not be permissible for two or more operators of a new offshore hydrocarbon deposit to carry on activities at the same time at one and the same new offshore hydrocarbon deposit involving the extraction of hydrocarbons at that new offshore hydrocarbon deposit.

In the event that an organization which is the holder of a licence to use a subsurface site within whose boundaries the prospecting for, appraisal, exploration and (or) exploitation of a new offshore hydrocarbon deposit are carried out concludes a new operator agreement with another organization which simultaneously satisfies the conditions established by clause 1 of this Article, that other organization shall obtain the status of operator of a new offshore hydrocarbon deposit for the purposes of this Code from the date on which the tax authority is notified of the conclusion of the operator agreement in accordance with clause 3 of this Article.

5. For the purposes of this Code, an organization shall lose the status of operator of a new offshore hydrocarbon deposit from the earliest of the following dates:

1) the expiry date of the operator agreement which is specified in that agreement;

2) the date of expiry of the licence to use the subsurface site within whose boundaries the new offshore hydrocarbon deposit is situated, or the date on which the right to use that subsurface site is terminated on other grounds provided for in law;

3) the date on which the organization which is the holder of the licence to use the subsurface site within whose boundaries the new offshore hydrocarbon deposit is situated is liquidated.
Article 25.8  General Provisions Concerning Regional Investment Projects

1. For the purposes of this Code a regional investment project shall be a project whose purpose is the manufacture of goods and which simultaneously meets the following requirements established by subsections 1, 2, 4 and 5 of this clause, or by subsections 1.1, 2, 4 and 5 of this clause, or by subsections 1, 2 and 4.1 of this clause:

1) the manufacture of goods as a result of the implementation of the investment project takes place, except as otherwise provided in this Article, exclusively in the territory of one of the following constituent entities of the Russian Federation:

- the Republic of Buryatia,
- the Republic of Sakha (Yakutia),
- the Republic of Tyva,
- the Transbaikal Territory,
- the Kamchatka Territory,
- the Krasnoyarsk Territory,
- the Primorye Territory,
- the Khabarovsk Territory,
- the Amur Province,
- the Irkutsk Province,
- the Magadan Province,
- the Sakhalin Province,
- the Jewish Autonomous Province,
- the Chukchi Autonomous District;

1.1) the manufacture of goods as a result of the implementation of the investment project in question takes place, except as otherwise provided in this Article,
exclusively in the territory of a constituent entity of the Russian Federation which is not referred to in subsection 1 of this clause;

2) the regional investment project may not have the following objectives:

- the extraction and (or) refinement of oil, the extraction of natural gas and (or) gas condensate or the rendering of services involving the transportation of oil and (or) oil products, gas and (or) gas condensate;

- the manufacture of excisable goods (with the exception of motor cars and motorcycles);

- the carrying-out of activities in relation to which a 0 per cent tax rate for tax on profit of organizations applies;

4) the volume of capital investments in accordance with the investment declaration may not be less than:

- 50 million roubles, on condition that the capital investments are made within a period not exceeding three years from the date of the inclusion of the organization in the register of participants in regional investment projects;

- 500 million roubles, on condition that the capital investments are made within a period not exceeding five years from the date of the inclusion of the organization in the register of participants in regional investment projects;

4.1) the volume of capital investments made by Russian organizations such as are referred to in subsection 2 of clause 1 of Article 25.9 of this Code may not be less than:

- 50 million roubles, provided that the capital investments are made within a period not exceeding three years from the date on which capital investments began to be made in implementation of the regional investment project, but not earlier than 1 January 2013 and not earlier than three years before the date on which an organization applies to a tax authority for the application of a tax concession in accordance with the procedure laid down in clauses 1 and 2 of Article 25.12-1 of this Code;

- 500 million roubles, provided that the capital investments are made within a period not exceeding five years from the date on which capital investments began to be made in implementation of the regional investment project, but not earlier than 1 January 2013 and not earlier than five years before the date on which an organization applies to a tax authority for the application of a tax concession in accordance with the procedure laid down in clauses 1 and 2 of Article 25.12-1 of this Code;

5) each regional investment project is implemented by a sole participant.
2. The requirements established by subsection 1 or 1.1 of clause 1 of this Article shall also be deemed to be met in cases where:

1) a regional investment project provides for the manufacture of goods within the framework of a unified manufacturing process in the territories of a number of the constituent entities of the Russian Federation referred to in subsection 1 or 1.1 of clause 1 of this Article;

2) a regional investment project is aimed at the extraction of commercial minerals and the relevant subsurface site lies partially outside the territories of the constituent entities of the Russian Federation referred to in subsection 1 or 1.1 of clause 1 of this Article.

3. In determining the volume of capital investments account shall be taken of expenditures on the creation (acquisition) of amortizable assets and rendering them fit for use, and expenditures on the performance of design and survey work, the new construction, retooling and modernization of fixed assets, the reconstruction of buildings, the acquisition of machinery, equipment, tools and implements (with the exception of expenditures on the acquisition of motor cars, motorcycles, sports and tour vessels and pleasure craft, and expenditures on the construction and reconstruction of residential premises).

In this respect, account shall not be taken of:

- machinery, equipment, means of transport and other amortizable assets received by a participant in a regional investment project where expenditures thereon have previously been included in the volume of capital investments by participants in other regional investment projects;

- expenditures incurred by Russian organizations such as are referred to in subsection 1 of clause 1 of Article 25.9 of this Code on the creation (acquisition) of buildings and installations situated on land plots on which an investment project is carried out as at the date of the inclusion of an organization in the register of participants in regional investment projects;

- expenditures which have been incurred by Russian organizations such as are referred to in subsection 2 of clause 1 of Article 25.9 of this Code on the creation (acquisition) of buildings and installations situated on plots of land on which an investment project is carried out as at the date on which capital investments for the investment project begin to be made, and which were made before 1 January 2013 or were made earlier than three years before the date on which an organization applies to a tax authority for the application of a tax concession in accordance with the procedure laid down in clauses 1 and 2 of Article 25.12-1 of this Code in the case of the implementation of an investment project which meets the requirements established by paragraph 2 of subsection 4.1 of clause 1 of this Article, or earlier than five years before the above-mentioned date in the case of the implementation of an investment project which meets the requirements established by paragraph 2 of subsection 4.1 of clause 1 of this Article, or on plots of land on which an investment project is carried out as at the date on which capital investments for the investment project begin to be made, and which were made before 1 January 2013 or were made earlier than three years before the date on which an organization applies to a tax authority for the application of a tax concession in accordance with the procedure laid down in clauses 1 and 2 of Article 25.12-1 of this Code in the case of the implementation of an investment project which meets the requirements established by paragraph 2 of subsection 4.1 of clause 1 of this Article, or earlier than five years before the above-mentioned date in the case of the implementation of an investment project which meets the requirements established by paragraph 2 of subsection 4.1 of clause 1 of this Article, or earlier than five years before the above-mentioned date in the case of the implementation of an investment project which meets the requirements established by paragraph 2 of subsection 4.1 of clause 1 of this Article, or earlier than five years before the above-mentioned date.
project which meets the requirements established by paragraph 3 of subsection 4.1 of clause 1 of this Article.

4. The actual volume of capital investments made in the course of the implementation of a regional investment project shall be determined on the basis of prices of goods (work and services) which are determined in accordance with Article 105.3 of this Code exclusive of value added tax.

5. A law of a constituent entity of the Russian Federation may, in relation to regional investment projects of Russian organizations such as are referred to in subsection 1 of clause 1 of Article 25.9 of this Code, increase the minimum volume of capital investments which is stated in subsection 4 of clause 1 of this Article and establish other requirements in addition to the requirements established by this Article.

Article 25.9 Taxpayers Which Are Participants in Regional Investment Projects

1. A taxpayer which is a participant in a regional investment project shall be:

1) a Russian organization which has obtained the status of participant in a regional investment project in accordance with the procedure established by this Chapter and which continuously meets all of the following requirements during the tax periods referred to in clauses 2 to 5 of Article 284.3 of this Code in which the tax rates established by clause 1.5 of Article 284 of this Code are applied:

- the State registration of the legal entity took place in the territory of the constituent entity of the Russian Federation in which the regional investment project is carried out;

- the organization does not have economically autonomous subdivisions located outside the territory of the constituent entity (the territories of the constituent entities) of the Russian Federation in which the regional investment project is carried out;

- the organization does not apply special tax regimes provided for in Part Two of this Code;

- the organization is not a member of a consolidated group of taxpayers;

- the organization is not a non-commercial organization, a bank, an insurance organization (insurer), a non-State pension fund, a professional participant in the securities market or a clearing organization;

- the organization is not a resident of a special economic zone of any kind or of a priority social and economic development area;
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- the organization has not previously been a participant in a regional investment project and is not a participant (the legal successor of a participant) in another regional investment project which is being carried out;

2) a Russian organization which has submitted to a tax authority an application for the application of a tax concession with respect to tax on profit of organizations and (or) an application for the application of a tax concession with respect to tax on the extraction of commercial minerals in accordance with the procedure laid down in clauses 1 and 2 of Article 25.12-1 of this Code, and which continuously meets all of the following requirements during the tax periods referred to in clause 2 of Article 284.3 of this Code in which the tax rate established by clause 1.5-1 of Article 284 of this Code is applied, and (or) during the tax periods referred to in clause 2 of Article 342.3-1 of this Code:

- the location of the organization or the location of its economically autonomous subdivision is the territory of one of the constituent entities of the Russian Federation referred to in subsection 1 of clause 1 of Article 25.8 of this Code;

- the organization does not apply special tax regimes provided for in Part Two of this Code;

- the organization is not a member of a consolidated group of taxpayers;

- the organization is not a resident of a special economic zone of any kind or of a priority social and economic development area;

- the organization is not a participant (the legal successor of a participant) in another regional investment project which is being carried out.

2. Taxpayers which are participants in special investment contracts shall also be recognised as taxpayers which are participants in regional investment projects for the purposes of this Code.

For the purposes of this Code, taxpayers which are participants in special investment contracts are investors which are a party to a special investment contract concluded on behalf of the Russian Federation by a federal executive body designated by the Government of the Russian Federation which is responsible for industrial policy or by another federal executive body which has been authorized by the Government of the Russian Federation to conclude special investment contracts in industrial sectors in accordance with Federal Law No. 488-FZ of 31 December 2014 “Concerning Industrial Policy in the Russian Federation”.

3. An organization shall obtain the status of participant in a regional investment project:
in accordance with subsection 1 of clause 1 of this Article from the day on which the organization is included in the register of participants in regional investment projects in accordance with the procedure established by this Chapter;

2) in accordance with subsection 2 of clause 1 of this Article commencing from the tax period in which the conditions laid down in clause 2 of Article 284.3-1 of this Code are first met. In this respect, the inclusion of the organization in the register of participants in regional investment projects shall not be required;

3) in accordance with clause 2 of this Article from the day on which the investment project is included in the list of investment projects which is provided for in clause 3 of part 1 of Article 6 of Federal Law No. 488-FZ of 31 December 2014 “Concerning Industrial Policy in the Russian Federation”. From that day, the organization shall be considered to have been included in the register of participants in regional investment projects.

Article 25.10 Register of Participants in Regional Investment Projects

1. The register of participants in regional investment projects (hereafter in this Chapter referred to as “the register”) shall be maintained by the federal executive body in charge of control and supervision in the area of taxes and levies on the basis of decisions and information sent in accordance with the procedure laid down in this Article by the tax authority where a taxpayer which is a participant in a regional investment project is located (is registered as a major taxpayer) and by the authorized State government body of the relevant constituent entity of the Russian Federation.

There shall be entered in the register details of participants in regional investment projects and details of regional investment projects which are contained in the relevant investment declarations. The procedure for the maintenance of the register, the composition of details to be included in the register and the form of an investment declaration shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. Decisions on the inclusion of an organization in the register and on the making of amendments to the register shall be adopted by the authorized State government body of a constituent entity of the Russian Federation with account taken of the provisions of Article 25.11 and clauses 1 to 3 of Article 25.12 of this Code.

A decision on the termination of the status of participant in a regional investment project shall be adopted by the tax authority where a taxpayer which is a participant in a regional investment project is located (is registered in accordance with subsection 1 of clause 1 of this Article from the day on which the organization is included in the register of participants in regional investment projects in accordance with the procedure established by this Chapter;
as a major taxpayer) on the grounds established by clause 4 of Article 25.12 of this Code.

3. The decisions referred to in clause 2 of this Article and other necessary information shall be sent in electronic form to the federal executive body in charge of control and supervision in the area of taxes and levies within three working days from the date of adoption of a relevant decision.

Article 25.11 Procedure for the Inclusion of an Organization in the Register

1. In order to be included in the register an organization shall send to the authorized State government body of a constituent entity of the Russian Federation an application for inclusion in the register, drawn up in arbitrary form, accompanied by the following documents:

1) duly certified copies of the foundation documents of the organization;

2) a copy of a document confirming the inclusion of an entry concerning the State registration of the organization in the Unified State Register of Legal Entities;

3) a copy of the organization’s certificate of registration with a tax authority;

4) the investment declaration (accompanied by the investment project);

5) other documents confirming conformity to the requirements established by this Code and (or) laws of relevant constituent entities of the Russian Federation for regional investment projects and (or) participants therein.

2. Where a regional investment project is carried out in the territories of multiple constituent entities of the Russian Federation in accordance with clause 2 of Article 25.8 of this Code, an application for inclusion in the register shall be submitted by an organization to the authorized State government body of the constituent entity of the Russian Federation in which the organization is registered with the tax authority for its location.

3. Where the documents referred to in subsections 2 and 3 of clause 1 of this Article are not presented by an organization, on the basis of an interdepartmental request from the authorized State government body of a constituent entity of the Russian Federation the federal executive body which carries out the State registration of legal entities, of physical persons as private entrepreneurs and of peasant (farm) holdings shall present information confirming the inclusion of an entry concerning the State registration of the organization in the Unified State Register of Legal Entities, and the federal executive body in charge of control and supervision in the area of taxes and levies shall present information confirming the registration of the organization with a tax authority.
4. Information confirming the conformity of an organization to the requirements established by subsection 1 of clause 1 of Article 25.9 of this Code shall be presented by the federal executive body in charge of control and supervision in the area of taxes and levies on the basis of an interdepartmental request from the authorized State government body of a constituent entity of the Russian Federation.

5. The authorized State government body of a constituent entity of the Russian Federation shall check that the documents accompanying an application correspond to the list of documents referred to in clause 1 of this Article within a period of not more than three working days from the day on which they were submitted to that authorized body, and, on the basis of the results of that check, shall send one of the following decisions to the organization:

1) a decision to accept the application for consideration;

2) a decision to refuse to accept the application for consideration in the event of a failure to present documents referred to in subsections 1, 4 and 5 of clause 1 of this Article.

6. Except as otherwise provided in this clause, within thirty days of sending a decision to accept an application such as is referred to in clause 1 of this Article for consideration the authorized State government body of a constituent entity of the Russian Federation shall, in accordance with the procedure established by a law of the constituent entity of the Russian Federation, adopt a decision to include an organization in the register or to refuse to include an organization in the register in event that the requirements established for regional investment projects are not met, and, not later than five days of the decision being adopted, shall send it to the organization.

Where a regional investment project is carried out in the territories of multiple constituent entities of the Russian Federation in accordance with clause 2 of Article 25.8 of this Code, the authorized State government body of a constituent entity of the Russian Federation which accepted an application for inclusion in the register for consideration, having consulted with the authorized State government bodies of the constituent entities of the Russian Federation in whose territories the regional investment project is carried out, shall adopt one of the decisions referred to in paragraph 1 of this clause within forty days from the day on which the decision to accept the application for inclusion in the register for consideration was sent to the organization.

7. The inclusion of an organization in the register shall take place from the 1st of the calendar month following the month in which the relevant decision was adopted.
Article 25.12 Amendments to Information Contained in the Register and Termination of the Status of Participant in a Regional Investment Project

1. A decision to make amendments to the register which are not connected with the termination of the status of participant in a regional investment project shall be adopted in the event that amendments are made to an investment declaration in accordance with the procedure and subject to the conditions which are established by a law of a constituent entity of the Russian Federation in accordance with this Article, provided that the requirements established by this Code and (or) the laws of the relevant constituent entities of the Russian Federation for regional investment projects and (or) participants therein are met.

2. Amendments to an investment declaration which concern the conditions of the implementation of a regional investment project shall be made by the authorized State government of a constituent entity of the Russian Federation on the basis of an application from the participant in the regional investment project, drawn up in an arbitrary form and containing an explanation of the need to make the amendments, in accordance with the procedure prescribed by Article 25.11 of this Code for the inclusion of an organization in the register.

3. The grounds for refusing to make amendments to an investment declaration shall be as follows:

1) a change in the purpose of the regional investment project;

2) a decrease in the overall volume of financing of the regional investment project of more than 10 per cent in the aggregate relative to the level stated in the original investment declaration;

3) a change in the schedule for the annual volume of investments which precludes the regional investment project from being carried out in compliance with the established requirements;

4) the regional investment project would, as a result of the amendments, cease to meet other requirements laid down in this Code and (or) laws of relevant constituent entities of the Russian Federation.

4. The status of participant of a regional investment project shall be terminated:

1) on the basis of an application from a participant in a regional investment project for the termination of the status of participant in a regional investment project – from the day specified in the application;

2) on the basis of a decision which has entered in to force following a tax audit carried out in accordance with the procedure established by this Code which found that the regional investment project and (or) the participant therein does not meet the requirements established by this Code and (or) the legislation of a
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constituent entity of the Russian Federation – from the day on which the organization was included in the register;

where an entry is made in the Unified State Register of Legal Entities to the effect that an organization which is a participant in a regional investment project is in the process of liquidation – from the day following the day on which the relevant entry is made in the Unified State Register of Legal Entities;

where an organization which is a participant in a regional investment project ceases activities as a result of re-organization in the form of a merger, demerger, acquisition by another legal entity or conversion of form – from the day following the day on which the relevant entry is made in the Unified State Register of Legal Entities;

on the basis of an arbitration court decision to declare a debtor bankrupt which has entered into legal force – from the day following the day on which that decision enters into legal force.

Article 25.12-1 Application and Cessation of the Application of Tax Concessions by Participants in Regional Investment Projects for Which Inclusion in the Register is Not Required

1. In order to apply tax concessions with respect to tax on profit of organizations and (or) tax on the extraction of commercial minerals, an organization such as is referred to in subsection 2 of clause 1 of Article 25.9 of this Code shall send to the tax authority for its location (if it is located in the territory of the constituent entity of the Russian Federation in which the regional investment project is carried out), or for the location of an economically autonomous subdivision of the organization which is located in the territory of the constituent entity of the Russian Federation in which the regional investment project is carried out, applications for the application of tax concessions, stating the taxpayer’s full name, identification number and code of reason for registration and the following parameters of the investment project:

- the volume of capital investments for the regional investment project;

- the time period within which the requirement concerning the minimum volume of capital investments must be met in accordance with subsection 4.1 of clause 1 of Article 25.8 of this Code;

- the name of the goods (group of goods) which are planned to be manufactured and (or) are being manufactured as a result of the investment project.

The form and formats of an application for the application of a tax concession and the procedure for transmitting it in electronic form via
telecommunications channels shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. Applications for the application of tax concessions shall be sent by organizations not later than the date on which a tax declaration for the relevant tax is submitted for the tax period in which reduced tax rates are first claimed.

Taxpayers which are categorized as major taxpayers in accordance with Article 83 of this Code shall send applications for the application of tax concessions to the tax authority with which they are registered as major taxpayers.

3. If, during a tax audit conducted in the manner prescribed by this Code, a regional investment project and (or) a participant therein are found not to comply with the requirements established by this Code, the application of the tax concessions referred to in clause 1.5-1 of Article 284, clause 3 of Article 284.3-1 and clause 2 of Article 342.3-1 of this Code shall cease on the basis of an effective decision based on that tax audit from the beginning of the tax period in which the participant ceased to be in compliance.

CHAPTER 3.4. CONTROLLED FOREIGN COMPANIES AND CONTROLLING PERSONS

Article 25.13 Controlled Foreign Companies and Controlling Persons

1. For the purposes of this Code a controlled foreign company shall be understood to be a foreign organization which simultaneously satisfies all of the following conditions:

1) the organization is not deemed to be a tax resident of the Russian Federation;

2) the organization has as a controlling person an organization and (or) a physical person who/which are deemed to be tax residents of the Russian Federation.

2. There shall also be recognised as a controlled foreign company for the purposes of this Code a foreign structure without the formation of a legal entity which has a controlling person an organization and (or) a physical persons who/which are deemed to be tax residents of the Russian Federation.

3. Except as otherwise provided in this Article, the following persons shall be deemed to be a controlling person of a foreign organization for the purposes of this Code:

1) a physical person or a legal entity whose participating interest in the organization amounts to more than 25 per cent;
2) a physical person or a legal entity whose participating interest in the organization (in the case of physical persons – together with spouses and minor-age children) amounts to more than 10 per cent, if the participating interest of all persons who are deemed to be tax residents of the Russian Federation in the organization concerned (in the case of physical persons – together with spouses and minor-age children) amounts to more than 50 per cent.

3.1 For the purposes of this Code, a controlling person of an international company and of the foreign organization through the redomiciliation of which that international company was registered shall be understood to mean a physical person or a legal entity whose participating interest in that international company (in the case of physical persons – jointly with spouses and minor-age children) amounts to more than 15 per cent. For the purposes of this clause, a participating interest shall be determined in accordance with Article 105.2 of this Code.

4. A person shall not be deemed a controlling person of a foreign organization if his participation in that foreign organization is exercised in one or a combination of the following ways:

1) through a direct and (or) indirect participation in one or more public companies that are Russian organizations;

2) through direct and (or) indirect participation in one or more foreign organizations whose shares have been admitted for trading on one or more foreign stock exchanges situated in the territories of foreign states which are members of the Organization for Economic Co-Operation and Development (other than states (territories) included in the list established by Article 25.13-1 of this Code of states (territories) which do not provide for the exchange of information for taxation purposes with the Russian Federation), and provided that the following conditions are simultaneously met:

   - the direct and (or) indirect participating interest of the controlling person in each foreign organization referred to in this clause does not exceed 50 per cent;

   - the proportion of ordinary shares admitted for trading on foreign stock exchanges for all such foreign stock exchanges taken together exceeds 25 per cent of the charter capital formed from ordinary shares for each foreign organization referred to in this subsection.

The provisions of this clause shall not apply in the period until 1 January 2029 in relation to foreign organizations in which a person’s participation is exercised solely through direct and (or) indirect participation in one or more public companies classed as international holding companies in accordance with Article 24.2 of this Code.
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5. For the purposes of clause 3 of this Article, the participating interest of an organization in another organization or of a physical person in an organization shall be determined in accordance with the procedure prescribed by Article 105.2 of this Code. In this respect, in determining the participating interest of a physical person in an organization account shall be taken of individual participation and participation together with spouses and minor-age children.

6. A person shall also be recognised as a controlling person of a foreign organization (an international company and the foreign organization through the redomiciliation of which that international company was registered) for the purposes of this Code where the participating interest of that person in the organization does not meet the conditions established by clause 3 (clause 3.1) of this Article but the person exercises control over the organization in his own interests or in the interests of his spouse and minor-age children.

7. For the purposes of this Code, the exercise of control over an organization shall be understood to mean the exertion of, or the ability to exert, a decisive influence on decisions adopted by that organization in relation to the distribution of profit (income) earned by the organization after taxation by virtue of direct or indirect participation in that organization, participation in an agreement (accord) concerning management of that organization or other arrangements between a person and the organization and (or) other persons.

8. For the purposes of this Code, the exercise of control over a foreign structure without the formation of a legal entity shall be understood to mean the exertion of, or the ability to exert, a decisive influence on decisions made by the person who manages the assets of the structure in question with respect to the distribution of profit (income) earned after taxation in accordance with the personal law and (or) the foundation documents of that structure.

9. Except as otherwise provided in this Article, a founder of a foreign structure without the formation of a legal entity shall be recognised as a controlling person of that structure for the purposes of this Code.

10. Except as otherwise provided in clause 11 of this Article, a founder of a foreign structure without the formation of a legal entity shall not be recognised as a controlling person of that structure if all of the following conditions are met in relation to that founder:

1) the person in question does not have the right to receive (demand the receipt of), directly or indirectly, all or part of the profit (income) of the structure concerned;

2) the person in question does not have the right to dispose of the profit (income) or part of the profit (income) of the structure concerned;
3) the person in question has not retained rights in assets transferred to the structure concerned (assets were transferred to the structure on an irrevocable basis).

The condition established by this subsection in relation to a person who is a founder of a foreign structure without the formation of a legal entity shall be deemed to have been met if the person in question does not have the right to receive ownership of all or part of the assets of the structure concerned in accordance with the personal law and (or) the foundation documents (agreement) of that structure during the entire period of existence of the structure or in the event of the termination of the structure (liquidation, termination of agreement);

4) the person in question does not exercise control over the structure in accordance with clause 8 of this Article.

11. A person such as is referred to in clause 10 of this Article shall be deemed to be a controlling person of a foreign structure without the formation of a legal entity if that person retains the right to receive any of the rights referred to in subsections 1 to 3 of clause 10 of this Article.

12. Another person who is not a founder of a foreign structure without the formation of a legal entity shall also be recognised as a controlling person of that structure for the purposes of this Code if that person exercises control over the structure concerned and at the same time at least one of the following conditions is met in relation to that person:

1) the person has an actual right to income (a part of income) received by the structure concerned;

2) the person has the right dispose of assets of the structure concerned;

3) the person has the right to receive assets of the structure concerned in the event of its termination (liquidation, termination of the agreement).

13. A person who is deemed to be a tax resident of the Russian Federation shall have the right independently to declare himself to be a controlling person of an organization on the grounds provided for in clause 3 or 6 of this Article, or of a foreign structure without the formation of a legal entity on the grounds provided for in clause 10 or 12 of this Article. In this case the person who has declared himself to be a controlling person shall send an appropriate notification in the manner prescribed by this Code to the tax authority where he is registered.

14. The fact that a manager of a foreign investment fund (a mutual fund or another collective investment vehicle) is deemed to be a tax resident of the Russian Federation and the fact that such manager carries on activities involving the management of the assets of such a fund (company) in the territory of the
Russian Federation shall not automatically constitute grounds for the fund (company) in question to be deemed a controlled foreign company of which that manager is a controlling person.

For the purposes of this clause, managers of a foreign investment fund (a mutual fund or another collective investment vehicle) shall be understood to mean a management company which is a Russian or foreign organization, a managing partner who is a physical person or an organization and other persons who carry out functions involving the management of assets which directly or indirectly belong to such foreign investment fund (mutual fund or other collective investment vehicle).

15. The rules established by this Article for the recognition of controlling persons of foreign structures without the formation of a legal entity shall also apply in relation to the recognition of controlling persons of foreign legal entities for which participation in capital is not provided for in accordance with their personal law.

**Article 25.13.1 Exemption of Profit of a Controlled Foreign Company from Taxation**

1. Profit of a controlled foreign company shall be exempt from taxation in accordance with the procedure and subject to the conditions established by this Code in the event that any of the following conditions is met in relation to the controlled foreign company in question:

1) it is a non-commercial organization which, in accordance with its personal law, does not distribute profit (income) earned among shareholders (participants, founders) or other persons;

2) it was formed in accordance with the legislation of a member state of the Eurasian Economic Union and has a permanent location in that state;

3) the effective rate of tax on income (profit) for the foreign organization in question, determined in accordance with this Article for a period for which financial statements for a financial year are prepared in accordance with the personal law of the organization in question, is not less than 75 per cent of the weighted-average tax rate for tax on profit of organizations;

4) it is one of the following controlled foreign companies:

   - an active foreign company;
   - an active foreign holding company;
   - an active foreign subholding company;
5) it is a bank or an insurance organization which carries out activities in accordance with its personal law on the basis of a licence or other special permit to carry out banking or insurance activities;

6) it is one of the following foreign organizations:
   - an issuer of circulated bonds;
   - an organization to which rights and obligations in respect of issued circulated bonds whose issuer is another foreign organization have been ceded;

7) it participates in mineral extraction projects which are carried out in accordance with production sharing agreements, concession agreements, licence agreements or other risk-based agreements (contracts).

Profit of controlled foreign companies such as are referred to in this subsection shall be exempt from taxation provided that all of the following conditions are met:

- the foreign organization is a party to agreements (contracts) such as are referred to in paragraph 1 of this subsection, or the establishment of the foreign organization is provided for in those agreements (contracts) and it carries on mineral extraction activities solely on the basis of and in accordance with the conditions of those agreements (contracts);

- agreements (contracts) such as are referred to in paragraph 1 of this subsection were concluded with a foreign state (territory), the government of a particular state (territory) or institutions (State government bodies, State companies) authorized by that government, or activities under such agreements (contracts) are carried out on the basis of a licence to use a subsurface site (another similar authorization issued by an authorized body of such a state);

- income received in connection with participation in agreements (contracts) such as are referred to in paragraph 1 of this subsection for the period for which financial statements for a financial year are prepared in accordance with the personal law of the foreign organization accounts for not less than 90 per cent of the total amount of that organization’s income according to data in its financial statements for that period, or the organization has no income for that period or its income for that period consists solely of income in the form of exchange rate differences and items of income referred to in clause 3 of Article 309.1 of this Code;

8) it is an operator of a new offshore hydrocarbon deposit or a direct shareholder (participant) of an operator of a new offshore hydrocarbon deposit;
the controlled foreign company is recognised as an international holding company in accordance with Article 24.2 of this Code as at the date determined in accordance with clause 3 of Article 25.15 of this Code.

2. For the purposes of subsection 3 of clause 1 of this Article:

1) the effective rate of tax on income (profit) of a foreign organization shall be determined according to the following formula:

\[ R_{\text{eff}} = \frac{T}{P} \times 100\% , \]

where, for the purposes of this subsection:

“\( R_{\text{eff}} \)” is the effective rate of tax on income (profit) of the foreign organization,

“\( T \)” is the amount of tax (profit) calculated by the foreign organization and its economically autonomous subdivisions in accordance with their personal law and income tax withheld on income (profit) of the organization in question at the source of payment of that income, except as otherwise provided by subsection 3 of this clause;

“\( P \)” is the amount of income (profit) of the foreign organization which is determined in accordance with paragraph 1 of clause 1 of Article 25.15 of this Code.

In calculating the indicator \( T \), the taxpayer shall have the right to adjust that indicator for the amount of taxes which relate to income (profit) taken into account in calculating the indicator \( P \) and are required to be calculated in accordance with the personal law of the foreign organization and (or) withheld in periods other than the period for which the indicator \( P \) is calculated.

Where the results for a tax period for a tax indicate that a foreign organization (a foreign structure without the formation of a legal entity) does not have income, or where the indicator \( P \) is a negative value or is equal to zero, the effective rate shall not be calculated and the foreign organization (foreign structure without the formation of a legal entity) shall be deemed to be a controlled foreign company;

2) the weighted-average tax rate for tax on profit of organizations shall be determined according to the following formula:

\[ R_{\text{wav}} = \frac{R_1 \times P_1 + R_2 \times P_2}{P_1 + P_2} \times 100\% \]

where, for the purposes of this clause:
“P1” is the amount of profit of a foreign organization which is determined in accordance with paragraph 1 of clause 1 of Article 25.15 of this Code, less income such as is referred to in subsection 1 of clause 4 of Article 309.1 of this Code. In the event that the indicator $P_1$ has a negative value when calculated, it shall be taken to be equal to zero;

“P2” is the amount of income of a foreign organization which is referred to in subsection 1 of clause 4 of Article 309.1 of this Code;

“R1” is the rate of tax on profit of organizations which is established by paragraph 1 of clause 1 of Article 284 of this Code;

“R2” is the rate of tax on profit of organizations which is established by subsection 2 of clause 3 of Article 284 of this Code;

where a controlled foreign company forms part of a consolidated group of taxpayers which was created in accordance with the legislation of a foreign state or, in accordance with its personal law, determines the tax base for the calculation and payment of tax on income (profit) jointly with other persons (except in cases where, when the tax base is determined, the amount of tax on income (profit) calculated directly in relation to profit of the controlled foreign company in question is specified in its tax reports) without forming a consolidated group of taxpayers (hereafter in this Code referred to as “foreign consolidated group of taxpayers”), the indicator $T$ for that controlled foreign company shall be determined by the taxpayer as a part of the amount of tax calculated in relation to the foreign consolidated group of taxpayers concerned. In this respect, that part of the amount of tax shall be calculated in accordance with a procedure to be established by the taxpayer independently in its accounting policies for taxation purposes in relation to each foreign consolidated group of taxpayers on the basis of indicators in the financial statements of the controlled foreign company or aggregated financial indicators for the consolidated group of taxpayers in accordance with one of the following methods:

- based on the proportion of the revenue (income) of the controlled foreign company to the aggregate revenue (income) of the foreign consolidated group of taxpayers;

- based on the proportion of the pre-tax profit of the controlled foreign company to the aggregate pre-tax profit of members of the foreign consolidated group of taxpayers which did not make a loss for the period concerned;

- based on the proportion of the net assets of the controlled foreign company to the aggregate net assets of the foreign consolidated group of taxpayers.
The method of determining the indicator T in accordance with this subsection may be changed no more frequently than once every 10 years.

3. For the purposes of clause 1 of this Article, an active foreign company shall be deemed to be a foreign organization for which items of income such as are referred to in clause 4 of Article 309.1 of this Code for the period for which financial statements for a financial year are prepared in accordance with the personal law of that foreign organization account for no more than 20 per cent of the total amount of all income of the organization according to data in financial statements prepared by the foreign organization in accordance with its personal law for that period.

In this respect, for the purposes of this Code, financial statements shall be understood to mean unconsolidated financial statements of an organization.

4. For the purposes of clause 1 of this Article, a foreign holding company shall be deemed to be a foreign organization in whose charter (pooled) capital (fund) a Russian organization/controlling person holds a participating interest amounting to not less than 75 per cent over a period amounting to not less than 365 consecutive calendar days.

For the purposes of clause 1 of this Article, a foreign subholding company shall be deemed to be a foreign organization in whose charter (pooled) capital (fund) a foreign holding company holds a participating interest amounting to not less than 75 per cent over a period amounting to not less than 365 consecutive calendar days.

5. For the purposes of clause 1 of this Article, an active foreign holding company shall be deemed to be a foreign holding company in relation to which all of the following conditions are simultaneously met:

1) the foreign holding company does not have income (profit) or items of income specified in clause 4 of Article 309.1 of this Code (excluding dividends from active foreign companies and (or) active foreign subholding companies) account for not more than 5 per cent of the total amount of all income of that foreign holding company according to data in its financial statements for the financial year;

2) the direct participating interest of the foreign holding company in the charter (pooled) capital (fund) of each active foreign company with respect to which dividends therefrom are excluded from the composition of income referred to in clause 4 of Article 309.1 of this Code when calculating the proportion referred to in subsection 1 of this clause amounts to not less than 50 per cent over a period amounting to not less than 365 consecutive calendar days;

3) the direct participating interest of the foreign holding company in the charter (pooled) capital (fund) of each active foreign subholding company
with respect to which dividends therefrom are excluded from the composition of income referred to in clause 4 of Article 309.1 of this Code when calculating the proportion referred to in subsection 1 of this clause amounts to not less than 75 per cent over a period amounting to not less than 365 consecutive calendar days.

6. For the purposes of clause 1 of this Article, an active foreign subholding company shall be deemed to be a foreign subholding company in relation to which all of the following conditions are simultaneously met:

1) the foreign subholding company does not have income (profit) or items of income such as are referred to in clause 4 of Article 309.1 of this Code (excluding dividends from active foreign companies) account for not more than 5 per cent of the total amount of all income of that foreign subholding company according to data in its financial statements for the financial year;

2) the direct participating interest of the foreign subholding company in the charter (pooled) capital (fund) of each active foreign company with respect to which dividends therefrom are excluded from the composition of income referred to in clause 4 of Article 309.1 of this Code when calculating the proportion referred to in subsection 1 of this clause amounts to not less than 50 per cent over a period amounting to not less than 365 consecutive calendar days.

6.1 In determining the portion of income which is referred to in subsection 7 of clause 1 and clauses 3, 5 and 6 of this Article, account shall not be taken of income in the form of an exchange rate difference which is recognised when preparing the financial statements of a controlled foreign company or of income such as is referred to in subsections 1, 2 and 3 of clause 3 of Article 309.1 of this Code.

7. Profit of a controlled foreign company shall be exempt from taxation in accordance with this Code in the cases established by subsections 3, 5 and 6 of clause 1 of this Article if the controlled foreign company is a resident of a state (territory) with which an international taxation agreement of the Russian Federation exists, with the exception of states (territories) which do not provide for the exchange of information for taxation purposes with the Russian Federation.

The list of states (territories) which do not provide for the exchange of information for taxation purposes with the Russian Federation shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Profit of a controlled foreign company shall be exempt from taxation in accordance with this Code in the cases established by clauses 5 and 6 of this Article are met if the state or territory of residence of foreign holding companies or foreign subholding companies such as are referred to in clause
8. Profit of an active foreign holding company shall be exempt from taxation for a Russian organization which is a controlling person of that active foreign holding company such as is referred to in clause 4 of this Article.

Profit of a foreign holding company such as is referred to in paragraph 1 of this clause shall also be exempt from taxation for other controlling persons of that foreign holding company which have a direct or indirect participating interest in a Russian organization/controling person such as is referred to in clause 4 of this Article to an extent corresponding to the participating interests of the persons in question in the Russian organization/controlling person.

The provisions of this clause shall also apply in relation to the amount of profit of an active foreign subholding company which is exempt from taxation for its controlling persons.

9. In order for profit of a controlled foreign company to be exempted from taxation in accordance with this Code on the grounds established by subsections 1 and 3 to 8 of clause 1 of this Article, a taxpayer which exercises control over a foreign organization (a foreign structure without the formation of a legal entity) shall submit to the tax authority for its location documents confirming that the conditions for such exemption are met.

Documents such as are referred to in this clause shall be submitted within the time limit stipulated by clause 2 of Article 25.14 of this Code and must be translated into Russian insofar as is necessary to ensure compliance with the conditions for profit of a controlled foreign company to be exempted from taxation.

A taxpayer-controlling person shall have the right not to submit the documents provided for in this clause if those documents were submitted by another taxpayer which is a controlling person of the controlled foreign company and is a Russian organization through which the indirect participation of the taxpayer exercising the right provided for in this paragraph in the controlled foreign company is exercised. A taxpayer-controlling person may exercise this right provided that it gives details of the organization which submitted the documents provided for in this clause in the notification of controlled foreign companies which is submitted in accordance with clause 2 of Article 25.14 of this Code.

10. Profit of controlled foreign companies such as are referred to in subsection 6 of clause 1 of this Article shall be exempt from taxation provided that all of the following requirements for such companies, circulated bonds and
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debt obligations arising in connection with the placement of such circulated bonds are simultaneously met:

1) circulated bonds such as are referred to in subsection 6 of clause 1 of this Article meet the requirements established for such bonds by subsection 1 of clause 2.1 of Article 310 of this Code;

2) debt obligations of Russian and foreign organizations to foreign organizations such as are referred to in subsection 6 of clause 1 of this Article arose in connection with the placement of circulated bonds such as are referred to in subsection 1 of this clause, as is confirmed by at least one of the following documents:

- the agreement in which the debt obligation in question is formally established;

- the conditions of issue of the circulated bonds in question;

- the issue prospectus for the circulated bonds in question;

3) foreign organizations such as are referred to in subsection 6 of clause 1 of this Article are residents of states with which the Russian Federation has international agreements governing the taxation of income of organizations and physical persons;

4) interest expenses in respect of circulated bonds such as are referred to in subsection 6 of clause 1 of this Article which were incurred for the period for which financial statements for a financial year are prepared in accordance with the personal law of a foreign organization account for not less than 90 per cent of the amount of all expenses of the organization concerned according to data in its financial statements for that period.

Article 25.14 Notification of Participation in Foreign Organizations and Notification of Controlled Foreign Companies. Procedure for Classing Taxpayers as Controlling Persons

1. Taxpayers who are deemed to be tax residents of the Russian Federation shall, in the cases and in accordance with the procedure laid down in this Code, notify a tax authority:

1) of their participation in foreign organizations (of the foundation of foreign structures without the formation of a legal entity);

2) of controlled foreign companies of which they are controlling persons.

2. Except as otherwise provided by this Article, a notification of controlled foreign companies shall be submitted not later than 20 March of the year
following a tax period in which a controlling person recognises income in the form of profit of a controlled foreign company in accordance with Chapter 23 or 25 of this Code or which follows the year for which a loss of a controlled foreign company has been determined.

3. Except as otherwise provided in this Article, a notification of participation in foreign organizations (of the foundation of foreign structures without the formation of a legal entity) (hereafter in this Code referred to as “notification of participation in foreign organizations”) shall be submitted not later than three months from the date of the commencement of (or of a change in the size of) the participating interest in such foreign organization (the date of the foundation of a foreign structure without the formation of a legal entity) which is the basis for submitting the notification in question, except as otherwise provided in this clause.

Where a physical person who was not a tax resident of the Russian Federation at the time when the grounds referred to in paragraph 1 of this clause for the submission of a notification of participation in foreign organizations arose is deemed to be a tax resident of the Russian Federation for the overall calendar year, that physical person shall submit a notification of participation in foreign organizations not later than 1 March of the year following that calendar year. The physical person shall submit the above-mentioned notification if, as at 31 December of the calendar year for which the physical person is deemed to be a tax resident of the Russian Federation, he had a participating interest in a foreign organization in excess of the level established by subsection 1 of clause 3.1 of Article 23 of this Code, or if a foreign structure without the formation of a legal entity founded (registered) by that physical person existed at that date. The details and information stipulated by clause 5 of this Article shall be entered in the notification of participation in foreign organization as at 31 December of the calendar year in question.

If, after a notification of participation in foreign organizations was submitted, the grounds for the submission of such a notification have not changed, repeat notifications shall not be submitted.

In the event that participation in foreign organizations is terminated (foreign structures without the formation of a legal entity are terminated (liquidated)), the taxpayer shall inform the tax authority of this not later than three months from the date of termination of participation (indicating the date on which participation in the foreign organization ended (the date on which a foreign structure without the formation of a legal entity was terminated (liquidated))).

The provisions of this clause shall not apply to taxpayers whose participation in foreign organizations is exercised exclusively through direct and (or) indirect participation in one or more public companies which are Russian organizations. The exemption from the application of the provisions of this clause which is established by this paragraph shall not apply upon the submission of a notification of participation in foreign organizations for
periods before 1 January 2029 where taxpayers’ participation in foreign organizations is exercised solely through direct and (or) indirect participation in one or more public companies which are recognised as international holding companies in accordance with Article 24.2 of this Code.

An international company shall, within one month from the day of its registration, submit a notification of participation in foreign organizations in relation to participating interests in foreign organizations (the foundation of foreign structures without the formation of a legal entity) as at the date of State registration of that international company.

3.1 A notification of controlled foreign companies and (or) a notification of participation in foreign organizations shall not be considered to have been submitted outside the time limit established by clause 2 or 3 of this Article if those notifications were submitted together with a special declaration submitted in accordance with Federal Law No. 140-FZ of 8 June 2015 “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and information on the foreign organizations and (or) controlled foreign companies in question is contained in that special declaration.

4. Taxpayers shall submit notifications of participation in foreign organizations and notifications of controlled foreign companies to the tax authority for their location (place of residence).

Taxpayers classified as major taxpayers in accordance with Article 83 of this Code shall submit notifications of participation in foreign organizations and notifications of controlled foreign companies to the tax authority where they are registered as major taxpayers.

Taxpayers shall submit notifications of participation in foreign organizations and notifications of controlled foreign companies to a tax authority electronically using the prescribed forms (formats).

Taxpayers who are physical persons shall have the right to submit the above-mentioned notifications in paper form.

The forms (formats) of a notification of participation in foreign organizations and a notification of controlled foreign companies and the procedure for completing the forms and the procedure for submitting a notification of participation in foreign organizations and of controlled foreign companies in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

5. A notification of participation in foreign organizations shall contain the following details and information:
the date on which the ground for submitting the notification arose;

2) the name of the foreign organization (foreign structure without the formation of a legal entity) in relation to which the notification of participation therein (of the foundation thereof) has been submitted by the taxpayer;

3) the registration number (numbers) assigned to a foreign organization in the state (territory) in which it is registered (incorporated), the code (codes) of a foreign organization as a taxpayer in the state (territory) in which it is registered (incorporated) (or equivalents thereof) and the address of a foreign organization in the state (territory) in which it is registered (incorporated) if these are available;

4) the organizational form of a foreign structure without the formation of a legal entity, the name and details of the foundation document of a foreign structure without the formation of a legal entity, the date of foundation (registration) of a foreign structure without the formation of a legal entity and the registration number (other identifier) in the state of foundation (registration) of a foreign structure without the formation of a legal entity if these are available (or equivalents thereof);

5) the participating interest of the taxpayer in a foreign organization, and disclosure of the manner of the taxpayer’s participation in a foreign organization in the case of indirect participation, including through a Russian organization and (or) using a foreign structure without the formation of a legal entity if the taxpayer is a controlling person of that foreign structure without the formation of a legal entity, giving the following details:

   - the details specified in subsections 2, 3 and 4 of this clause - in relation to each subsequent organization (foreign structure without the formation of a legal entity) through which (using which) indirect participation in the foreign organization is exercised;

   - the participating interest in each subsequent organization through which indirect participation in the foreign organization is exercised;

   - the name, main State registration number, taxpayer identification number and code of reason for registration of a Russian taxpayer organization through which indirect participation in the foreign organization is exercised;

6) information as to whether a taxpayer which is the founder of a foreign structure without the formation of a legal entity is a controlling person of that structure (where a notification is submitted by a taxpayer in relation to a foreign structure without the formation of a legal entity which was founded by the taxpayer).
6. A notification of controlled foreign companies shall contain the following details and information:

1) the period for which the notification is submitted;

2) the name of the foreign organization (foreign structure without the formation of a legal entity) in relation to which the notification of participation therein (of the foundation thereof) has been submitted by the taxpayer;

3) the registration number (numbers) assigned to a foreign organization in the state (territory) in which it is registered (incorporated), the code (codes) of a foreign organization as a taxpayer in the state (territory) in which it is registered (incorporated) (or equivalents thereof) and the address of a foreign organization in the state (territory) in which it is registered (incorporated) if these are available;

4) the organizational form of a foreign structure without the formation of a legal entity, the name and details of the foundation document of a foreign structure without the formation of a legal entity, the date of foundation (registration) of a foreign structure without the formation of a legal entity and the registration number (other identifier) in the state of foundation (registration) of a foreign structure without the formation of a legal entity if these are available (or equivalents thereof);

5) the date which is the last day of the period for which the financial statements of an organization (a foreign structure without the formation of a legal entity) are prepared in accordance with its personal law;

6) the date of preparation of the financial statements of an organization (a foreign structure without the formation of a legal entity) for a financial year in accordance with its personal law;

7) the date of preparation of an auditor’s report on the financial statements of a foreign organization (a foreign structure without the formation of a legal entity) for a financial year (where the performance of an audit of such financial statements is compulsory in accordance with the personal law or foundation (corporate) documents of the foreign organization (foreign structure without the formation of a legal entity) or such an audit is carried out voluntarily by the foreign organization (foreign structure without the formation of a legal entity));

8) the participating interest of the taxpayer in a foreign organization, and disclosure of the manner of the taxpayer’s participation in a foreign organization in the case of indirect participation, including through a Russian organization and (or) using a foreign structure without the formation of a legal entity if the taxpayer is a controlling person of that foreign structure without the formation of a legal entity, giving the following details:
- the details specified in subsections 2, 3 and 4 of this clause - in relation to each subsequent organization (foreign structure without the formation of a legal entity) through which (using which) indirect participation in the foreign organization is exercised;

- the name, main State registration number, taxpayer identification number and code of reason for registration of a Russian taxpayer organization through which indirect participation in the foreign organization is exercised;

- the participating interest in each subsequent organization through which indirect participation in the foreign organization is exercised;

9) a description of the grounds for considering the taxpayer to be a controlling person of a foreign company;

10) a description of the grounds for exempting profit of a controlled foreign company from taxation in accordance with this Code.

If the taxpayer has exercised the right not to submit the documents provided for in clause 9 of Article 25.13-1 of this Code, in disclosing information provided for in subsection 8 of this clause in the notification of controlled foreign companies information shall be given on the taxpayer-controlling person which is a Russian organization through which the taxpayer’s indirect participation in the controlled foreign company is exercised and which submitted the documents provided for in clause 9 of Article 25.13-1 of this Code.

7. In the event that omissions, inaccuracies or errors are found to have been made in completing a submitted notification of participation in foreign organizations or notification of controlled foreign companies, the taxpayer shall have the right to submit a revised notification.

In the event that a revised notification is submitted before the taxpayer became aware of the discovery by the tax authority of the presence of inaccurate information in the notification, the taxpayer shall be exempted from the liability stipulated by Article 129.6 of this Code.

8. Where a tax authority has information, including information received from competent authorities of foreign states, indicating that a taxpayer is a controlling person of a foreign organization (a foreign structure without the formation of a legal entity), but the taxpayer in question has not sent a notification such as is provided for in clause 6 of this Article to the tax authority in cases specified in Article 25.13 of this Code, the tax authority shall send that taxpayer a demand to submit a notification such as is provided for in clause 6 of this Article within the time limit established by the tax authority, which may not be less than thirty days from the date of receipt of that demand.
9. A tax authority’s demand such as is referred to in clause 8 of this Article must contain the following information:

1) the name (surname, first name and patronymic) of the taxpayer to which (whom) the demand is sent;

2) the name of the foreign organizations (foreign structures without the formation of a legal entity) in relation to which the tax authority has information indicating that the taxpayer is a controlling person thereof;

3) the registration number (numbers) assigned to the foreign organization (foreign structure without the formation of a legal entity) in relation to which the tax authority has information indicating that the taxpayer is a controlling person thereof;

4) a description of the grounds which the tax authority has for deeming the taxpayer to be a controlling person of the foreign organization (foreign structure without the formation of a legal entity);

5) the period for which the taxpayer must submit a notification such as is provided for in clause 6 of this Article.

10. A taxpayer may, before the expiry of the time limit indicated in clause 8 of this Article, submit to the tax authority explanations regarding assertions made in a demand sent in accordance with clauses 8 and 9 of this Article to demonstrate that there are no grounds for the taxpayer to be deemed a controlling person, at the same time submitting to the tax authority documents (if available) supporting the explanations given.

Where a taxpayer is deemed to be a controlling person on the basis of subsection 2 of clause 3 of Article 25.13 of this Code, the taxpayer shall have the right to submit to the tax authority, together with a notification of controlled foreign companies, appropriate explanations and (or) documents proving that he was not aware that, in the calendar year for which a notification of controlled foreign companies was not submitted, the participating interest in the foreign organization concerned of all persons deemed to be tax residents of the Russian Federation (in the case of physical persons – together with spouses and minor-age children) amounted to more than 50 per cent.

11. A tax authority official shall be obliged to examine explanations and documents submitted by a taxpayer. If, after examining explanations and documents submitted, or where none are received, the tax authority finds that a violation of tax and levy legislation has occurred for which liability is prescribed by Article 129.6 of this Code, the tax authority shall conduct proceedings relating to that tax offence in accordance with the procedure laid down in Article 101.4 of this Code.
A taxpayer who is deemed to be a controlling person on the basis of subsection 2 of clause 3 of Article 25.13 of this Code shall be exempted from the liability prescribed by Articles 129.5 and 129.6 of this Code in the event that a notification of the controlled foreign companies concerning which information is contained in the demand is submitted within the time limit established by the tax authority. In this case penalties shall not be charged on the relevant amounts of taxes.

12. The provisions of clauses 8 to 11 of this Article shall also apply to cases where a taxpayer submitted a notification such as is provided for in clause 6 of this Article on time but failed to include therein details of one or more controlled foreign companies.

**Article 25.15 Tax Treatment of Profit of a Controlled Foreign Company**

1. For the purposes of this Code, profit (loss) of a controlled foreign company shall be understood to mean the amount of that company’s profit (loss) which has been calculated in accordance with Article 309.1 of this Code.

Profit of a controlled foreign company shall be reduced by the amount of dividends paid by that foreign company in the calendar year following the year for which financial statements are prepared in accordance with the personal law of that company, including interim dividends paid during the financial year for which those financial statements are prepared, with account taken of the special considerations laid down in Article 309.1 of this Code. In the event that the personal law of a company does not require the preparation of financial statements of that company, the calendar year shall be used for the purposes of this paragraph.

In the determination of profit of a controlled foreign company account shall not be taken of income in the form of dividends for which Russian organizations are the source of payment if the controlling person of that controlled foreign company has an actual right to the income in question according to the provisions of Article 312 of this Code.

Profit of a controlled foreign company which is a foreign structure without the formation of a legal entity or a foreign legal entity whose personal law does not provide for participation in capital shall be reduced by the amount of distributed profit.

1.1 In determining the profit of a controlled foreign company which is a foreign structure without the formation of a legal entity, account shall not be taken of income in the form of property (including monetary resources) and (or) property rights which were received as a contribution (investment) from the founder of that structure and (or) or persons who are members of his 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, grandfathers, grandmothers and grandchildren, siblings and half-siblings (having a common father or mother)) or from another controlled foreign company (including a foreign structure without the formation of a legal entity) in relation to which at least one of the above-mentioned persons is a controlling person. In this respect, if the transferring party is a controlled foreign company, expenses in the form of property (including monetary resources) and (or) property rights transferred shall not be taken into account in determining the profit of that controlled foreign company.

The provisions of this clause shall not apply in the case of the transfer of property and (or) property rights by a controlled foreign company (the receipt of property and (or) property rights from a controlled foreign company) which were obtained using profit of the transferring party for the financial year in which it was liquidated (terminated).

Foreign legal entities whose personal law does not provide for participation in capital shall be equated with foreign structures without the formation of a legal entity for the purposes of this clause.

2. Profit of a controlled foreign company which is determined in accordance with this Code shall be equated with profit of an organization (income of physical persons) (hereafter in this Chapter referred to as “profit” and “income” respectively) which is received by a taxpayer which is recognised as a controlling person of that controlled foreign company and shall be taken into account in determining the tax base for taxes for taxpayers who are deemed to be controlling persons of that controlled foreign company in accordance with the chapters of Part Two of this Code with account taken of the special considerations which are established by this Article.

3. Profit of a controlled foreign company shall be taken into account in determining the tax base of a taxpayer-controlling person to an extent corresponding to that person’s participating interest in the controlled foreign company as at the date of adoption of a profit distribution decision adopted in the calendar year following the tax period for the relevant tax for the taxpayer-controlling person in which there falls the end date of the financial year in accordance with the personal law of that controlled foreign company or, if no such decision has been adopted, as at 31 December of the calendar year following the tax period for the relevant tax for the taxpayer-controlling person in which there falls the end date of the financial year of the controlled foreign company.

Where it is impossible to determine the share in the profit of a controlled foreign company in accordance with paragraph 1 of this clause, profit of that controlled foreign company shall be taken into account in determining the tax base of a taxpayer-controlling person on the basis of the amount of profit to which the taxpayer has (will have) a right in the event of its distribution among persons who have an actual right to that profit. In this respect, that amount of profit shall be determined as at 31 December of the calendar year.

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following the tax period for the relevant tax for the taxpayer-controlling person in which there falls the end date of the financial year of the controlled foreign company.

In the event that the participating interest of a taxpayer-controlling person in a controlled foreign company differs from the share of profit to which the taxpayer has a right in the event of its distribution (in accordance with its personal law, the charter documents or an agreement between its shareholders (participants)), profit of the controlled foreign company shall be taken into account in determining the tax base of the taxpayer-controlling person to an extent corresponding to the share in the profit of the controlled foreign company to which that person has a right as at the date of adoption of a profit distribution decision adopted in the calendar year following the tax period for the relevant tax for the taxpayer-controlling person in which there falls the end date of the financial year in accordance with the personal law of the controlled foreign company or, if no such decision has been adopted, as at 31 December of the calendar year following the tax period for the relevant tax for the taxpayer-controlling person in which there falls the end date of the financial year of the controlled foreign company.

4. Where a taxable controlling person has indirect participation in a controlled foreign company, provided that that participation is exercised through organizations which are controlling persons of that controlled foreign company and are deemed to be tax residents of the Russian Federation, profit of that controlled foreign company which is taken into account in determining the tax base of the taxpayer in question shall be reduced by amounts of profit which are required to be taken into account for taxation purposes for other controlling persons through which the indirect participation of the controlling person in question in the controlled foreign company is exercised to an extent proportional to the participating interest of the controlling person in question in the organization (organizations) through which indirect participation in the controlled foreign company is exercised.

In this respect, where, as a result of the application of paragraph 1 of this clause, the amount of profit of a controlled foreign company which is required to be taken into account in determining the tax base for a taxable controlling person is equal to zero, the taxpayer shall have the right not to reflect that result and information on that controlled foreign company in the tax declaration for tax on profit of organizations (tax on income of physical persons).

5. A taxable controlling person shall submit a tax declaration for the tax with respect to which profit of a foreign company controlled by that person is taken into account in determining the tax base together with the following documents:

1) the financial statements of the controlled foreign company for the period for which profit was taken into account in determining the tax base for the tax in
relation to which the tax declaration is submitted, or, in the absence of financial statements, other documents;

2) the audit report on the financial statements of the controlled foreign company referred to in subsection 1 of this clause if the auditing of such financial statements is compulsory in accordance with the personal law or the foundation documents (agreement) of the controlled foreign company or an audit is undertaken by the foreign organization on a voluntary basis.

6. Documents (copies thereof) such as are referred to in clause 5 of this Article which have been prepared in a foreign language must be translated into Russian.

Where an auditor’s report on financial statements cannot be submitted at the same time as a tax declaration in accordance with clause 5 of this Article, that auditor’s report shall be submitted not later than one month from the day specified in the notification of controlled foreign companies as the date of preparation of the auditor’s report on the financial statements.

7. Profit of a controlled foreign company shall be taken into account in determining the tax base for a tax period for a particular tax in accordance with clause 1 of this Article if the amount of that profit, calculated in accordance with this Code, exceeds 10,000,000 roubles.

8. Where, on the basis of the results for a period for which financial statements for a financial year are prepared in accordance with the personal law of the company concerned, a foreign organization is unable to distribute profit (in whole or in part) among participants (unit holders, principals or other persons) by reason of an obligation established by the personal law of the organization in question to use that profit to increase charter capital and (or) to create compulsory reserves where an obligation to create such reserves is stipulated by the legislation of a foreign state, such profit shall not be taken into account in determining the tax base for a taxable controlling person.

CHAPTER 4. REPRESENTATION IN RELATIONS WHICH ARE REGULATED BY TAX AND LEVY LEGISLATION

Article 26 The Right to Representation in Relations Which Are Regulated by Tax and Levy Legislation

1. A taxpayer may participate in relations which are regulated by tax and levy legislation through a legal or authorized representative, unless otherwise stipulated by this Code.

2. The participation of a taxpayer in relations which are regulated by tax and levy legislation in person shall not deprive him of the right to have a
representative, and likewise the participation of a representative shall not deprive the taxpayer of the right to participate in such legal relations in person.

3. The powers of a representative must be documented in accordance with this Code and federal laws.

4. The rules laid down by this Chapter shall apply to levy payers, payers of insurance contributions and tax agents.

**Article 27  The Legal Representative of a Taxpayer**

1. The legal representatives of a taxpaying organization shall be persons authorized to represent that organization on the basis of law or the organization’s foundation documents.

2. The legal representatives of a taxpaying physical person shall be persons acting as his representatives in accordance with the civil legislation of the Russian Federation.

**Article 28  The Actions (Inaction) of the Legal Representatives of an Organization**

The actions (inaction) of the legal representatives of an organization which occur in connection with that organization’s participation in relations which are regulated by tax and levy legislation shall be deemed to be the actions (inaction) of the organization itself.

**Article 29  The Authorized Representative of a Taxpayer**

1. The authorized representative of a taxpayer shall be a physical person or legal entity authorized by the taxpayer to represent his interests in relations with the tax authorities (customs authorities) and other participants in relations which are regulated by tax and levy legislation, except as otherwise provided by this Code.

2. Officials of tax authorities, customs authorities and internal affairs bodies, judges, investigators and public prosecutors may not be authorized representatives of a taxpayer.

3. The authorized representative of a taxpaying organization shall exercise his powers on the basis of a power of attorney issued in accordance with the procedure which is established by the civil legislation of the Russian Federation.

The authorized representative of a taxpaying physical person shall exercise his powers on the basis of a notarized power of attorney or a power of attorney
which is equated with a notarized power of attorney in accordance with the civil legislation of the Russian Federation.

4. The responsible member of a consolidated group of taxpayers shall be the authorized representative of all members of the consolidated group of taxpayers by law. Notwithstanding the provisions of the agreement on the creation of a consolidated group of taxpayers, the responsible member of that group shall have the right to represent the interests of the members of that consolidated group in the following legal relations:

1) in legal relations associated with the registration with the tax authorities of the agreement on the creation of the consolidated group of taxpayers, amendments to that agreement and a decision on the extension or termination of the agreement;

2) in legal relations associated with the enforced recovery from a member of the consolidated group of taxpayers of arrears in respect of tax on profit of organizations for the consolidated group of taxpayers;

3) in legal relations associated with the taking of action against an organization for tax offences committed in connection with participation in the consolidated group of taxpayers;

4) in other cases where the nature of actions (inaction) of a tax authority is such that they directly affect the rights of an organization which is a member of a consolidated group of taxpayers.

5. Upon the expiry of or in the event of the early rescission or termination of an agreement on the creation of a consolidated group of taxpayers, the entity which was the responsible member of that group shall retain the powers provided for in clause 4 of this Article.

6. An entity which is the responsible member of a consolidated group of taxpayers shall have the right to delegate the powers conferred on it by this Code with respect to the representation of the interests of the members of that group to third parties on the basis of a power of attorney issued in accordance with the procedure established by the civil legislation of the Russian Federation.
SECTION III. TAX AUTHORITIES. CUSTOMS AUTHORITIES. FINANCIAL AUTHORITIES. INTERNAL AFFAIRS BODIES. INVESTIGATIVE BODIES. LIABILITY OF TAX AUTHORITIES, CUSTOMS AUTHORITIES, INTERNAL AFFAIRS BODIES AND INVESTIGATIVE BODIES AND OF THEIR OFFICIALS

CHAPTER 5. TAX AUTHORITIES. CUSTOMS AUTHORITIES. FINANCIAL AUTHORITIES. LIABILITY OF TAX AUTHORITIES, CUSTOMS AUTHORITIES AND OF THEIR OFFICIALS

Article 30  Tax Authorities in the Russian Federation

1. Tax authorities shall comprise a unified centralized system of control over compliance with tax and levy legislation, over the correct calculation and complete and timely payment (remittance) to the budget system of the Russian Federation of taxes, levies and insurance contributions and, in cases provided by the legislation of the Russian Federation, over the correct calculation and timely payment to the appropriate budget of other compulsory payments. The above-mentioned system shall include the federal executive body in charge of control and supervision in the area of taxes and levies and its territorial bodies.

3. Tax authorities shall act within the limits of their competence and in accordance with the legislation of the Russian Federation.

4. Tax authorities shall perform their functions and interact with federal executive bodies, executive bodies of constituent entities of the Russian Federation, local government bodies and State non-budgetary funds by means of exercising the powers provided for in this Code and other normative legal acts of the Russian Federation.

Article 31  Rights of Tax Authorities

1. Tax authorities shall have the right:

1) to require a taxpayer, levy payer or tax agent in accordance with tax and levy legislation to produce documents prepared using standard forms and (or) formats in electronic form prescribed by State bodies and local government bodies which are a basis for the calculation and payment (withholding and remittance) of taxes and levies and documents confirming the correct calculation and timely payment (withholding and remittance) of taxes and levies;

2) to perform tax audits in accordance with the procedure established by this Code;
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2.1) to check the fulfilment by banks of obligations established by this Code. The procedure for checking the fulfilment by banks of obligations established by this Code shall be approved by the federal executive body for control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation;

3) to seize documents from a taxpayer, levy payer or tax agent when performing tax audits where there are sufficient grounds to believe that those documents would otherwise be destroyed, concealed, altered or replaced;

4) to summon taxpayers, levy payers or tax agents to tax authorities on the basis of a written notification to give explanations in relation to the payment (withholding and remittance) of taxes and levies by them or in connection with a tax audit, and in other instances associated with compliance by them with tax and levy legislation;

5) to suspend operations on the bank accounts of a taxpayer, levy payer or tax agent and to attach the assets of a taxpayer, levy payer or tax agent in accordance with the procedure prescribed by this Code;

6) in accordance with the procedure prescribed by Article 92 of this Code, to inspect any production, storage, trading and other premises and areas which are used by a taxpayer for the derivation of income or are connected with the maintenance of objects of taxation, irrespective of where they are situated, and to make an inventory of assets belonging to a taxpayer. The procedure for making an inventory of a taxpayer’s assets in the context of a tax audit shall be approved by the Ministry of Finance of the Russian Federation;

7) to determine the amounts of taxes payable by taxpayers to the budget system of the Russian Federation using a calculation method on the basis of information which is available to them concerning the taxpayer and data relating to other similar taxpayers in the event that a taxpayer refuses to allow officials of a tax authority to inspect production, storage, trading and other premises and areas which are used by the taxpayer for the derivation of income or are associated with the maintenance of objects of taxation, or in the event that a taxpayer fails to produce documents required for the computation of taxes to the tax authority for more than two months, fails to maintain records of income and expenses or records of objects of taxation or maintains records in a manner contrary to the established procedure with the result that it is impossible to calculate taxes, or a taxpayer foreign organization which does not carry on activities in the territory of the Russian Federation through a permanent establishment fails to submit a tax declaration for tax on assets of organizations;

8) to order taxpayers, levy payers, tax agents and their representatives to rectify violations of tax and levy legislation which have been discovered and monitor compliance with such orders;
to recover arrears and penalties, interest and fines in the cases and in accordance with the procedure which are established by this Code;

10) to require banks to produce documents confirming the debiting of amounts of taxes, levies, penalties and fines from accounts of a taxpayer, levy payer or tax agent and from correspondent accounts of banks and the remittance of those amounts to the budget system of the Russian Federation;

11) to engage specialists, experts and translators to assist in exercising tax control;

12) to summon as witnesses persons who may be aware of any circumstances which are of significance for tax control purposes;

13) to petition for the annulment or suspension of the validity of licences issued to legal entities and physical persons to engage in certain types of activity;

14) to file actions (petitions) with courts of general jurisdiction, the Supreme Court of the Russian Federation or arbitration courts:

- for the recovery of arrears, penalties and fines for tax offences in the cases provided for by this Code;

- for compensation for damage caused to the State and (or) to a municipality by unlawful actions of a bank involving the debiting of monetary resources (precious metals) from a taxpayer’s account after the receipt of a tax authority’s decision on the suspension of operations, as a result of which it has become impossible for the tax authority to recover arrears and indebtedness in respect of penalties and fines from the taxpayer in accordance with the procedure prescribed by this Code;

- for the early cancellation of an investment tax credit agreement;

- in other cases provided for in this Code;

15) to restore in the case provided for in clause 1.1 of Article 59 of this Code amounts of arrears and indebtedness in respect of penalties and fines which have been recognised as irrecoverable.

2. Tax authorities shall also exercise other rights provided for in this Code.

2.1 The rights which are provided for in this Law in relation to taxpayers shall also be exercised by tax authorities in relation to payers of insurance contributions.

3. Higher tax authorities shall have the right to rescind and amend decisions of lower tax authorities in the event that those decisions are at variance with tax and levy legislation.
The standard forms and formats of documents provided for in this Code which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation, and of documents required for electronic document interchange in relations governed by tax and levy legislation, and the procedure for completing the forms of those documents and the procedure for sending and receiving such documents in paper form or in electronic form via telecommunications channels or through a taxpayer’s personal account shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies, unless the power to approve them is assigned by this Code to another federal executive body.

Documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation may be transmitted by a tax authority to the person to whom they are addressed or that person’s representative directly against signed receipt, sent by registered mail or transmitted in electronic form via telecommunications channels through an electronic document interchange operator or through a taxpayer’s personal account, unless the method of their transmission is directly prescribed by this Code. In the case of persons who are required by this Code to submit a tax declaration (computation) in electronic form, the above-mentioned documents shall be sent to them by a tax authority in electronic form via telecommunications channels through an electronic document interchange operator or through a taxpayer’s personal account.

Where a document is sent by a tax authority by registered mail, the date of receipt of the document shall be considered to be the sixth day from the day on which the registered letter was sent.

Where a document is sent by a tax authority through a taxpayer’s personal account, the date of receipt of the document shall be considered to be the day following the day on which the document is placed in the taxpayer’s personal account.

A document in electronic form signed with an automatically created electronic signature of a tax authority shall be deemed to be equivalent to a document in paper form signed with the handwritten signature of a tax authority official.

Where documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation are sent by post, those documents shall be sent by the tax authority:

- to a taxpayer which is a Russian organization (or a branch or representation thereof) – at the address of its location (the location of its branch or representation) which is contained in the Unified State Register of Legal Entities;
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- to a taxpayer which is a foreign organization – at the address of the location where it carries on activities in the territory of the Russian Federation, which is contained in the Unified State Register of Taxpayers;

- to a taxpayer which is a foreign organization (other than an international organization or a diplomatic representation) which does not carry on activities in the territory of the Russian Federation through an economically autonomous subdivision – at the address provided to the tax authority for the sending of documents such as are referred to in this clause, which is contained in the Unified State Register of Taxpayers;

- to a taxpayer foreign organization which does not carry on activities in the territory of the Russian Federation through a permanent establishment and has an item of immovable property in the territory of the Russian Federation on the basis of ownership – at the address of the location of that item of immovable property or at the address provided to the tax authority;

- to a taxpayer who is a private entrepreneur, a privately practising notary, a lawyer who has founded a legal office or a physical person who is not a private entrepreneur – at the address of his place of residence (place of stay) or at the address provided to the tax authority for the sending of documents such as are referred to in this clause, which is contained in the Unified State Register of Taxpayers. Where a physical person who is not a private entrepreneur does not have a place of residence (place of stay) in the territory of the Russian Federation and the Unified State Register of Taxpayer does not contain details of an address to which to send the documents referred to in this clause to that person, the tax authority shall send those documents to the address of the location of one of the items of immovable property belonging to that physical person (other than a plot of land).

The form of a notice of the provision to a tax authority of an address for the mailing of documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation shall be transmitted by a tax authority to a foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code in electronic form via a taxpayer’s personal account.

Until a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code has been granted access to a taxpayer’s personal account in accordance with paragraph 2 of clause 3 of Article 11.2 of this Code, documents which are used by tax authorities in exercising their powers in relations governed by tax and levy legislation shall be transmitted to any electronic mail address of the foreign
organization concerned which is known to the tax authority. In this case the
date on which a document is considered to have been received by the foreign
organization shall be the day on which it is transmitted to the electronic mail
address.

Article 32  Obligations of Tax Authorities

1. Tax authorities shall be obliged:

1) to comply with tax and levy legislation;

2) to exercise control over compliance with tax and levy legislation and with
normative legal acts which have been adopted in accordance with such
legislation;

3) to register organizations and physical persons in accordance with the
established procedure;

4) to provide to taxpayers, levy payers and tax agents free of charge information
(including written information) concerning current taxes and levies, tax and
levy legislation and normative legal acts adopted in accordance therewith, the
procedure for the calculation and payment of taxes and levies, the rights and
obligations of taxpayers and the powers of tax authorities and their officials,
and to provide tax declaration (computation) forms and explain the procedure
for completing them;

4.1) to transmit an acknowledgement of receipt to taxpayers such as are referred to
in clauses 2 and 3 of Article 11.2 of this Code upon receiving documents
transmitted to the tax authority through a taxpayer’s personal account;

5) to take guidance from written explanations of the Ministry of Finance of the
Russian Federation with respect to matters relating to the application of the
tax and levy legislation of the Russian Federation;

6) to provide information concerning the particulars of relevant Federal Treasury
accounts to tax authorities, levy payers and tax agents when they are
registered with tax authorities, and to communicate to taxpayers, levy payers
and tax agents, 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, information concerning changes in the particulars of those accounts
and other information which is needed to complete instructions for the
remittance of taxes, levies, penalties and fines to the budget system of the
Russian Federation;

7) to adopt decisions on the refund to a taxpayer, levy payer or tax agent of
amounts of taxes, levies, penalties and fines which have been paid in excess or
recovered in excess, to send instructions prepared on the basis of those
decisions to appropriate territorial bodies of the Federal Treasury for execution and to carry out the crediting of amounts of taxes, levies, penalties and fines which have been paid in excess or recovered in excess in accordance with the procedure prescribed by this Code;

8) to observe tax secrets and ensure the preservation thereof;

9) to send to a taxpayer, levy payer or tax agent copies of a tax audit report and of a tax authority’s decision and, in the instances provided for in this Code, a tax notice and (or) a demand for the payment of a tax or levy;

10) to present to a taxpayer, levy payer or tax agent upon its request statements of that person’s settlements in respect of taxes, levies, penalties, fines and interest and statements of the fulfilment of obligations to pay taxes, levies, penalties, fines and interest on the basis of the tax authority’s data.

A statement of settlements in respect of taxes, levies, penalties, fines and interest shall be transmitted (sent) to the above-mentioned person (his representative) within five days, and a statement of the fulfilment of obligations to pay taxes, levies, penalties, fines and interest within ten days, from the day on which the tax authority received the corresponding request;

10.1) to present to the responsible member of a consolidated group of taxpayers, in response to a request sent by such member within the limits of the powers conferred on it, statements of the status of settlements of the consolidated group of taxpayers in respect of tax on profit of organizations;

11) to carry out, on the application of a taxpayer, a levy payer or a tax agent, a joint reconciliation of settlements in respect of taxes, levies, penalties, fines and interest. The results of a joint reconciliation of settlements in respect of taxes, levies, penalties and fines shall be presented in the form of a statement. A statement of the joint reconciliation of settlements in respect of taxes, levies, penalties and fines shall be handed over (sent by registered mail) or transmitted to the taxpayer (responsible member of a consolidated group of taxpayers, levy payer, tax agent) in electronic form via telecommunications channels or through a taxpayer’s personal account during the day following the day on which the statement was prepared.

The procedure for the performance of a joint reconciliation of settlements in respect of taxes, levies, penalties, fines and interest, the standard form and format of a statement of the joint reconciliation of settlements in respect of taxes, levies, penalties, fines and interest and the procedure for transmitting it via telecommunications channels or through a taxpayer’s personal account shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies;
12) on the application of a taxpayer, levy payer or tax agent, to issue copies of decisions adopted by a tax authority in relation to that taxpayer, levy payer or tax agent;

13) upon the application of the responsible member of a consolidated group of taxpayers, to issue copies of decisions adopted by a tax authority in relation to the consolidated group of taxpayers;

14) to present extracts from the Unified State Register of Taxpayers to users;

15) to present to territorial bodies of the Pension Fund of the Russian Federation, the Social Insurance Fund of the Russian Federation and the Federal Compulsory Medical Insurance Fund, in electronic form in accordance with a procedure to be determined by an agreement between the communicating parties, information on the conferment on economically autonomous subdivisions (including branches and representations) of Russian organizations established in the territory of the Russian Federation of authority (withdrawal of authority) to credit payments and other remunerations in favour of physical persons, on changes in the location of economically autonomous subdivisions (other than branches and representations), on the termination of activities of the above-mentioned organizations via such economically autonomous subdivisions (the closure of such economically autonomous subdivisions) and on the registration (deregistration) with the tax authorities of foreign organizations which carry on activities in the territory of the Russian Federation, of international organizations as payers of insurance contributions and of physical persons as lawyers, privately practising notaries, arbitration managers, privately practising appraisers, patent attorneys, mediators and other physical persons who are payers of insurance contributions not later than three days following the day on which that information was entered in the Unified State Register of Taxpayers;

16) on the application of a taxpayer, to present to the taxpayer (or his representative) a document in electronic form or on paper confirming the status of tax resident of the Russian Federation in accordance with the procedure and in the form and format which are approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. Tax authorities shall also bear other obligations which are provided for in this Code and other federal laws.

2.1 The obligations which are provided for in this Code and other federal laws in relation to taxpayers shall also be borne by tax authorities in relation to payers of insurance contributions.

3. If, within two months from the date of expiry of the time limit for the fulfilment of a demand for the payment of tax (a levy, insurance contributions)
which was sent to a taxpayer (levy payer, tax agent, payer of insurance contributions) on the basis of a decision on the imposition of sanctions for the commission of a tax offence, the taxpayer (levy payer, tax agent, payer of insurance contributions) has not fully paid (remitted) the amounts stated in that demand of arrears, the level of which gives reason to suspect the commission of a violation of tax and levy legislation bearing elements of a crime, and corresponding penalties and fines, tax authorities shall be obliged, within 10 days from the day on which those circumstances are discovered, to send materials to investigative bodies authorized to conduct preliminary investigation in criminal cases involving crimes such as are provided for in Articles 198 to 199.2 of the Criminal Code of the Russian Federation (hereinafter referred to as “investigative bodies”) in order for a decision to be adopted on the institution of criminal proceedings.

Article 33   Obligations of Officials of Tax Authorities

Officials of tax authorities shall be obliged:

1) to act in strict accordance with this Code and other federal laws;

2) to exercise the rights and obligations of tax authorities within the limits of their competence;

3) to be courteous and attentive to taxpayers and their representatives and other participants in relations governed by tax and levy legislation, and to avoid injuring their honour and dignity.

Article 34   The Powers of Customs Authorities and the Obligations of Their Officials in Relation to Taxation and Levies

1. Customs authorities shall enjoy rights and bear obligations of tax authorities in relation to the collection of taxes in respect of goods carried across the customs border of the Customs Union in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation, this Code, other federal laws concerning taxes and other federal laws.

2. Officials of customs authorities shall bear the obligations which are provided for in Article 33 of this Code and other obligations in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.
Article 34.2  Powers of Financial Authorities in the Area of Taxes, Levies and Insurance Contributions

1. The Ministry of Finance of the Russian Federation shall give written explanations to tax authorities, taxpayers, the responsible member of a consolidated group of taxpayers, levy payers, payers of insurance contributions and tax agents on issues relating to the application of the tax and levy legislation of the Russian Federation.

2. Financial authorities of constituent entities of the Russian Federation and municipalities shall give written explanations to taxpayers and tax agents on issues relating to the application of the tax and levy legislation of constituent entities of the Russian Federation and normative legal acts of municipalities concerning local taxes and levies respectively.

3. The Ministry of Finance of the Russian Federation and financial authorities of constituent entities of the Russian Federation and municipalities shall give written explanations within the limits of their competence within two months from the day on which a relevant inquiry is received. That time limit may be extended by decision of the director (deputy director) of the financial authority in question, but not by more than one month.

Article 35  Liability of Tax Authorities, Customs Authorities and Their Officials

1. Tax and customs authorities shall bear liability for losses which are caused to taxpayers, levy payers, payers of insurance contributions and tax agents as a result of their unlawful actions (decisions) or inaction or as a result of the unlawful actions (decisions) or inaction of officials and other employees of those authorities which occur in the course of performing their official duties.

Losses caused to taxpayers, levy payers and tax agents shall be reimbursed from the federal budget in accordance with the procedure which is stipulated by this Code and other federal laws.

3. Officials and other employees of the authorities referred to in clause 1 of this Article shall bear liability in accordance with the legislation of the Russian Federation for unlawful actions or inaction.

CHAPTER 6. INTERNAL AFFAIRS BODIES. INVESTIGATIVE BODIES

Article 36  Powers of Internal Affairs Bodies and Investigative Bodies

1. At the request of tax authorities, internal affairs bodies shall participate together with tax authorities in on-site tax audits which are carried out by tax authorities.
2. In the event that they discover circumstances which require the taking of action for which the appropriate powers are assigned by this Code to tax authorities, internal affairs bodies and investigative bodies shall be obliged to send materials to the appropriate tax authority within ten days from the day on which those circumstances are discovered in order that a decision may be taken on the basis of those materials.

Article 37 Liability of Internal Affairs Bodies and Investigative Bodies and Their Officials

1. Internal affairs bodies and investigative bodies shall bear liability for losses caused to taxpayers, levy payers, payers of insurance contributions and tax agents as a result of their unlawful actions (decisions) or inaction or as a result of the unlawful actions (decisions) or inaction of officials and other employees of those authorities which occur in the course of performing their official duties.

Losses caused to taxpayers, levy payers and tax agents upon carrying out the measures provided for in clause 1 of Article 36 of this Code shall be reimbursed from the federal budget in accordance with the procedure which is stipulated by this Code.

2. Officials and other employees of internal affairs bodies and investigative bodies shall bear liability in accordance with the legislation of the Russian Federation for unlawful actions or inaction.
CHAPTER 7. OBJECTS OF TAXATION

Article 38  Object of Taxation

1. An object of taxation shall be sales of goods (work and services), assets, profit, income, expenditure or any other circumstance possessing value, quantitative or physical characteristics the existence of which is specified by tax and levy legislation as giving rise to an obligation for a taxpayer to pay tax.

Each tax shall have its own object of taxation which shall be determined in accordance with Part Two of this Code with regard being had to the provisions of this Article.

2. In this Code the term “assets” shall be understood to mean any types of those objects of civil rights (with the exception of property rights) which are classified as assets in accordance with the Civil Code of the Russian Federation.

3. For the purposes of this Code a “good” shall be any asset which is sold or is intended for sale. For the purposes of the regulation of rights and obligations associated with the collection of customs payments, goods shall include other assets as defined in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

4. For taxation purposes “work” shall be any activity the results of which have a tangible form and may be sold in order to satisfy the needs of an organization and (or) physical persons.

5. For taxation purposes a “service” shall be any activity the results of which do not have a tangible form and are sold and consumed in the process of the performance of that activity.

6. For the purposes of this Code, identical goods (work and services) shall be goods (work and services) which have the same basic characteristic attributes. In determining whether goods are identical minor differences in the external appearance of such goods may be disregarded.

In determining whether or not goods are identical, account shall be taken of their physical characteristics, quality, designated function and country of origin and of the manufacturer, its business reputation on the market and any trademark used.
Factors to be taken into account in determining whether or not work (services) is (are) identical shall include characteristics of the contractor (service provider), its business reputation on the market and any trademark used.

For the purposes of this Code, similar goods shall be goods which, although not identical, have like characteristics and consist of like components, which enables them to perform the same functions and (or) to be commercially interchangeable. In determining whether goods are similar, account shall be taken of their quality, market reputation, trademark and country of origin.

Similar work (services) shall be work (services) which, although not identical, has (have) like characteristics, enabling it (them) to be commercially and (or) functionally interchangeable. In determining whether work (services) is (are) similar, account shall be taken of the quality, trademark and market reputation and of the type, volume, uniqueness and commercial interchangeability of the work (services).

**Article 39**  
**The Sale of Goods, Work and Services**

1. The sale of goods, work or services by an organization or a private entrepreneur shall be understood to mean, accordingly, the transfer of ownership of goods or of the results of work performed by one person for another person in return for a consideration (including the exchange of goods, work or services) or the rendering of services by one person to another person in return for a consideration or, in the instances provided for in this Code, the transfer of ownership of goods or of the results of work performed by one person for another person or the rendering of services by one person to another person without consideration.

2. The place and time of actual sale of goods, work and services shall be determined in accordance with Part Two of this Code.

3. The following shall not be deemed to constitute the sale of goods, work or services:

1) the performance of operations associated with the circulation of Russian or foreign currency (except for numismatic purposes);

2) the transfer of fixed assets, intangible assets and (or) other assets of an organization to its legal successor (legal successors) upon the re-organization of that organization;

3) the transfer of fixed assets, intangible assets and (or) other assets to non-commercial organizations for use in carrying out their main statutory activities which are not connected with entrepreneurial activities;
4) the transfer of assets, where such transfer has the nature of an investment (in particular, contributions to the charter (pooled) capital of companies and partnerships, contributions made under a simple partnership agreement (joint activity agreement) or investment partnership agreement, share contributions to the mutual funds of co-operatives);

4.1) the transfer of assets and (or) property rights under a concession agreement, a State-private partnership agreement or a municipal-private partnership agreement in accordance with the legislation of the Russian Federation;

5) the transfer of assets within the limits of the original contribution to a participant in a company or partnership (or the legal successor or heir of such participant) upon the withdrawal (departure) of such participant from the company or partnership and where the assets of a liquidated company or partnership are divided among its participants;

6) the transfer of assets within the limits of the original contribution to a participant in a simple partnership agreement (joint activity agreement) or investment partnership agreement or the legal successor of such participant in the event of the apportionment of his share from the assets which are in the common ownership of the participants in the agreement, or the division of such assets;

7) the transfer of living accommodation to physical persons in buildings of the State or municipal housing stock in the process of privatization;

8) the appropriation of assets by means of confiscation, the inheritance of property and the assignment to other persons of ownership of ownerless and abandoned goods, ownerless animals, finds and treasure-trove in accordance with the norms of the Civil Code of the Russian Federation;

8.1) the transfer of assets to participants in a business company or partnership upon the distribution of assets and property rights of an organization undergoing liquidation which is a foreign organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games or a marketing partner of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of 1 December 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”. This provision shall apply where the establishment and liquidation of an organization which is a foreign organizer of the Sochi 2014 XXII Olympic Games and XI Paralympic Games or a marketing partner of the International Olympic Committee in accordance with Article 3.1 of the above-mentioned Federal Law occur during the period of the organization of the Sochi 2014 XXII Olympic Games and XI Paralympic Games which is established by part 1 of Article 2 of the above-mentioned Federal Law;
8.2) the transfer of assets by a nominal owner to the actual owner where the assets and the nominal owner thereof are indicated in a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”;

9) other operations in cases provided for in this Code.

Article 40

Principles of Determining the Price of Goods, Work or Services for Taxation Purposes

1. Unless otherwise stipulated by this Article, the price of goods, work or services which is specified by the parties to a transaction shall be taken for taxation purposes. Unless proven otherwise, it shall be assumed that that price is consistent with the level of market prices.

2. Tax authorities shall, for the purpose of checking whether taxes have been calculated in full, have the right to check the proper use of prices in transactions only in the following instances:

1) with respect to transactions between interdependent persons;

2) with respect to goods exchange (barter) transactions;

3) where foreign trade transactions are carried out;

4) where there is an upward or downward deviation of more than 20 per cent against the level of prices used by a taxpayer in respect of identical (homogeneous) goods (work and services) within a short period of time.

3. In the instances provided for in clause 2 of this Article where the prices of goods, work or services which are applied by the parties to a transaction deviate upwards or downwards by more than 20 per cent against the market price of identical (homogeneous) goods (work and services), the tax authority shall have the right to issue a substantiated decision to charge additional tax and penalties calculated as if the results of that transaction had been assessed on the basis of market prices for the goods, work or services in question.

The market price shall be determined with account taken of the provisions of clauses 4 to 11 of this Article. In this respect, the price mark-ups or discounts which ordinarily apply in transactions between non-interdependent persons shall be taken into account. In particular, account shall be taken of discounts which are brought about by:

- seasonal and other fluctuations in consumer demand for goods (work and services);
- the loss by goods of their quality or other consumer characteristics;

- the expiry (nearing of the expiry) of the storage life or sell-by date of goods;

- marketing policies, including those associated with the promotion of new goods for which there are no equivalents and the introduction of goods (work and services) onto new markets;

- the sale of test models and samples of goods for the purpose of making them known to consumers.

4. The market price of a good (work, service) shall be understood to be the price prevailing on the basis of the interaction of supply and demand on the market for identical (or, where these do not exist, homogeneous) goods (work, services) under comparable economic (commercial) conditions.

5. The market for goods (work, services) shall be understood to be the sphere of circulation of those goods (work, services), which shall be determined on the basis of the ability of the purchaser (seller) in realistic terms and without significant additional expenditure to acquire (sell) the good (work, service) in question in the area of the Russian Federation nearest to the purchaser (seller) or outside the Russian Federation.

6. Identical goods shall be goods which have identical principal characteristics.

In determining whether goods are identical account shall be taken, in particular, of their physical characteristics, quality and market reputation, the country of origin and the manufacturer. Minor differences in outer appearance need not be taken into account in determining whether goods are identical.

7. Homogeneous goods shall be goods which, without being identical, have similar characteristics and consist of similar components, which allows them to perform the same functions and (or) be commercially interchangeable.

In determining whether goods are homogeneous account shall be taken, in particular, of their quality, whether or not they bear a trademark, their market reputation and their country of origin.

8. In determining the market prices of goods, work or services transactions between persons who are not interdependent shall be taken into consideration. Transactions between interdependent persons may be taken into consideration only in those instances where the interdependence of those persons did not affect the results of those transactions.

9. In determining the market price of a good, work or service account shall be taken of information on transactions involving identical (homogeneous) goods, work or services in comparable conditions concluded at the time of the
sale of the good, work or service in question. In particular, account shall be taken of such conditions of transactions as the quantity (volume) of goods to be supplied (for example, the size of a consignment of goods), the time limits for the fulfilment of obligations, the conditions of payment which normally apply in such transactions and other reasonable conditions which may affect the prices.

In this respect, the conditions of transactions on the market for identical (or, where these do not exist, homogeneous) goods, work or services shall be deemed comparable if the difference between those conditions either does not have a significant influence on the price of such goods, work or services or may be taken into account with the aid of adjustments.

10. Where, on a particular market for goods, work or services, there are no transactions involving identical (homogeneous) goods, work or services owing to the lack of supply of such goods, work or services on that market, and where it is impossible to determine the relevant prices owing to the lack of or inaccessibility of sources of information, the market price shall be determined using the price of subsequent sale method, whereby the market price of goods, work or services sold by a seller is determined as the difference between the price at which such goods, work or services were sold by the purchaser of the goods, work or services upon subsequent sale (resale) and costs ordinarily incurred in such cases by the purchaser in connection with resale (excluding the price at which the goods, work or services were acquired by that purchaser from the seller) and the promotion of the goods, work or services acquired from the purchaser and the purchaser’s profit such as is normal for the area of activity concerned.

Where the price of subsequent sale method cannot be used (in particular, where there is a lack of information concerning the price of goods, work or services subsequently sold by the purchaser), the cost method shall be used, whereby the market price of goods, work or services is determined as the sum of costs incurred and such profit as is normal for the area of activity concerned. In this respect, account should be taken of direct and indirect costs relating to the production (acquisition) and (or) sale of goods which are usual in such cases, transportation, storage and insurance costs which are usual in such cases and other similar costs.

11. In determining and acknowledging the market price of a good, work or service use shall be made of official sources of information concerning market prices for goods, work or services and exchange quotations.

12. In considering a case a court shall have the right to take into account any circumstances which are of significance in determining the results of a transaction without being limited to the circumstances which are enumerated in clauses 4 to 11 of this Article.
Where goods (work and services) are sold at State regulated prices (tariffs) established in accordance with the legislation of the Russian Federation, those prices (tariffs) shall be taken for taxation purposes.

For the purposes of determining the market prices of term transaction financial instruments and the market prices of securities the provisions of clauses 3 and 10 of this Article shall apply with regard being had to the particular considerations which are set forth in Chapter 23 of this Code – “Tax on Income of Physical Persons” and Chapter 25 of this Code – “Tax on the Profit of Organizations”.

Article 41 Principles of Determining Income

1. For the purposes of this Code income shall be understood to be an economic gain in monetary form or in kind which is taken into account where and to the extent that it is possible to evaluate such gain, and which is determined in accordance with the “Tax on Income of Physical Persons” and “Tax on the Profit of Organizations” chapters of this Code.

2. The receipt of assets by their actual owner from a nominal owner shall not be deemed to be income (economic gain) for the purposes of this Code if those assets and the nominal owner thereof are indicated in a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”.

Article 42 Income from Sources Within the Russian Federation and from Sources Outside the Russian Federation

1. Income of a taxpayer may be classified as income from sources in the Russian Federation or as income from sources outside the Russian Federation in accordance with the “Tax on the Profit of Organizations” and “Tax on Income of Physical Persons” chapters of this Code.

2. Where the provisions of this Code do not make it possible to classify income received by taxpayers unequivocally as income from sources within the Russian Federation or as income from sources outside the Russian Federation, the classification of income in terms of its source shall be carried out by the federal executive body in charge of control and supervision in the area of taxes and levies. The proportion of such income which may be classified as income from sources within the Russian Federation and the proportion which may be classified as income from sources outside the Russian Federation shall be determined in similar fashion.
Article 43  Dividends and Interest

1. A dividend shall be understood to be any income received by a shareholder (participant) from an organization upon a distribution of profit remaining after taxation (including in the form of interest on preference shares) on shares (holdings) belonging to the shareholder (participant) in proportion to the shares held by the shareholders (participants) in the charter (pooled) capital of that organization.

Dividends shall also include any income which is received from sources outside the Russian Federation and is classified as dividends in accordance with the legislation of foreign states.

2. The following shall not be regarded as dividends:

1) payments made upon the liquidation of an organization to a shareholder (participant) in that organization in monetary form or in kind, not exceeding the contribution made by that shareholder (participant) to the charter (pooled) capital of the organization;

2) payments made to shareholders (participants) in an organization in the form of the transfer of ownership of shares in that organization;

3) payments which are made to a non-commercial organization to fund its main statutory activities (not connected with entrepreneurial activities) by companies whose charter capital consists wholly of contributions made by that non-commercial organization.

3. Interest shall be understood to be any income declared (established) in advance, including in the form of a discount, which is received in respect of a debt obligation of any kind (irrespective of the means by which it is drawn up). In this respect, interest shall be understood to include, in particular, income received in respect of monetary deposits and debt obligations.

CHAPTER 8. FULFILMENT OF OBLIGATIONS TO PAY TAXES, LEVIES AND INSURANCE CONTRIBUTIONS

Article 44  Grounds on Which an Obligation to Pay a Tax, a Levy or Insurance Contributions Arises, Changes or Terminates

1. An obligation to pay a tax or levy shall arise, change and terminate on the grounds which are established by this Code or another act of tax and levy legislation.
2. The obligation to pay a specific tax or levy shall be placed upon a taxpayer or levy payer from the time when the circumstances which are established by tax and levy legislation arise which require that tax or levy to be paid.

3. The obligation to pay a tax and (or) levy shall end:
   1) with the payment of the tax and (or) levy in cases provided for in this Code;
   3) when a taxpayer – physical person dies or is declared deceased in accordance with the procedure established by the civil procedure legislation of the Russian Federation. Indebtedness of a deceased person or a person who has been declared deceased in respect of the taxes referred to in clause 3 of Article 14 and clauses 1 and 2 of Article 15 of this Code shall be settled by heirs within the limits of the value of the inherited estate in accordance with the procedure established by the civil legislation of the Russian Federation for the settlement of a testator’s debts by heirs;
   4) with the liquidation of a taxpaying organization – after all necessary settlements with the budget system of the Russian Federation have been effected in accordance with Article 49 of this Code;
   5) with the occurrence of other circumstances which are specified by tax and levy legislation as causing the obligation to pay a particular tax or levy to be terminated.

4. The provisions laid down in this Article shall also apply in relation to insurance contributions and shall extend to payers of insurance contributions.

**Article 45** Fulfilment of an Obligation to Pay a Tax, a Levy or Insurance Contributions

1. A taxpayer shall be obliged to fulfil a tax payment obligation independently, unless otherwise provided by tax and levy legislation. The obligation to pay tax on profit of organizations for a consolidated group of taxpayers shall be fulfilled by the responsible member of that group, except as otherwise provided by this Code.

A tax payment obligation must be fulfilled within the time limit which is established by tax and levy legislation. A taxpayer shall have the right to fulfil a tax payment obligation before the scheduled deadline.

The non-fulfilment or improper fulfilment of a tax payment obligation shall constitute grounds for a tax authority or a customs authority to send a tax payment demand to the taxpayer.

Tax may be paid on behalf of a taxpayer by another person.
Another person shall not have the right to claim a refund from the budget system of the Russian Federation of tax paid on behalf of a taxpayer.

2. Except as otherwise provided by clause 21 of this Article, where tax is not paid or is not paid in full within the established time limit, tax shall be recovered in accordance with the procedure prescribed by this Code.

The recovery of tax from an organization or a private entrepreneur shall take place in accordance with the procedure prescribed by Articles 46 and 47 of this Code. The recovery of tax from a physical person who is not a private entrepreneur shall take place in accordance with the procedure prescribed by Article 48 of this Code.

Tax shall be recovered by judicial process:

1) from ledger accounts of organizations where the amount to be recovered exceeds five million roubles;

2) for the purpose of recovering arrears revealed by the results of a tax audit which have been owed for more than three months:

   - by organizations which are dependent (subsidiary) companies (enterprises) in accordance with the civil legislation of the Russian Federation – from the corresponding parent (predominant, participating) companies (enterprises) when their bank accounts are credited with receipts from sales of goods (work and services) of the dependent (subsidiary) companies (enterprises);

   - by organizations which are parent (predominant, participating) companies (enterprises) in accordance with the civil legislation of the Russian Federation – from dependent (subsidiary) companies (enterprises) when their bank accounts are credited with receipts from sales of goods (work and services) of the parent (predominant, participating) companies (enterprises);

   - by organizations which are dependent (subsidiary) companies (enterprises) in accordance with the civil legislation of the Russian Federation – from the corresponding parent (predominant, participating) companies (enterprises) if, since the moment when the organization which owes the arrears became aware or should have become aware of the ordering of an on-site tax audit or of the commencement of an in-house tax audit, monetary resources or other assets have been transferred to the parent (predominant, participating) company (enterprise) and that transfer has made it impossible for the arrears to be recovered;

   - by organizations which are parent (predominant, participating) companies (enterprises) in accordance with the civil legislation of the Russian Federation – from dependent (subsidiary) companies (enterprises) if, since the moment when the organization which owes the arrears became aware or should have become aware of the ordering of an on-site tax audit or of the commencement
of an in-house tax audit, monetary resources or other assets have been transferred to a dependent (subsidary) company (enterprise) and that transfer has made it impossible for the arrears to be recovered.

Should a tax authority establish in the above-mentioned cases that receipts for goods (work and services) sold are credited to accounts of multiple organizations or that monetary resources or other assets have been transferred to multiple parent (predominant, participating) companies (enterprises) or dependent (subsidiary) companies (enterprises) since the moment when the organization which owes the arrears became aware or should have become aware of the ordering of an on-site tax audit or of the commencement of an in-house tax audit, arrears shall be recovered from the organizations in question in proportion to the share which they received of receipts for goods (work and services) and of monetary resources or the value of other assets which were transferred.

The provisions of this subsection shall also apply where a tax authority establishes in the above-mentioned cases that the transfer of receipts for goods (work and services) sold and the transfer of monetary resources and other assets to parent (predominant, participating) companies (enterprises) or dependent (subsidiary) companies (enterprises) took place through a set of interrelated operations, including in cases where participants in those operations are not parent (predominant, participating) companies (enterprises) or dependent (subsidiary) companies (enterprises).

The provisions of this subsection shall also apply where a tax authority establishes in the above-mentioned cases that receipts for goods (work and services) sold and monetary resources and other assets are transferred to persons which have been adjudged by a court to have another dependent relationship with the taxpayer which owes the arrears.

In the context of the application of the provisions of this subsection recovery may take place within the limits of receipts for goods (work and services) sold or monetary resources and other assets transferred which have been received by parent (predominant, participating) companies (enterprises), dependent (subsidiary) companies (enterprises) or persons which have been adjudged by a court to have another dependent relationship with the taxpayer which owes the arrears.

The value of assets in the cases referred to in this subsection shall be determined as the net book value of assets which is stated in an organization’s accounting records at the time when the organization which owes the arrears became aware or should have become aware of the ordering of an on-site tax audit or of the commencement of an in-house tax audit;

3) from an organization or a private entrepreneur if their obligation to pay tax arises from a revision by the tax authority of the legal qualification of a
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transaction concluded by the taxpayer in question or of the status and nature of the activities of that taxpayer;

4) from an organization or a private entrepreneur if their obligation to pay tax arose following an audit by the federal executive body in charge of control and supervision in the area of taxes and levies of the proper calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons.

2.1 The recovery of tax shall not take place in the event of the non-payment or underpayment of tax by a declarant who is considered as such in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) another person regarding whom information is contained in a special declaration submitted in accordance with that Federal Law.

The recovery of tax on the basis of this clause shall not take place where one of the following conditions is met:

1) the obligation to pay the tax arose for the declarant and (or) another person as a result of the occurrence before 1 January 2015 of operations involving the acquisition (creation of sources for the acquisition), use or disposal of property (property rights) and (or) controlled foreign companies regarding which information is contained in a special declaration submitted in the period from 1 July 2015 to 30 June 2016, or involving the opening of and (or) crediting of funds to accounts (deposits) regarding which information is contained in such special declaration;

2) the obligation to pay the tax arose for the declarant and (or) another person before 1 January 2018 as a result of the occurrence of operations involving the acquisition (creation of sources for the acquisition), use or disposal of property (property rights) and (or) controlled foreign companies regarding which information is contained in a special declaration submitted in the period from 1 March 2018 to 28 February 2019, or involving the opening of and (or) crediting of funds to accounts (deposits) regarding which information is contained in such special declaration. In this respect, the provisions of this subsection shall not apply to obligations to pay taxes provided for in Part Two of this Code which are payable in respect of profit and (or) property of controlled foreign companies.

3. A tax payment obligation shall be deemed to have been fulfilled by a taxpayer, unless otherwise provided by clause 4 of this Article:

1) from the moment of the presentation to a bank of an instruction for the transfer of monetary resources from the taxpayer’s account (from another person’s account if tax is paid on the taxpayer’s behalf by another person) to the budget system of the Russian Federation by payment to an appropriate
Federal Treasury account, provided that there is a sufficient balance of money in the taxpayer’s account as at the date of payment;

1.1) from the moment when a physical person transmits to a bank an order for funds provided to the bank by the physical person to be remitted to the budget system of the Russian Federation by payment to an appropriate Federal Treasury account without the opening of a bank account, provided that there are sufficient funds for the remittance;

2) from the moment of the reflection in the ledger account of an organization for which a ledger account has been opened of an operation involving the remittance of appropriate monetary resources to the budget system of the Russian Federation;

3) from the day on which a physical person deposits cash at a bank, at the cash office of a local administration, at a federal postal organization or at a multifunctional centre for the provision of State and municipal services for remittance to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account;

4) from the day of the issuance by a tax authority in accordance with this Code of a decision to credit amounts of taxes, penalties and fines which have been paid in excess or have been recovered in excess towards the fulfilment of payment obligations in respect of the tax in question;

5) from the day on which amounts of tax are withheld by a tax agent, where the tax agent is charged in accordance with this Code with the obligation to calculate and withhold tax from a taxpayer’s monetary resources;

6) from the day of the payment of a declaration payment in accordance with the federal law concerning the simplified procedure for the declaration of income by physical persons;

7) from the day on which an instruction is presented to a bank for the remittance to the budget system of the Russian Federation by transfer to an appropriate Federal Treasury account of funds from the taxpayer’s bank account or from another person’s bank account, if there is a sufficient balance in the account on the day of payment, by way of compensation for damage caused to the budget system of the Russian Federation as a result of crimes for the commission of which Articles 198 to 199.2 of the Criminal Code of the Russian Federation prescribe criminal liability. In this respect, the amount of those funds shall be credited towards the fulfilment of relevant tax payment obligations in accordance with the procedure established by the federal executive body in charge of control and supervision in the area of taxes and levies;

8) from the day on which a tax authority adopts a decision in accordance with Article 45.1 of this Code to credit the amount of a unified tax payment of a
physical person towards the fulfilment of the obligation of a taxpayer-physical person to pay transport tax, land tax and (or) tax on property of physical persons.

4. A tax payment obligation shall not be deemed to have been fulfilled in the following cases:

1) in the event that a person who presented an instruction to a bank for the remittance of funds to the budget system of the Russian Federation by way of payment of tax recalls that instruction, or the instruction for the remittance of those funds to the budget system of the Russian Federation is returned by the bank to that person without having been executed;

2) in the event that an instruction for the remittance of appropriate monetary resources to the budget system of the Russian Federation is recalled by an organization for which a ledger account has been opened or is returned by a Federal Treasury body (another authorized body which opens and maintains ledger accounts) to the organization without having been executed;

3) in the event that a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services refunds to a physical person monetary resources which were accepted for remittance to the budget system of the Russian Federation;

4) in the event that the taxpayer or another person who presented an instruction to a bank for the remittance of funds to the budget system of the Russian Federation by way of the payment of tax on the taxpayer’s behalf incorrectly entered the number of the Federal Treasury account and the name of the recipient’s bank in a tax remittance instruction and this resulted in the non-remittance of the amount in question to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account;

5) if, as at the day on which a taxpayer (another person who presented an instruction to a bank for the remittance of funds to the budget system of the Russian Federation by way of the payment of tax on the taxpayer’s behalf) presents to a bank (Federal Treasury body, other authorized body which opens and maintains ledger accounts) an instruction for the remittance of monetary resources for the payment of tax, that taxpayer (other person) has other outstanding claims against its account (ledger account) which, in accordance with the civil legislation of the Russian Federation, must be executed on a priority basis, and there is not a sufficient balance in the account (ledger account) to satisfy all claims.

5. A tax payment obligation shall be fulfilled in the currency of the Russian Federation, unless otherwise provided by this Code. An amount of tax which has been calculated in a foreign currency in instances provided for in this Code shall be translated into the currency of the Russian Federation on the
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basis of the official exchange rate set by the Central Bank of the Russian Federation as at the date on which tax is paid.

6. Failure to fulfil a tax payment obligation shall constitute a basis for the application of measures provided for in this Code for the enforcement of tax payment obligations.

7. An instruction for the remittance of tax to the budget system of the Russian Federation shall be completed in accordance with the rules established by the Ministry of Finance of the Russian Federation in consultation with the Central Bank of the Russian Federation.

In the event that a taxpayer (another person who presented an instruction to a bank for the remittance of monetary resources to the budget system of the Russian Federation by way of the payment of tax on the taxpayer’s behalf) discovers an error in the preparation of a tax remittance instruction which has not resulted in the non-remittance of appropriate monetary resources to the budget system of the Russian Federation, the taxpayer shall have the right, within three years from the date on which those monetary resources were remitted to the budget system of the Russian Federation, to submit an application for the adjustment of a payment in connection with the error to the tax authority with which it is registered, accompanied by documents confirming that the tax in question was paid and remitted to budget system of the Russian Federation, with a request to adjust the basis, type and category of payment, the tax period, the status of the taxpayer or the Federal Treasury account.

An application for the adjustment of a payment may be submitted on paper or in electronic form with an enhanced qualified electronic signature via telecommunications channels or via the taxpayer’s personal account.

A tax authority shall have the right to require a bank to provide a paper copy of an instruction for the remittance of tax to the budget system of the Russian Federation which was prepared by a taxpayer or another person who presented an instruction to the bank for the remittance of monetary resources to the budget system of the Russian Federation by way of the payment of tax on the taxpayer’s behalf. The bank shall be obliged to present a copy of that instruction to the tax authority within five days of receiving the tax authority’s request.

In the case provided for in this clause, on the basis of an application for the adjustment of a payment a tax authority shall adopt a decision to adjust the payment as at the day on which tax was actually paid to the budget system of the Russian Federation.

In the event that a tax authority discovers an error in the preparation of an instruction for the remittance of tax which has not resulted in the non-remittance of appropriate monetary resources to the budget system of the
Russian Federation, the tax authority shall, within three years from the day on which those monetary resources were remitted to the budget system of the Russian Federation, independently adopt a decision to adjust a payment as at the day on which tax was actually paid to the budget system of the Russian Federation.

A decision to adjust a payment shall be adopted in cases provided for in this clause where such adjustment does not give rise to arrears for the taxpayer.

When adjusting a payment, a tax authority shall recalculate penalties charged on the amount of tax for the period from the day on which it was actually paid to the budget system of the Russian Federation until the day on which the tax authority adopted the decision to adjust the payment.

The tax authority shall notify the taxpayer of the decision to adjust the payment within five days of that decision being adopted.

The rules established by this clause shall also apply to a unified tax payment of a physical person.

8. The rules laid down in this Article shall also apply in relation to levies, penalties and fines and shall apply to levy payers, tax agents and the responsible member of a consolidated group of taxpayers.

9. The rules laid down in this Article shall also apply in relation to insurance contributions and shall apply to payers of insurance contributions with account taken of the provisions of this clause.

The adjustment of a payment insofar as the amount of insurance contributions for compulsory pension insurance is concerned shall not take place if the territorial body of the Pension Fund of the Russian Federation has reported that details of that amount have been recorded in the individual ledger account of an insured person in accordance with the legislation of the Russian Federation concerning individualized (personalized) record-keeping in the compulsory pension insurance system.

**Article 45.1 Unified Tax Payment of a Physical Person**

1. A unified tax payment of a physical person shall be understood to mean monetary resources which a taxpayer-physical person voluntarily remits to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account in fulfilment of the obligation to pay transport tax, land tax and (or) tax on property of physical persons.

2. A unified tax payment of a physical person may be paid by another person on a taxpayer’s behalf. In this respect, the other person shall not have the right to claim a refund from the budget system of the Russian Federation of the
unified tax payment of a physical person which was paid on the taxpayer’s behalf.

3. A unified tax payment of a physical person shall be remitted to the budget system of the Russian Federation at the place of residence of a taxpayer-physical person (place of stay if the person concerned does not have a place of residence in the territory of the Russian Federation) or, if the taxpayer-physical person does not have a place of residence or place of stay in the territory of the Russian Federation, at the location of one of the items of immovable property belonging to the person concerned.

4. A tax authority shall independently credit the amount of a unified tax payment of a physical person towards future payments of a taxpayer-physical person in respect of taxes referred to in clause 1 of this Article or towards the payment of arrears of those taxes and (or) indebtedness in respect of corresponding penalties and interest payable in accordance with Article 64 of this Code.

A decision to credit the amount of a unified tax payment of a physical person shall be adopted by the tax authority for the place of residence of that physical person (place of stay if the person concerned does not have a place of residence in the territory of the Russian Federation) or, if the taxpayer-physical person does not have a place of residence or place of stay in the territory of the Russian Federation, by the tax authority for the location of one of the items of immovable property belonging to the person concerned.

5. The amount of a unified tax payment of a physical person shall be credited towards future payments of a taxpayer-physical person of taxes referred to in clause 1 of this Article on the established due dates for the payment of those taxes on a consecutive basis commencing from the smallest amount of tax, except as otherwise provided by clause 6 of this Article.

A tax authority shall be obliged to inform a taxpayer-physical person of a decision made to credit the amount of a unified tax payment of a physical person within five days from the day on which the established deadline for the payment of the relevant taxes referred to in clause 1 of this Article is reached.

6. Where a taxpayer-physical person has arrears in respect of taxes referred to in clause 1 of this Article and (or) indebtedness in respect of corresponding penalties and interest payable in accordance with Article 64 of this Code, the amount of a unified tax payment of a physical person shall be credited towards the payment of the arrears and (or) indebtedness not later than ten days from the day on which the unified tax payment of a physical person is paid to the budget system of the Russian Federation in an appropriate Federal Treasury account. The tax authority shall be obliged to inform the taxpayer-physical person of the decision made to credit the amount of the unified tax payment of a physical person within five days of that decision being made.
If, as at the date on which the tax authority makes a decision to apply such a credit, the balance of monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person is less than the total amount of arrears and (or) indebtedness referred to in paragraph 1 of this clause, the credit shall be applied consecutively commencing from the smallest amount of arrears. If there are no arrears of taxes referred to in clause 1 of this Article, the credit shall be applied consecutively commencing with the smallest amount of penalty indebtedness or, if there is no penalty indebtedness, commencing with the smallest amount of indebtedness in respect of interest payable in accordance with Article 64 of this Code.

7. A taxpayer-physical person shall have the right to a refund of monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person with respect to which a tax authority has not made a decision to apply a credit in accordance with clauses 5 and 6 of this Article.

Monetary resources referred to in paragraph 1 of this clause shall be refunded within the limits of the balance thereof by the tax authority referred to in clause 4 of this Article upon the application of the taxpayer-physical person on the basis of a decision of the tax authority within one month from the day on which that application was received.

A decision to refund (or to refuse to refund) monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person shall be adopted by a tax authority within ten days of receiving a relevant application.

Before the expiry of the time limit for adopting a decision to grant a refund, an instruction to refund monetary resources drawn up on the basis of such a decision of a tax authority must be sent by the tax authority to a territorial body of the Federal Treasury in order for a refund to be made in accordance with the budget legislation of the Russian Federation.

A tax authority shall be obliged to inform a taxpayer-physical person of its decision within five days of that decision being adopted.

8. In the event that monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person are not refunded within the time limit established by clause 7 of this Article, the tax authority shall add to the balance of monetary resources not refunded to the physical person within the established time limit interest payable to that physical person 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 in effect on the days on which the refund time limit is exceeded.
9. A territorial body of the Federal Treasury which has refunded monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person shall notify the tax authority of the date of the refund and the amount of monetary resources refunded to the physical person.

10. Where interest provided for in clause 8 of this Article has not been paid in full to a taxpayer-physical person, the tax authority shall adopt a decision to pay the remaining amount of interest, calculated on the basis of the date of the actual refund to that person of amounts of monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person, within three days of receiving the notification of the territorial body of the Federal Treasury of the date of the refund and the amount of monetary resources refunded to the person concerned.

Before the expiry of the time limit established by paragraph 1 of this clause, an instruction for the payment of the remaining amount of interest, drawn up on the basis of the decision of the tax authority to pay that amount, must be sent by the tax authority to the territorial body of the Federal Treasury in order for the refund to be effected.

11. The payment of a unified tax payment of a physical person, the crediting and (or) refund of monetary resources remitted to the budget system of the Russian Federation as a unified tax payment of a physical person and the payment to a physical person of interest accrued in accordance with this Article shall take place in the currency of the Russian Federation.

Article 46 Recovery of Tax, a Levy or Insurance Contributions and of Penalties and a Fine Out of Monetary Resources (Precious Metals) Held in Bank Accounts of a Taxpayer (Levy Payer, Payer of Insurance Contributions) – Organization or Private Entrepreneur or a Tax Agent – Organization or Private Entrepreneur or Out of Its (His) Electronic Money

1. Where tax is not paid or is not paid in full within the established time limit, the fulfilment of the tax payment obligation shall be enforced by means of effecting recovery against monetary resources (precious metals) held in bank accounts of a taxpayer (tax agent) – organization or private entrepreneur or out of its (his) electronic money, with the exception of funds in special electoral accounts and special accounts of referendum funds.

1.1 In the event that tax payable by the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”) in connection with the performance of the investment partnership agreement (with the exception of tax on profit of organizations arising in connection with that partner’s
participation in the investment partnership agreement) is not paid or is not paid in full within the established time limit, the obligation to pay that tax shall be enforced by means of levying execution on monetary resources (precious metals) in the investment partnership’s accounts.

Where there are no or insufficient monetary resources (precious metals) in an investment partnership’s accounts, recovery shall be made from monetary resources (precious metals) in accounts of the managing partners. In this respect, execution shall be levied first and foremost on monetary resources (precious metals) in accounts of the managing partner responsible for the maintenance of tax records.

Where there are no or insufficient monetary resources (precious metals) in accounts of the managing partners, execution shall be levied on monetary resources (precious metals) in accounts of the partners in proportion to each partner’s share in the common assets of the partners as determined as at the date on which the indebtedness arose.

2. The recovery of tax shall take place in accordance with a decision of a tax authority (hereinafter referred to as “recovery decision”) by means of sending in paper or electronic form to a bank with which accounts are held by a taxpayer (tax agent) – organization or private entrepreneur a tax authority’s instruction for the debiting and transfer to the budget system of the Russian Federation of necessary monetary resources from the accounts of the taxpayer (tax agent) – organization or private entrepreneur.

The standard form and the procedure for the sending to a bank of a tax authority’s instruction for the debiting and transfer of monetary resources from accounts of a taxpayer (tax agent) – organization or private entrepreneur and a tax authority’s instruction for the transfer of electronic money of a taxpayer (tax agent) – organization or private entrepreneur to the budget system of the Russian Federation in paper form shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies. The formats of the above-mentioned instructions shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.

The procedure for the sending to a bank in electronic form of a tax authority’s instruction for monetary resources to be debited from accounts of a taxpayer (tax agent) – organization or private entrepreneur or a tax authority’s instruction for the transfer of electronic money of a taxpayer (tax agent) – organization or private entrepreneur and remitted to the budget system of the Russian Federation shall be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.
A recovery decision shall be adopted after the time limit specified in a tax payment demand has expired, but not later than two months after the expiry of that time limit. A recovery decision adopted after the expiry of the above-mentioned time limit shall be deemed invalid and shall not be enforceable. In this case the tax authority may file a petition with a court for the recovery from the taxpayer (tax agent) – organization or private entrepreneur of the amount of tax due. A petition may be filed with a court within six months after the expiry of the time limit for the fulfilment of a tax payment demand. A time limit for filing a petition which has been missed for a valid reason may be restored by a court.

The recovery decision shall be brought to the notice of the taxpayer (tax agent) – organization or private entrepreneur within six days after the issuance of that decision.

Where a recovery decision cannot be delivered by hand to a taxpayer (tax agent) against receipt or in another manner which provides evidence of the date of receipt of the decision, the recovery decision shall be sent by registered mail and shall be considered to have been received upon the expiration of six days from the day on which the registered letter was sent.

Where a taxpayer (tax agent) organization has insufficient or no monetary resources in accounts or electronic money, or in the absence of information on accounts (details of corporate electronic payment media to be used for electronic money transfers), the recovery of an amount of tax not exceeding five million roubles shall take place in accordance with the procedure established by the budget legislation of the Russian Federation out of monetary resources recorded in ledger accounts of that taxpayer (tax agent) organization.

In order for tax to be recovered in accordance with paragraph 1 of this clause, a tax authority shall send a recovery decision in paper or electronic form to a body which opens and maintains ledger accounts in accordance with the budget legislation of the Russian Federation for the location where the ledger account of the taxpayer (tax agent) is held.

In the event that a taxpayer (tax agent) organization fails to comply with a recovery decision of a tax authority within three months from the day on which it was received by a body which opens and maintains ledger accounts in accordance with the budget legislation of the Russian Federation, that body shall give notice of that fact to the tax authority which sent it the recovery decision within ten days after the lapse of that time period in paper or electronic form.

The form, format and procedure for the sending to bodies which open and maintain ledger accounts in accordance with the budget legislation of the Russian Federation of a decision on recovery out of monetary resources recorded in ledger accounts of a taxpayer (tax agent) organization shall be
approved by the federal executive body in charge of control and supervision in
the area of taxes and levies in consultation with the Federal Treasury.

The form, format and procedure for the sending of a notification of the non-
execution of a decision on recovery out of monetary resources recorded in
ledger accounts of a taxpayer (tax agent) by bodies which open and maintain
ledger accounts in accordance with the budget legislation of the Russian
Federation to tax authorities shall be approved by the Federal Treasury in
consultation with the federal executive body in charge of control and
supervision in the area of taxes and levies.

4. A tax authority’s instruction for the remittance of amounts of tax to the budget
system of the Russian Federation shall be sent to a bank with which accounts
are held by a taxpayer (tax agent) – organization or private entrepreneur and
must be unconditionally executed by the bank in accordance with the order of
priority established by the civil legislation of the Russian Federation.

4.1 The operation of a tax authority’s instruction for the debiting and transfer of
monetary resources from accounts of a taxpayer (tax agent) – organization or
private entrepreneur and a tax authority’s instruction for the transfer of
electronic money of a taxpayer (tax agent) – organization or private
entrepreneur to the budget system of the Russian Federation shall be
suspended:

- on the basis of a decision of the tax authority to suspend the operation of the
  instruction in question if the tax authority has adopted such a decision in
  accordance with clause 6 of Article 64 of this Code;

- upon the receipt from a bailiff/enforcement officer of a resolution to attach
  monetary resources (electronic money) held by the taxpayer (tax agent) –
  organization or private entrepreneur with banks;

- on the basis of a decision of a higher tax authority in cases provided for in
  this Code.

The operation of a tax authority’s instruction for the debiting and transfer of
monetary resources from accounts of a taxpayer (tax agent) – organization or
private entrepreneur and a tax authority’s instruction for the transfer of
electronic money of a taxpayer (tax agent) – organization or private
entrepreneur to the budget system of the Russian Federation shall be resumed
on the basis of a decision of the tax authority to cancel the suspension of the
operation of the relevant instruction.

Tax authorities shall adopt a decision to revoke instructions for the debiting
and transfer of monetary resources from accounts of taxpayer (tax agent) –
organizations or private entrepreneurs or instructions for the transfer of
electronic money of taxpayer (tax agent) – organizations or private
entrepreneurs to the budget system of the Russian Federation which have not been executed (in whole or in part) in the following cases:

- where the time limit for the payment of a tax or levy or of penalties and a fine has been changed in accordance with Chapter 9 of this Code;

- where obligations to pay taxes, levies, penalties, fines and interest such as is provided for in this Code have been fulfilled, including in connection with a credit made towards the settlement of arrears and indebtedness in respect of penalties and fines in accordance with Article 78 of this Code;

- in the event of the write-off of arrears, indebtedness in respect of penalties and interest such as is provided for in Chapter 9 and Article 176.1 of this Code which have been recognised as non-recoverable in accordance with Article 59 of this Code;

- in the event that amounts of a tax, a levy or penalties are reduced on the basis of a revised tax declaration submitted in accordance with Article 81 of this Code;

- in the event that the tax authority has received information from a bank concerning balances of monetary resources in other accounts (electronic money balances) of the taxpayer in accordance with clauses 5 and 9 of Article 76 and clause 2 of Article 86 of this Code for the purpose of effecting recovery on the basis of a recovery decision adopted in accordance with clause 3 of this Article.

The standard forms and procedure for the sending to a bank of the tax authority decisions such as are referred to in this clause in paper form shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies. The formats of those decisions shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.

The procedure for the sending to a bank of tax authority decisions such as are referred to in this clause in electronic form shall be approved by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

A tax authority’s instruction for the remittance of tax must contain a reference to the accounts of the taxpayer (tax agent) – organization or private entrepreneur from which tax must be remitted and the amount to be remitted.

Tax recovery may be effected from rouble settlement (current) accounts and, if there are insufficient or no funds in rouble accounts, from currency accounts and, if there are insufficient or no funds in currency accounts, from precious
metal accounts of a taxpayer (tax agent) – organization or private entrepreneur, except as other provided in this Article.

The recovery of tax from currency accounts of a taxpayer (tax agent) – organization or private entrepreneur shall be effected in an amount equivalent to the payment amount in roubles based on the exchange rate set by the Central Bank of the Russian Federation as at the date on which currency is sold. Where tax is recovered from currency accounts, the director (deputy director) of the tax authority shall, in addition to the tax authority’s instruction for the remittance of tax, send an instruction to the bank for currency of the taxpayer (tax agent) – organization or private entrepreneur to be sold not later than the following day and for monetary resources from the sale of foreign currency in the amount of recoverable tax to be transferred to the settlement (current) account of the taxpayer (tax agent) within the same time period. Expenses associated with the sale of foreign currency shall be charged to the taxpayer (tax agent).

The recovery of tax from precious metal accounts of a taxpayer (tax agent) – organization or private entrepreneur shall be effected on the basis of the value of precious metals equivalent to the payment amount in roubles. In this respect, the value of precious metals shall be determined on the basis of the accounting price of precious metals set by the Central Bank of the Russian Federation as at the date on which precious metals are sold. Where tax is recovered from precious metal accounts, the director (deputy director) of a tax authority shall send to the bank, in addition to the tax authority’s instruction for the remittance of tax, an instruction for precious metals of the taxpayer (tax agent) – organization or private entrepreneur to be sold not later than the following day in the amount needed for the fulfilment of the instruction, and for monetary resources from the sale of precious metals to be transferred to the settlement (current) account of the taxpayer (tax agent) within the same time period. Expenses associated with the sale of precious metals shall be charged to the taxpayer (tax agent).

Tax shall not be recovered from a deposit account (precious metal deposit) of a taxpayer (tax agent) unless the term of the deposit agreement (precious metal bank deposit agreement) has expired.

Where a deposit agreement exists, the tax authority shall have the right to give the bank an instruction to transfer monetary resources from the deposit account to a settlement (current) account of the taxpayer (tax agent) upon the expiry of the term of the deposit agreement unless the tax authority’s instruction for the remittance of tax which was sent to that bank has been fulfilled by that time.

Where a precious metal bank deposit agreement exists, the tax authority shall have the right to give the bank an instruction to sell precious metals in the amount needed for the fulfilment of the tax remittance instruction upon the expiry of the term of that agreement and to transfer monetary resources from
the sale of precious metals in the amount of recoverable tax to the settlement (current) account of the taxpayer (tax agent) unless the tax authority’s instruction for the remittance of tax which was sent to that bank has been fulfilled by that time.

The forms and formats of instructions of tax authorities to banks for the sale of foreign currency and precious metals of taxpayers (tax agents) – organizations and private entrepreneurs shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.

6. A tax authority’s instruction for the remittance of tax shall be executed by a bank not later than one business day after the day on which that instruction is received if the tax is to be recovered from rouble accounts, not later than two business days after that day if the tax is to be recovered from currency accounts, provided that this does not violate the order of priority of payments which is established by the civil legislation of the Russian Federation, and not later than two business days if the tax is to be recovered from precious metal accounts.

Where there are insufficient or no monetary resources (precious metals) in the accounts of a taxpayer (tax agent) – organization or private entrepreneur on the day on which a bank receives a tax authority’s instruction for the remittance of tax, that instruction shall be executed as and when monetary resources (precious metals) are received in those accounts, not later than one business day after the day of each such receipt in rouble accounts, not later than two business days after the day of each such receipt in currency accounts, provided that this does not violate the order of priority of payments which is established by the civil legislation of the Russian Federation, and not later than two business days following the day of each such receipt in precious metal accounts.

6.1 Where there are insufficient funds or no funds in the accounts of a taxpayer (tax agent) – organization or private entrepreneur a tax authority shall have the right to recover tax out of electronic money.

The recovery of tax out of electronic money of a taxpayer (tax agent) – organization or private entrepreneur shall take place by means of the sending to the bank with which the electronic money is held of a tax authority’s instruction for the transfer of electronic money to a bank account of the taxpayer (tax agent) – organization or private entrepreneur.

The tax authority’s instruction for the transfer of electronic must state the particulars of the corporate electronic payment medium of the taxpayer (tax agent) – organization or private entrepreneur which must be used to carry out the transfer of electronic money, the amount to be transferred and the account details of the taxpayer (tax agent) – organization or private entrepreneur.
Tax may be recovered from electronic money balances in roubles or, where these are insufficient, from electronic money balances in foreign currency. Where tax is recovered from electronic money balances in foreign currency and the tax authority’s instruction for the transfer of electronic money specifies a currency account of the taxpayer (tax agent) – organization or private entrepreneur, the bank shall transfer electronic money to that account.

Where tax is recovered from electronic money balances in foreign currency and the tax authority’s instruction for the transfer of electronic money specifies a rouble account of the taxpayer (tax agent) – organization or private entrepreneur, the director (deputy director) of the tax authority shall send, together with the tax authority’s instruction for the transfer of electronic money, an instruction to the bank to sell foreign currency of the taxpayer (tax agent) – organization or private entrepreneur not later than the following day. Expenses associated with the sale of foreign currency shall be charged to the taxpayer (tax agent). The bank shall transfer electronic money to the rouble account of the taxpayer (tax agent) – organization or private entrepreneur in an amount equivalent to the amount of the payment in roubles according to the exchange rate set by the Central Bank of the Russian Federation on the date of the transfer of electronic money.

In the event that a taxpayer (tax agent) – organization or private entrepreneur has insufficient or no electronic money on the day on which a bank receives a tax authority’s instruction for the transfer electronic money, that instruction shall be executed as and when electronic money is received.

A tax authority’s instruction for the transfer electronic money shall be executed by a bank not later than one business day after it received that instruction where tax is recovered from electronic money balances in roubles, and not later than two business days where tax is recovered from electronic money balances in foreign currency.

Where a taxpayer (tax agent) – organization or private entrepreneur has insufficient or no monetary resources (precious metals) in its (his) accounts or insufficient or no electronic money, or where information is not available concerning the accounts of a taxpayer (tax agent) – organization or private entrepreneur or information is not available concerning the particulars of a corporate electronic payment medium to be used for transfers of electronic money, the tax authority shall have the right to recover tax out of other assets of the taxpayer (tax agent) – organization or private entrepreneur in accordance with Article 47 of this Code.

In regard to tax on profit of organizations for a consolidated group of taxpayers, a tax authority shall have the right to recover tax from other assets of one or more members of that group if there are insufficient or no monetary resources (precious metals) in the bank accounts of all members of that consolidated group of taxpayers or they have insufficient or no electronic money or if there is no information on the accounts of the persons concerned.
or information on the details of their corporate electronic payment media which are used for transfers of electronic money.

The provisions of paragraph 1 of this clause shall be applied in relation to a taxpayer (tax agent) organization where a tax authority receives a notification from a body which opens and maintains ledger accounts in accordance with the budget legislation of the Russian Federation of the impossibility of the execution of a decision of the tax authority on recovery out of monetary resources recorded in ledger accounts of the taxpayer (tax agent) organization.

7.1 The levying of execution on assets of participants in an investment partnership agreement in accordance with Article 47 of this Code shall be permitted only where there are no monetary resources or insufficient monetary resources (precious metals) in the accounts or electronic money balances held with banks of the investment partnership, the managing partners and the partners.

8. For the purpose of recovering tax, a tax authority may suspend operations on the bank accounts of a taxpayer (tax agent) – organization or private entrepreneur or suspend transfers of electronic money in accordance with the procedure and subject to the conditions which are established by Article 76 of this Code.

8.1 From the day on which a credit organization’s licence to carry out banking operations is revoked, the recovery of tax from monetary resources (precious metals) held in accounts with that credit organization shall take place with account taken of the provisions of the Federal Law “Concerning Banks and Banking Activities” and Federal Law No. 127-FZ of 26 October 2002 “Concerning Insolvency (Bankruptcy)”.  

9. The provisions of this Article shall also apply to the recovery of penalties for the late payment of tax and insurance contributions.

10. The provisions of this Article shall also apply to the recovery of a levy and insurance contributions and of fines in cases provided for in this Code.

11. The provisions of this Article shall apply with respect to the recovery of tax on profit of organizations for a consolidated group of taxpayers and corresponding penalties and fines out of monetary resources (precious metals) held in bank accounts of members of the group with account taken of the following special considerations:

1) the recovery of tax from monetary resources (precious metals) held in bank accounts shall be effected first and foremost from monetary resources (precious metals) of the responsible member of the consolidated group of taxpayers;

2) if the responsible member of the consolidated group of taxpayers has insufficient monetary resources (precious metals) in its bank accounts for the
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entire amount of tax to be recovered, the amount of tax remaining to be recovered shall be recovered from monetary resources (precious metals) held in banks by all other members of the group in consecutive order, in which respect the tax authority shall independently determine the order in which the recovery is to take place on the basis of information in its possession concerning taxpayers. The basis for the recovery of tax in this case shall be the demand sent to the responsible member of the consolidated group of taxpayers. In the event that a member of a consolidated group of taxpayers has insufficient (no) monetary resources (precious metals) in its bank accounts when tax is recovered in the manner provided for in this subsection, the amount remaining to be recovered shall be recovered from monetary resources (precious metals) held with banks by any other member of the group;

3) when tax is paid, including in part, by one of the members of the consolidated group of taxpayers, recovery proceedings shall be terminated with respect to the part which has been paid;

4) the rights and guarantees which are provided for in this Article for taxpayers shall extend to a member of the consolidated group of taxpayers in relation to whom a decision has been issued to recover tax on profit of organizations for the consolidated group of taxpayers;

5) a recovery decision shall be adopted in the manner prescribed by this Article after the expiry of the time limit specified in the tax payment demand sent to the responsible member of the consolidated group of taxpayers, but not later than six months after the expiry of that time limit. A recovery decision adopted after the expiry of the above-mentioned time limit shall be considered invalid and shall not be enforceable. In this case the tax authority may file a petition with a court in the locality in which the responsible member of the consolidated group of taxpayers is registered with a tax authority, seeking the recovery of tax from all members of the consolidated group of taxpayers at the same time. Such a petition may be filed with a court within six months after the expiry of the time limit established by this Article for the recovery of tax. Where the time limit for filing a petition is missed for a valid reason, that time limit may be restored by a court;

6) a recovery decision adopted in relation to the responsible member or another member of a consolidated group of taxpayers and actions or inaction of tax authorities and their officials in carrying out recovery proceedings may be challenged by those members on grounds relating to the violation of the procedure for carrying out recovery proceedings.
Article 47  
Recovery of Tax, a Levy, Insurance Contributions and Penalties and Fines Out of Other Assets of a Taxpayer (Tax Agent) – Organization or Private Entrepreneur

1. In the case provided for in clause 7 of Article 46 of this Code, a tax authority shall have the right to recover tax out of the assets, including cash resources, of a taxpayer (tax agent) – organization or private entrepreneur within the limits of the amounts indicated in a tax payment demand and with account taken of amounts which have been recovered in accordance with Article 46 of this Code.

The recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur shall take place in accordance with a decision of the director (deputy director) of a tax authority by means of the sending in paper or electronic form, within three days after the adoption of such a decision, of an appropriate order to a bailiff to be executed in accordance with the procedure laid down in the Federal Law “Concerning Enforcement Procedures”, with account taken of the particular considerations which are laid down in this Article.

A decision on the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur shall be adopted within one year after the expiry of the time limit for the fulfilment of a tax payment demand. A decision on the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur which is adopted after the lapse of that period shall be deemed invalid and non-enforceable. In that case the tax authority may file a petition with a court for the recovery from the taxpayer (tax agent) – organization or private entrepreneur of the amount of tax due. A petition may be lodged with a court within two years from the day of the expiry of the time limit for the fulfilment of a tax payment demand. Where the time limit for lodging a petition is missed for a valid reason, that time limit may be restored by the court.

2. An order for the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur must contain:

1) the surname, first name and patronymic of the official and the name of the tax authority which issued that order;

2) the date of adoption and number of the decision of the director (deputy director) concerning the recovery of tax out of the assets of the taxpayer or tax agent;

3) the name and address of the taxpayer – organization or tax agent – organization or the surname, first name and patronymic, passport details and permanent home address of the taxpayer – private entrepreneur or tax agent – private entrepreneur against whose assets recovery is to be effected;
4) the resolution part of the decision of the director (deputy director) of the tax authority concerning the recovery of tax out of the assets of the taxpayer (tax agent) – organization or private entrepreneur;

6) the date of issue of the order.

3. An order for the recovery of tax shall be signed by the director (deputy director) of a tax authority and shall be certified by the heraldic seal of the tax authority.

4. Enforcement procedures must be carried out and the requirements contained in the order must be fulfilled by the bailiff within a period of two months from the day on which he receives that order.

5. The recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur shall be effected in consecutive order against:

1) cash resources and monetary resources and precious metals held in banks which were not the subject of recovery proceedings in accordance with Article 46 of this Code;

2) assets which are not directly used in the manufacture of products (goods), including, in particular, securities, currency assets, non-production facilities, light motor vehicles, office design items;

3) finished products (goods) and other tangible assets which are not used and (or) are not intended for direct use in production;

4) raw materials and other materials intended for direct use in production, and machine tools, equipment, buildings, installations and other fixed assets;

5) assets which have been transferred under an agreement to other persons for possession, use or disposal without ownership of those assets passing to those persons, where such agreements have been cancelled or invalidated in accordance with the established procedure for the purpose of securing the fulfilment of tax payment obligations;

6) other assets, with the exception of those intended for everyday personal use by a private entrepreneur or members of his family as defined in accordance with the legislation of the Russian Federation.

5.1 The recovery of tax payable by the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”) in connection with the performance of the investment partnership agreement (with the exception of tax on profit of organizations arising in connection with that partner’s
participation in the investment partnership agreement) shall be effected from the common assets of the partners.

In the event that no common assets of the partners exist or those assets are insufficient, recovery shall be made from assets of the managing partners. In this respect, execution shall be levied first and foremost on assets of the managing partner responsible for the maintenance of tax records.

In the event that no assets of managing partners exist or those assets are insufficient, execution shall be levied on assets of partners in proportion to each partner’s share in the common assets of the partners as determined as the date on which the indebtedness arose.

6. Where tax is recovered out of assets other than monetary resources (precious metals against which tax recovery is effected in accordance with Article 46 of this Code) of a taxpayer (tax agent) – organization or private entrepreneur, the obligation to pay tax shall be deemed to have been fulfilled from the moment when the assets of the taxpayer (tax agent) – organization or private entrepreneur are sold and the indebtedness of the taxpayer (tax agent) – organization or private entrepreneur is settled out of the proceeds.

7. Officials of tax authorities (customs authorities) shall not have the right to acquire assets of a taxpayer (tax agent) – organization or private entrepreneur which are sold by way of implementing a decision on the recovery of tax out of the assets of a taxpayer (tax agent) – organization or private entrepreneur.

8. The provisions laid down in this Article shall apply equally to the recovery of penalties for the late payment of a tax, insurance contributions and fines in cases provided for in this Code.

9. The provisions of this Article shall apply equally to the recovery of a levy (insurance contributions) out of the assets of a levy payer (payer of insurance contributions) – organization or private entrepreneur.

10. The provisions laid down in this Article shall apply equally to the recovery of taxes by customs authorities with account taken of the provisions established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation.

11. The provisions of this Article shall apply with respect to the recovery of tax on profit of organizations for a consolidated group of taxpayers and corresponding penalties and fines from the assets of members of that group with account taken of the following special considerations:

1) the recovery of tax from the assets of members of the consolidated group of taxpayers shall take place first and foremost out of cash resources and monetary resources and precious metals held with banks of the responsible
2) in the event that the responsible member of the consolidated group of taxpayers has insufficient (no) cash resources and monetary resources and precious metals held with banks which have not been seized in accordance with Article 46 of this Code, the recovery of tax shall take place out of cash and bank resources of other members of the consolidated group of taxpayers which have not been seized in accordance with Article 46 of this Code;

3) In the event that members of the consolidated group of taxpayers have insufficient (no) cash resources and monetary resources and precious metals held with banks which have not been seized in accordance with Article 46 of this Code, the recovery of tax shall take place out of other assets of the responsible member of the group according to the order of priority established by subsections 2 to 6 of clause 5 of this Article;

4) in the event that the responsible member of the group does not have sufficient assets for the fulfilment of obligations to pay tax on profit of organizations for the consolidated group of taxpayers and corresponding penalties and fines, the recovery of tax shall take place out of other assets of other members of the group according to the order of priority established by subsections 2 to 6 of clause 5 of this Article.

Article 48

Recovery of Tax, a Levy, Insurance Contributions, Penalties and Fines from Property of a Taxpayer (Levy Payer) – Physical Person Who is Not a Private Entrepreneur

1. Where a taxpayer (levy payer, payer of insurance contributions) who is a physical person and is not a private entrepreneur (hereafter in this Article referred to as “physical person”) fails to fulfil within the established time limit an obligation to pay a tax, a levy, insurance contributions, penalties and fines, the tax authority (customs authority) which presented the demand for the payment of the tax, levy, insurance contributions, penalties and fines (the tax authority for the place of residence of a physical person where that person has been deregistered with the tax authority which presented the demand for the payment of the tax, levy, insurance contributions, penalties and fines) shall have the right to file a petition with a court for the recovery of the tax, levy, insurance contributions, penalties and fines from property, including funds in bank accounts, electronic money which is transferable using personal electronic payment media, precious metals in bank accounts (deposits) and cash resources, of the physical person in question within the limits of the amounts indicated in the demand for the payment of the tax, levy, insurance contributions, penalties and fines, with account taken of the special considerations established by this Article.
It shall not be permitted for tax, a levy, insurance contributions, penalties and fines to be recovered out of funds in special electoral accounts and special accounts of referendum funds.

A petition for the recovery of tax, a levy, insurance contributions, penalties and fines from property of a physical person (hereafter in this Article referred to as “recovery petition”) shall be filed in relation to all demands for the payment of tax, a levy, insurance contributions, penalties and fines for which the due date has expired and which have not been fulfilled by that physical person as at the date on which the tax authority (customs authority) files the recovery petition with a court.

The above-mentioned recovery petition shall be filed by a tax authority (customs authority) with a court where the total amount of tax, a levy, insurance contributions, penalties and fines which is recoverable from the physical person exceeds 3,000 roubles, except in the case provided for in paragraph 3 of clause 2 of this Article.

Not later than the day on which the recovery petition is filed with a court, a copy of that petition shall be sent by the tax authority (customs authority) to the physical person from whom taxes, levies, insurance contributions, penalties and fines are to be recovered.

2. A recovery petition shall be filed by a tax authority (customs authority) with a court of general jurisdiction within six months from the date of expiry of the due date of a demand for the payment of tax, a levy, insurance contributions, penalties and fines, unless otherwise provided by this clause.

If, within three years from the date of expiry of the due date of the earliest demand for the payment of a tax, a levy, insurance contributions, penalties and fines which is taken into account by a tax authority (customs authority) in computing the total amount of a tax, a levy, insurance contributions, penalties and fines to be recovered from a physical person, that amount of taxes, levies, insurance contributions, penalties and fines has exceeded 3,000 roubles, the tax authority (customs authority) shall file a recovery petition with a court within six months from the day on which the above-mentioned amount exceeded 3,000 roubles.

If, within three years from the date of expiry of the due date of the earliest demand for the payment of a tax, a levy, insurance contributions, penalties and fines which is taken into account by a tax authority (customs authority) in computing the total amount of a tax, a levy, insurance contributions, penalties and fines to be recovered from a physical person, that amount of taxes, levies, insurance contributions, penalties and fines has not exceeded 3,000 roubles, the tax authority (customs authority) shall file a recovery petition with a court within six months from the end date of that three-year period.
Where the time limit for filing a recovery petition has been missed for a valid reason, that time limit may be restored by a court.

3. Cases concerning the recovery of a tax, a levy, insurance contributions, penalties and fines from assets of a physical person shall be examined in accordance with administrative judicial proceedings legislation.

A tax authority (customs authority) may file a claim for the recovery of a tax, a levy, insurance contributions and penalties through adversary proceedings not later than six months from the day on which a court issues a determination annulling a court order.

Where the time limit for filing a recovery petition has been missed for a valid reason, that time limit may be restored by a court.

A recovery petition may be accompanied by an application of the tax authority (customs authority) for the respondent's assets to be attached by way of securing the claim.

4. The recovery of a tax, a levy, insurance contributions, penalties and fines from assets of a physical person on the basis of a judicial act which has entered into legal force shall take place in accordance with the Federal Law “Concerning Enforcement Proceedings” with account taken of the special considerations laid down in this Article.

5. The recovery of a tax, a levy, insurance contributions, penalties and fines from property of a physical person shall be effected in consecutive order against:

1) monetary resources held in bank accounts and electronic money which is transferable using personal electronic payment media and precious metals in bank accounts (deposits);

2) cash resources;

3) property which has been transferred under an agreement to other persons for possession, use or disposal without ownership of that property passing to those persons, where such agreements have been rescinded or invalidated in accordance with the established procedure for the purpose of securing the obligation to pay a tax, a levy, insurance contributions, penalties and fines;

4) other property, with the exception of property intended for everyday personal use by the physical person or members of his family as defined in accordance with the legislation of the Russian Federation.

6. Where a tax, a levy, insurance contributions, penalties and fines are recovered from property other than monetary resources of a physical person, the obligation to pay the tax, levy, insurance contributions, penalties and fines shall be deemed to have been fulfilled from the moment when the property in
question is sold and the indebtedness is settled out of the proceeds. No penalties for the late remittance of taxes, levies and insurance contributions shall be charged from the moment when the property in question is attached up to the day on which the proceeds are remitted to the budget system of the Russian Federation.

7. Officials of tax authorities (customs authorities) shall not have the right to acquire property of a physical person which is sold pursuant to judicial acts concerning the recovery of a tax, a levy, insurance contributions, penalties and fines from property of a physical person.

Article 49 Fulfilment of Obligations with Respect to the Payment of Taxes, Levies and Insurance Contributions (Penalties, Fines) in the Event of the Liquidation of an Organization

1. The obligations with respect to the payment of taxes, levies and insurance contributions (penalties, fines) of an organization which is undergoing liquidation shall be fulfilled by the liquidation commission out of the monetary resources of that organization, including proceeds from the sale of its assets.

2. Where the monetary resources of an organization undergoing liquidation, including proceeds from the sale of its assets, are insufficient to fulfil its obligations in their entirety with respect to the payment of taxes, levies and insurance contributions and of penalties and fines which are due, the remaining indebtedness should be settled by the founding parties (participants) of that organization within the limits and in accordance with the procedure which are established by the legislation of the Russian Federation.

3. The order of priority of the fulfilment of obligations with respect to the payment of taxes, levies and insurance contributions upon the liquidation of an organization among settlements with other creditors of that organization shall be determined by the civil legislation of the Russian Federation.

4. Amounts of taxes and levies (penalties, fines) which have been paid in excess by an organization undergoing liquidation or have been recovered in excess from such an organization shall be credited by a tax authority towards the settlement of arrears in respect of other taxes and levies and indebtedness of the organization undergoing liquidation in respect of penalties and fines in accordance with the procedure established by this Code.

The amount of taxes and levies (penalties, fines) paid in excess or recovered in excess which is to be credited shall be distributed in proportion to arrears of other taxes and levies and indebtedness of the organization undergoing liquidation in respect of penalties and fines which are payable to (recoverable for) the budget system of the Russian Federation and with respect to which the tax authorities are responsible for checking calculation and payment.
Where an organization undergoing liquidation does not have indebtedness with respect to the fulfilment of obligations to pay taxes and levies and obligations to pay penalties and fines, an amount of taxes and levies (penalties, fines) paid by or recovered from that organization in excess shall be refundable to that organization in accordance with the procedure established by this Code not later than one month from the day on which an application is submitted by the organization.

Amounts of insurance contributions and related penalties and fines which have been paid in excess by or recovered in excess from an organization which is to be liquidated shall be credited or refunded by the tax authority in accordance with the procedure established by, respectively, clauses 1.1 and 6.1 of Article 78 and clause 1.1 of Article 79 of this Code.

5. The provisions set out in this Article shall also apply in relation to the payment of taxes in connection with the movement of goods across the customs border of the Customs Union.

Article 50 Fulfilment of Obligations with Respect to the Payment of Taxes, Levies and Insurance Contributions (Penalties, Fines) in the Event of the Re-Organization of a Legal Entity

1. The tax obligations of a re-organized legal entity shall be fulfilled by its legal successor (legal successors) in accordance with the procedure which is established by this Article.

2. Responsibility for fulfilling the tax obligations of a re-organized legal entity shall rest with its legal successor (legal successors) irrespective of whether or not the legal successor (legal successors) was (were) aware before the re-organization was completed of the facts and (or) circumstances of the non-fulfilment or improper fulfilment of those obligations by the re-organized legal entity. In this respect, the legal successor (legal successors) must pay all penalties due on the obligations which have passed to it.

The legal successor (legal successors) of a re-organized legal entity shall also be liable to pay amounts of fines imposed on the legal entity for tax offences committed prior to the completion of its re-organization. The legal successor (legal successors) of a re-organized legal entity shall, in fulfilling the obligations with respect to the payment of taxes and levies which are imposed upon it by this Article, enjoy all rights and fulfil all obligations in accordance with the procedure which is stipulated by this Code for taxpayers.

3. The re-organization of a legal entity shall not alter the time limits for the fulfilment of its tax obligations by the legal successor (legal successors) of that legal entity.
4. Where two or more legal entities merge, their legal successor insofar as the fulfilment of tax obligations is concerned shall be deemed to be the legal entity which arises as a result of such merger.

5. Where one legal entity is acquired by another legal entity the legal successor of the acquired legal entity insofar as the fulfilment of tax obligations is concerned shall be deemed to be the legal entity which acquired it.

6. In the event of a demerger the legal entities which arise as a result of such demerger shall be deemed to be the legal successors of the re-organized legal entity insofar as the fulfilment of tax obligations is concerned.

7. Where there are two or more legal successors the share of each of them in the fulfilment of the tax obligations of the re-organized legal entity shall be determined in accordance with the procedure prescribed by civil legislation.

If the distribution balance sheet does not make it possible to determine the share of the legal successor of the re-organized legal entity or makes it impossible for the tax obligations to be fulfilled in their entirety by any legal successor, and such re-organization was aimed at avoiding the fulfilment of tax obligations, then by decision of a court the newly formed legal entities may jointly fulfil the tax obligations of the re-organized entity.

8. Where one or more new legal entities are spun off from an existing legal entity, no legal succession shall arise in relation to the re-organized legal entity insofar as the fulfilment of its tax obligations is concerned. If, as a result of the spin-off of one or more new legal entities from an existing legal entity, a taxpayer is unable to fulfil its tax obligations in their entirety, and such re-organization was aimed at avoiding the fulfilment of obligations with respect to the payment of taxes (penalties, fines), then by decision of a court the spun-off legal entities may jointly fulfil the tax obligations of the re-organized entity.

9. Where one legal entity is re-organized as another legal entity, the legal successor of the re-organized legal entity insofar as the fulfilment of tax obligations is concerned shall be deemed to be the newly formed legal entity.

10. An amount of tax (penalties, fines) which was paid in excess by a legal entity or recovered in excess prior to its re-organization shall be credited by the tax authority towards the fulfilment by the legal successor (legal successors) of the obligations of the re-organized legal entity with respect to the settlement of arrears of other taxes and levies and indebtedness in respect of penalties and fines for a tax offence. Such crediting shall take place not later than one month from the day of the completion of the re-organization in accordance with the procedure which is established by this Code, with account taken of the particular considerations which are laid down in this Article.
An amount of tax or a levy (penalties, fines) which was paid in excess by or recovered in excess from a legal entity prior to its re-organization and is to be credited shall be distributed in proportion to arrears of other taxes and levies and indebtedness of the re-organized legal entity in respect of penalties and fines which are payable to (recoverable for) the budget system of the Russian Federation and with respect to which the tax authorities are responsible for checking calculation and payment.

Where a legal entity undergoing re-organization does not have outstanding obligations with respect to the payment of tax or with respect to the payment of penalties and fines, any amount of tax (penalties and fines) which has been paid in excess by or recovered in excess from that legal entity shall be refundable to its legal successor (legal successors) no later than one month from the day on which an application is submitted by the legal successor (legal successors) in accordance with the procedure which is established by Chapter 12 of this Code. In this respect, the amount of tax (penalties, fines) which was paid in excess by or recovered in excess from the legal entity prior to its re-organization shall be refunded to the legal successor (legal successors) of the re-organized legal entity in accordance with the share of each legal successor as determined on the basis of the distribution balance sheet.

11. The rules laid down in this Article shall also apply in the following cases:

1) the fulfilment of obligations to pay a levy or insurance contributions in the event of the re-organization of a legal entity;

2) the determination of the legal successor (legal successors) of a foreign organization which has been re-organized in accordance with the legislation of a foreign state;

3) the payment of taxes in connection with the movement of goods across the customs border of the Eurasian Economic Union;

4) the performance of the obligation of a tax agent to pay tax calculated and withheld on income of physical persons in the event of the re-organization of a legal entity.

Article 51  
Fulfilment of the Obligations with Respect to the Payment of Taxes, Levies and Insurance Contributions of a Physical Person Who is Absent in Place Unknown or Legally Incapable

1. The obligations with respect to the payment of taxes and levies of a physical person who has been pronounced by a court to be absent in place unknown shall be fulfilled by the person authorized by the guardianship and custodianship authority to manage the property of the person who is absent in place unknown.
The person authorized by the guardianship and custodianship authority to manage the property of a person who is absent in place unknown shall be obliged to pay the entire amount of the taxpayer’s (levy payer’s) unpaid taxes and levies and penalties and fines due as at the day on which the person in question is pronounced absent in place unknown. Those amounts shall be paid out of the monetary resources of the physical person who has been pronounced absent in place unknown.

2. The obligations with respect to the payment of taxes and levies of a physical person who has been pronounced legally incapable by a court shall be fulfilled by his guardian out of the monetary resources of that legally incapable person. The guardian of a physical person who has been pronounced legally incapable by a court must pay the entire amount of taxes and levies not paid by the taxpayer (levy payer) and penalties and fines due as at the day on which the person concerned was pronounced legally incapable.

3. The fulfilment of the obligations with respect to the payment of taxes and levies of physical persons who have been pronounced absent in place unknown or legally incapable and the obligation to pay penalties and fines due shall be suspended by decision of the appropriate tax authority in the event that the monetary resources of those physical persons are insufficient to fulfil those obligations.

Where a decision is adopted in accordance with the established procedure to rescind the pronouncement of the absence in place unknown or legal incapability of a physical person, the suspended fulfilment of that person’s obligations with respect to the payment of taxes and levies shall be resumed from the day on which that decision is adopted.

4. Persons who, in accordance with this Article, are charged with the obligations with respect to the payment of taxes and levies of physical persons who have been pronounced missing or legally incapable shall enjoy all rights and fulfil all obligations in accordance with the procedure which is stipulated by this Code for taxpayers and levy payers, with account taken of the particular considerations which are laid down by this Article. Where such persons, while carrying out the duties imposed upon them by this Article, are held to account for the commission of tax offences for which they are at fault, they shall not have the right to pay the fines prescribed by this Code out of the assets of a person who has been pronounced missing or legally incapable.

5. The provisions laid down in this Article shall also apply with respect to the fulfilment of obligations to pay insurance contributions.
Article 52  Procedure for the Calculation of Tax and Insurance Contributions

1. A taxpayer shall independently calculate the amount of tax payable for a tax period on the basis of the tax base, the tax rate and tax concessions, except as otherwise provided by this Code.

A payer of insurance contributions shall independently calculate the amount of insurance contributions payable for a computation period on the basis of the base for the calculation of insurance contributions and the rate, except as otherwise provided in this Code.

2. In cases provided for in the tax and levy legislation of the Russian Federation, responsibility for calculating the amount of tax may be placed upon a tax authority or a tax agent.

Where a tax authority is responsible for calculating the amount of tax, the tax authority shall send the taxpayer a tax notice not later than 30 days before the payment due date.

Tax payable by physical persons in respect of items of immovable property and (or) means of transport shall be calculated by tax authorities for not less than the three tax periods preceding the calendar period in which a tax notice is sent.

In the case referred to in paragraph 2 of this clause, provided that the taxpayer fulfils the obligation specified in clause 2.1 of Article 23 of this Code within the established time limit the amount of tax shall be calculated commencing from the tax period in which that obligation was fulfilled.

2.1 The recalculation of amounts of previously calculated taxes such as are referred to in clause 3 of Article 14 and clauses 1 and 2 of Article 15 of this Code shall be carried out for not more than the three tax periods preceding the calendar year in which a tax notice is sent in connection with recalculation, except as otherwise provided in this clause.

The recalculation provided for in paragraph 1 of this clause shall not be carried out in relation to the taxes referred to in clauses 1 and 2 of Article 15 of this Code if it causes previously paid amounts of those taxes to be increased.

3. A tax notice must contain an indication of the amount of tax payable, the object of taxation, the tax base, the time limit for the payment of tax and details needed for the remittance of tax to the budget system of the Russian Federation.

A tax notice may contain data relating to a number of taxes payable.
The standard form of a tax notice shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

4. A tax notice may be handed to the director of an organization (a legal or authorized representative of the organization) or to a physical person (a legal or authorized representative of the physical person) in person against receipt, sent by registered mail or transmitted in electronic form via telecommunications channels or through a taxpayer’s personal account. Where a tax notice is sent by registered mail, the tax notice shall be deemed to have been received six days after the registered letter was despatched.

The formats and procedure for the sending to a taxpayer of a tax notice in electronic form via telecommunications channels shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

In the event that the total amount of taxes calculated by a tax authority is less than 100 roubles, a tax notice shall not be sent to the taxpayer, except for the sending of tax notice in a calendar year after the end of which it becomes impossible for the tax authority to send a tax notice in accordance with paragraph 3 of clause 2 of this Article.

5. The amount of tax on profit of organizations to be calculated for a consolidated group of taxpayers shall be calculated by the responsible member of that group on the basis of data in its possession, including data provided by other members of the consolidated group.

6. The amount of tax shall be calculated in whole roubles. An amount of tax which is less than 50 kopecks shall be discarded, and an amount of tax which is equal to or greater than 50 kopecks shall be rounded up to a whole rouble.

Article 53 Tax Base and Tax Rate, and Rates of Levies

1. The tax base shall represent the value, physical or other characteristics of an object of taxation. The tax rate shall represent the size of tax charges per unit of measurement of the tax base. The tax base and the procedure for its determination and the tax rates for federal taxes and levy rates for federal levies shall be established by this Code.

2. The tax base and the procedure for its determination with respect to regional and local taxes shall be established by this Code. The tax rates for regional and local taxes shall be established by the laws of constituent entities of the Russian Federation and the normative legal acts of representative bodies of municipalities respectively within the limits which are established by this Code.
1. Taxpaying organizations shall calculate the tax base according to the results for each tax period on the basis of data in accounting records and (or) on the basis of other documented information on items which are taxable or relevant to the assessment of tax.

In the event that errors (misstatements) in the calculation of the tax base which relate to past tax (accounting) periods are discovered in the current tax (accounting) period, the tax base and the amount of tax shall be recalculated for the period in which those errors (misstatements) were made.

Where it is impossible to determine the period in which errors (misstatements) were made, the tax base and the amount of tax shall be recalculated for the tax (accounting) period in which the errors (misstatements) have been discovered. A taxpayer shall also have the right to recalculate the tax base and the amount of tax for the tax (accounting) period in which errors (misstatements) relating to prior tax (accounting) periods are found where the errors (misstatements) committed have caused tax to be overpaid.

2. Private entrepreneurs, privately practising notaries and lawyers who have founded legal offices shall calculate the tax base according to the results for each tax period on the basis of records of income and expenditure and economic operations in accordance with a procedure to be determined by the Ministry of Finance of the Russian Federation.

3. Other taxpaying physical persons shall calculate the tax base on the basis of information which is obtained from organizations and (or) physical persons in the established instances concerning amounts of income paid to them and concerning objects of taxation and data in their own records of income received and objects of taxation which are maintained in arbitrary form.

4. The rules laid down in clauses 1 and 2 of this Article shall also apply to tax agents.

5. In cases provided for in this Code, tax authorities shall calculate the tax base resulting for each tax period on the basis of data available to them.

6. The provisions laid down in clause 1 of this Article concerning the recalculation of the tax base shall also apply in the case of the recalculation of the base for the calculation of insurance contributions, except as otherwise provided for in Chapter 34 of this Code.
Article 54.1  Limits on the Exercise of Rights Relating to the Calculation of the Tax Base and (or) the Amount of a Tax, a Levy or Insurance Contributions

1. It shall not be permitted for a taxpayer to reduce the tax base and (or) the payable amount of tax as a result of the misrepresentation of information on economic events (a group of such events) and objects of taxation which are required to be disclosed in a taxpayer’s tax and (or) accounting records or tax statements.

2. Where the circumstances specified in clause 1 of this Article do not exist for transactions (operations) which have taken place, the taxpayer shall have the right to reduce the tax base and (or) the payable amount of tax in accordance with the rules of the relevant chapter of Part Two of this Code provided that the following conditions are simultaneously met:

1) it is not the main purpose of a transaction (operation) to enable the non-payment (incomplete payment) and (or) crediting (refund) of an amount of tax;

2) the obligation arising from a transaction (operation) has been fulfilled by a person who is a party to a contract concluded with the taxpayer and (or) a person to whom the obligation to perform the transaction (operation) was transferred by contract or by law.

3. For the purposes of clauses 1 and 2 of this Article, the signing of primary accounting documents by an unidentified or unauthorized person, the violation of tax and levy legislation by a contract partner of the taxpayer or the fact that the taxpayer could have obtained the same result of economic activity by concluding other transactions (operations) not prohibited by legislation may not be considered as independent grounds for deeming a taxpayer to have unlawfully reduced the tax base and (or) the payable amount of tax.

4. The provisions laid down in this Article shall also apply in relation to levies and insurance contributions and shall extend to levy payers, payers of insurance contributions and tax agents.

Article 55  The Tax Period

1. The tax period shall be understood to be the calendar year or another period of time applicable to particular taxes, upon the expiration of which the tax base is determined and the amount of tax payable is calculated. A tax period may consist of one or more accounting periods with account taken of the special considerations established by this Article.

2. Where, in accordance with Part Two of this Code, the tax period for a particular tax is a calendar year, the start and end dates of the tax period shall
be determined with account taken of the provisions established by this clause and clause 3 of this Article.

Where an organization was established (the State registration of a physical person as a private entrepreneur took place) in the period from 1 January to 30 November of a calendar year, the first tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until 31 December of that calendar year.

Where an organization was established (the State registration of a physical person as a private entrepreneur took place) in the period from 1 December to 31 December of a calendar year, the first tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until 31 December of the calendar year following the year in which the organization was established (the State registration of the physical person as a private entrepreneur took place).

The rules laid down in this clause shall not apply to the determination of the first tax period for tax on profit of organizations for foreign organizations which have independently declared themselves tax residents of the Russian Federation in accordance with the procedure established by this Code and whose activities on the date of that declaration did not give rise to a permanent establishment in the Russian Federation.

3. Where an organization is terminated by means of liquidation or re-organization (a physical person ceases activities as a private entrepreneur), the last tax period for the organization (private entrepreneur) in question shall be the period of time from 1 January of the calendar year in which the organization was terminated (the State registration of the physical person as a private entrepreneur lost force) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of a physical person as a private entrepreneur lost force).

Where an organization was established and terminated by means of liquidation or re-organization (the State registration of a physical person as a private entrepreneur took place and lost force) in the course of a calendar year, the tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

Where an organization was established (the State registration of a physical person as a private entrepreneur took place) in the period from 1 December to
31 December of a calendar year and was terminated by means of liquidation or re-organization (the State registration of the physical person as a private entrepreneur lost force) before the end of the calendar year following the year in which the organization was established (the State registration of the physical person as a private entrepreneur took place), the tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (on which the State registration of the physical person as a private entrepreneur took place) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

3.1 Where, in accordance with Part Two of this Code, the tax period for a particular tax is a quarter, the start and end dates of the tax period shall be determined with account taken of the provisions established by this clause and clause 3.2 of this Article.

Where an organization was established (the State registration of a physical person as a private entrepreneur took place) not less than 10 days before the end of a quarter, the first tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the end of the quarter in which the organization was established (the State registration of the physical person as a private entrepreneur took place).

Where an organization was established (the State registration of a physical person as a private entrepreneur took place) less than 10 days before the end of a quarter, the first tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the end of the quarter following the quarter in which the organization was established (the State registration of the physical person as a private entrepreneur took place).

3.2 Where an organization is terminated by means of liquidation or re-organization (a physical person ceases activities as a private entrepreneur), the last tax period for the organization (private entrepreneur) in question shall be the period of time from the beginning of the quarter in which the organization was terminated (the State registration of the physical person as a private entrepreneur lost force) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

Where an organization was established and terminated by means of liquidation or re-organization (the State registration of a physical person as a private entrepreneur took place and lost force) in one quarter, the tax period for the
organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

Where an organization was established (the State registration of a physical person as a private entrepreneur took place) less than 10 days before the end of a quarter and was terminated by means of liquidation or re-organization (the State registration of the physical person as a private entrepreneur lost force) before the end of the quarter following the quarter in which the organization was established (the State registration of the physical person as a private entrepreneur took place), the tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of a physical person as a private entrepreneur lost force).

3.3 Where, in accordance with Part Two of this Code, the tax period for a particular tax is a calendar month, the start and end dates of the tax period shall be determined with account taken of the provisions established by this clause and clause 3.4 of this Article.

When an organization is established (the State registration of a physical person as a private entrepreneur takes place), the first tax period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of a physical person as a private entrepreneur took place) until the end of the calendar month in which the organization was established (the State registration of a physical person as a private entrepreneur took place).

3.4 When an organization is terminated by means of liquidation or re-organization (a physical person ceases activities as a private entrepreneur), the last tax period for the organization (private entrepreneur) in question shall be the period of time from the beginning of the calendar month in which the organization was terminated (the State registration of the physical person as a private entrepreneur lost force) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

Where an organization was established and terminated by means of liquidation or re-organization (the State registration of a physical person as a private entrepreneur took place and lost force) in one calendar month, the tax period for the organization (private entrepreneur) in question shall be the period of
time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

3.5 For the purposes of the fulfilment of obligations of a tax agent with respect to tax on income of physical persons and for the purposes of determining the computation period for insurance contributions, the start and end dates of a tax (computation) period shall be determined with account taken of the provisions established by this clause.

When an organization is established (the State registration of a physical person as a private entrepreneur takes place), the first tax (computation) period for the organization (private entrepreneur) in question shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the end of the calendar year in which the organization was established (the State registration of the physical person as a private entrepreneur took place).

When a lawyer, a mediator, a privately practising notary, an arbitration manager, an appraiser, a patent attorney and other persons who engage in private practice in the manner established by the legislation of the Russian Federation are registered with a tax authority, the first computation period for those persons shall be the period of time from the day of registration with the tax authority until the end of the calendar year in which the registration of the persons in question with the tax authority took place.

When an organization is terminated by means of liquidation or re-organization (a physical person ceases activities as a private entrepreneur), the last tax (computation) period for the organization (private entrepreneur) in question shall be the period of time from the beginning of the calendar year to the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

When a lawyer, a mediator, a privately practising notary, an arbitration manager, an appraiser, a patent attorney and other persons who engage in private practice in the manner established by the legislation of the Russian Federation are deregistered with a tax authority, the last computation period for those persons shall be the period of time from the beginning of the calendar year until the day on which the persons in question are deregistered with the tax authority.

Where an organization was established and terminated by means of liquidation or re-organization (the State registration of a physical person as a private entrepreneur took place and lost force) during a calendar year, the tax (computation) period for the organization (private entrepreneur) in question
shall be the period of time from the day on which the organization was established (the State registration of the physical person as a private entrepreneur took place) until the day of the State registration of the termination of the organization as a result of liquidation or re-organization (the day on which the State registration of the physical person as a private entrepreneur lost force).

Where a lawyer, a mediator, a privately practising notary, an arbitration manager, an appraiser, a patent attorney and other persons who engage in private practice in the manner established by the legislation of the Russian Federation were registered and deregistered with a tax authority during a calendar year, the computation period for those persons shall be the period of time from the day on which they were registered with a tax authority until the day on which they were deregistered with a tax authority.

4. The rules laid down in clauses 2 to 3.4 of this Article shall not apply in relation to tax which is payable in connection with the application of the licence-based taxation system.

The rules laid down in clauses 3.1 and 3.2 of this Article shall not apply in relation to the unified tax on imputed income for certain types of activity.

6. In the case of a foreign organization which has independently declared itself a tax resident of the Russian Federation and whose activities on the date of that declaration did not give rise to a permanent establishment in the Russian Federation, the first tax period for tax on profit of organizations shall be determined in accordance with the procedure established by this clause.

If the foreign organization independently declared itself a tax resident of the Russian Federation from 1 January of the calendar year in which it submitted the notice of self-declaration as a tax resident of the Russian Federation, the first tax period for tax on profit of organizations for it shall be the period of time from 1 January of the calendar year in which that notice was submitted until the end of that calendar year.

If the foreign organization independently declared itself a tax resident of the Russian Federation from the date of submission to the tax authority of the notice of self-declaration as a tax resident of the Russian Federation, the first tax period for tax on profit of organizations for it shall be the period of time from the date of submission of that notice to the tax authority until the end of the calendar year in which that notice was submitted.

In this respect, where a notice such as referred to in paragraph 3 of this clause of self-declaration by a foreign organization as a tax resident of the Russian Federation is submitted on a day which falls in the period from 1 December to 31 December inclusively, the first tax period for tax on profit of organizations for it shall be the period of time from the date of submission of that notice to
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the tax authority until the end of the calendar year following the year in which that notice was submitted.

Article 56 Establishment and Use of Tax and Levy Exemptions

1. Tax and levy exemptions shall be understood to mean privileges over other taxpayers and levy payers which are provided for by tax and levy legislation and are granted to particular categories of taxpayers and levy payers, including the right not to pay a tax or levy or to pay a lesser amount thereof.

Norms of tax and levy legislation which determine the grounds, procedure and conditions for the application of tax and levy exemptions may not be individually oriented.

2. A taxpayer shall have the right to refrain from using an exemption or to suspend the use thereof for one or more tax periods unless otherwise stipulated by this Code.

3. Exemptions in respect of federal taxes and levies shall be established and abolished by this Code.

Exemptions in respect of regional taxes shall be established and abolished by this Code and (or) by tax laws of constituent entities of the Russian Federation.

Exemptions in respect of local taxes shall be established and abolished by this Code and (or) by normative legal acts of representative bodies of municipalities concerning taxes (tax laws of the cities of federal significance Moscow, Saint Petersburg and Sevastopol).

Article 57 Time Limits for the Payment of Taxes, Levies and Insurance Contributions

1. The time limits for the payment of taxes, levies and insurance contributions shall be established separately for each individual tax, levy and insurance contribution.

The established time limit for the payment of a tax, levy or insurance contribution may be altered only in accordance with the procedure which is stipulated by this Code.

2. Where a tax, levy or insurance contribution is paid not in accordance with the time limit for payment, the taxpayer (levy payer, payer of insurance contributions) shall pay a penalty in accordance with the procedure and subject to the conditions which are prescribed by this Code.
3. Time limits for the payment of taxes, levies and insurance contributions shall be defined by a calendar date or the expiration of a period of time measured in years, quarters, months or days, or by reference to an event which must be arrived at or occur or an action which must be performed. Time limits for the performance of actions by participants in relations governed by tax and levy legislation shall be established by this Code with respect to each such action.

4. In those instances where the amount of tax is calculated by the tax authority, the obligation to pay tax shall arise no earlier than the date on which the tax notice is received.

Article 58 Procedure for the Payment of Taxes, Levies and Insurance Contributions

1. Tax shall be paid by a single payment of the entire amount of tax or according to a different procedure prescribed by this Code and other acts of tax and levy legislation.

2. The amount of tax payable shall be paid (remitted) by a taxpayer or tax agent within the prescribed time limits.

3. Provision may be made in accordance with this Code for preliminary tax payments – advance payments – to be paid over the course of a tax period. An obligation to pay advance payments shall be deemed to have been fulfilled according to a procedure similar to that which applies for the payment of tax.

   In the event that advance payments are paid later than the dates established by tax and levy legislation, penalties shall be charged in accordance with the procedure prescribed by Article 75 of this Code on the amount of the advance payments which have been paid late.

   A violation of the procedure for the calculation and (or) payment of advance payments may not be considered as a basis for calling a person to account for the violation of tax and levy legislation.

4. Tax shall be paid in cash or without cash transfer.

   Physical persons may pay taxes through the cash office of a local administration or through a federal postal organization if there is no bank, or through a multifunctional centre for the provision of State and municipal services at which arrangements have been made in accordance with a decision of the highest State executive body of a constituent entity of the Russian Federation for monetary resources to be accepted from those persons and remitted to the budget system of the Russian Federation.

4.1 In the case referred to in paragraph 2 of clause 4 of this Article, a local administration, a federal postal organization and a multifunctional centre for the provision of State and municipal services shall be obliged:
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1) to accept monetary resources from physical persons in payment of taxes and to remit them in a correct and timely manner, taking into account the provisions laid down in clause 4.2 of this Article, to the budget system of the Russian Federation in the appropriate Federal Treasury account for each taxpayer (tax agent). In this respect, no charge shall be made for the acceptance of monetary resources and the remittance thereof to the budget system of the Russian Federation;

2) to maintain records of monetary resources accepted for the payment of taxes and remitted to the budget system of the Russian Federation for each taxpayer (tax agent);

3) upon accepting monetary resources, to issue receipts or other documents confirming the acceptance of those monetary resources. The form of a receipt issued by a local administration shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies;

4) to present to tax authorities (officials of tax authorities) upon their request documents confirming the acceptance of monetary resources from physical persons in payment of taxes and the remittance thereof to the budget system of the Russian Federation.

4.2 Monetary resources accepted from a physical person in cash by a local administration must, within five days of being accepted, be deposited at a bank or a federal postal organization for remittance to the budget system of the Russian Federation in the appropriate Federal Treasury account.

Monetary resources accepted from a physical person in cash by a federal postal organization or a多功能 function centre for the provision of State and municipal services or accepted from a local administration in cash by a federal postal organization must, within five days of being accepted, be deposited at a bank for subsequent remittance to the budget system of the Russian Federation in the appropriate Federal Treasury account.

Where, by reason of a natural disaster or other force majeure circumstances, monetary resources accepted from a physical person cannot be deposited at a bank or a federal postal organization within the established time limit for remittance to the budget system of the Russian Federation, that time limit shall be extended until those circumstances have been eliminated.

4.3 A local administration, a federal postal organization and a多功能 function centre for the provision of State and municipal services shall bear liability in accordance with this Code and other legislative acts of the Russian Federation for the non-fulfilment or improper fulfilment of the obligations provided for in clauses 4.1 and 4.2 of this Article.
The imposition of sanctions shall not release a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services from the obligation to remit to the budget system of the Russian Federation monetary resources which have been accepted for the payment and remittance of amounts of taxes.

4.4 In the event that monetary resources of a physical person which were accepted by a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services are not remitted to the budget system of the Russian Federation in the appropriate Federal Treasury account within the established time limit, measures shall be taken against the local administration, federal postal organization or multifunctional centre for the provision of State and municipal services for the recovery of the non-remitted amount of tax in accordance with subsection 1 of clause 2 of Article 45 of this Code and in accordance with a procedure similar to that prescribed by Articles 46 and 47 of this Code.

A demand to remit tax to the budget system of the Russian Federation (hereafter in this Article referred to as “demand for the remittance of tax”) must be served on a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services not later than three months from the day on which an amount of tax not remitted to the budget system of the Russian Federation was discovered and the tax authority prepared a document reporting the discovery of the amount of tax not remitted by the local administration, federal postal organization or multifunctional centre for the provision of State and municipal services to the budget system of the Russian Federation.

The notification of a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services of an unremitted amount of tax and of the obligation to remit that amount of tax within the established time limit shall be recognised as a demand for the remittance of that tax by the body or organization in question.

5. The specific procedure for the payment of tax shall be established in accordance with this Article with respect to each individual tax.

The procedure for the payment of federal taxes shall be established by this Code.

The procedure for the payment of regional and local taxes shall be established by laws of constituent entities of the Russian Federation and normative legal acts of representative bodies of municipalities respectively in accordance with this Code.

6. A taxpayer shall be obliged to pay tax within one month from the day of the receipt of a tax notice, unless a longer period of time for the payment of tax is specified in that tax notice.
Where previously calculated tax is recalculated by a tax authority, tax shall be paid on the basis of a tax notice within the time limit stated in the tax notice. In this respect, the tax notice must be sent not later than 30 days before the due date specified in the tax notice.

7. The rules laid down in this Article shall also apply in relation to the procedure for the payment of levies and insurance contributions (penalties and fines).

8. The rules laid down in clauses 2 to 6 of this Article shall also apply in relation to the procedure for the payment of advance payments.

9. The rules laid down in clauses 1 and 4 to 4.4 of this Article shall also apply in relation to a unified tax payment of a physical person.

Article 59 Qualification as Non-Recoverable and Write-Off of Arrears and Indebtedness in Respect of Penalties and Fines

1. Amounts of arrears and indebtedness in respect of penalties and fines which are owed by particular taxpayers, levy payers, payers of insurance contributions and tax agents shall be qualified as non-recoverable after it has proved impossible to secure the payment and (or) recovery of the amounts concerned in cases where:

   1) an organization has been liquidated in accordance with the legislation of the Russian Federation or the legislation of a foreign state or a legal entity has been excluded from the Unified State Register of Legal Entities by decision of the registering authority where a bailiff/enforcement officer has issued a resolution on the termination of enforcement proceedings in connection with the return of the enforcement document to the party seeking recovery on the grounds provided for in clause 3 or 4 of part 1 of Article 46 of Federal Law No. 229-FZ of 2 October 2007 “Concerning Enforcement Proceedings” – to the extent of arrears and indebtedness in respect of penalties and fines which have not been settled owing to the fact that the organization did not have sufficient assets and (or) they could not be settled by the founding parties (participants) of the organization within the limits and according to the procedure which are established by the legislation of the Russian Federation;

   2) a private entrepreneur has been declared bankrupt in accordance with Federal Law No. 127-FZ of 26 October 2002 “Concerning Insolvency (Bankruptcy)” – to the extent of arrears and indebtedness in respect of penalties and fines which have not been settled by reason of the insufficiency of the debtor’s assets;

   2.1) a citizen is declared bankrupt in accordance with Federal Law No. 127-FZ of 26 October 2002 “Concerning Insolvency (Bankruptcy)” – to the extent of arrears and indebtedness in respect of penalties and fines which remain...
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outstanding following the completion of settlements of creditors in accordance with the above-mentioned Federal Law;

3) a physical person has died or has been declared deceased in accordance with the procedure established by the civil procedure legislation of the Russian Federation – with respect to all taxes, levies and insurance contributions, and as far as the taxes referred to in clause 3 of Article 14 and Article 15 of this Code are concerned – to the extent of the amount in excess of the value of his inherited estate, including in the event that the inheritance passes into the ownership of the Russian Federation;

4) a court has adopted an act in accordance with which the tax authority is no longer able to pursue the recovery of the arrears and indebtedness in respect of penalties and fines owing to the expiry of the established time limit for the recovery thereof, including by issuing a determination not to restore a missed time limit for filing a petition with a court for the recovery of the arrears and indebtedness in respect of penalties and fines;

4.1) a bailiff/enforcement officer has issued a resolution concerning the cessation of enforcement proceedings where an enforcement document has been returned to the recovering party on grounds provided for in clauses 3 and 4 of part 1 of Article 46 of Federal Law No. 229-FZ of 2 October 2007 “Concerning Enforcement Proceedings”, if more than five years has passed from the date on which arrears and (or) indebtedness in respect of penalties and fines arose the amount of which does not exceed the amount of claims against the debtor which is established by the insolvency (bankruptcy) legislation of the Russian Federation for the institution of bankruptcy proceedings;

4.2) a foreign organization is deregistered with a tax authority in accordance with clause 5.5 of Article 84 of this Code;

4.3) a court has made an order for a bankruptcy petition against the debtor to be returned or for bankruptcy proceedings to be terminated owing to the absence of sufficient resources to cover legal expenses for the conduct of procedures applied in a bankruptcy case;

5) in other cases provided for by the tax and levy legislation of the Russian Federation.

1.1 Where a foreign organization is registered in accordance with clause 4.6 of Article 83 of this Code after it has been deregistered with a tax authority in accordance with clause 5.5 of Article 84 of this Code, amounts of value added tax arrears and penalties in respect of penalties and fines which have been recognised as irrecoverable on the basis of subsection 4.2 of clause 1 of this Article shall be restored and must be paid within the time limit stipulated by clause 11 of Article 174.2 of this Code.
2. The bodies competent to adopt a decision for arrears and indebtedness in respect of penalties and fines to be qualified as non-recoverable and written off shall be:

1) the tax authorities for the location of an organization or the place of residence of a physical person (except in the cases provided for in subsections 2 and 3 of this clause) – in the circumstances provided for in subsections 1 to 3 of clause 1 of this Article;

2) the tax authorities where a taxpayer, a levy payer, a payer of insurance contributions or a tax agent is registered (except in the case provided for in subsection 3 of this clause) – in the circumstances provided for in subsections 4, 4.1, 4.2 and 5 of clause 1 of this Article;

3) customs authorities to be designated by the federal executive body in charge of the customs sphere – with respect to taxes, penalties and fines which are payable in connection with the movement of goods across the customs border of the Customs Union.

3. Laws of constituent entities of the Russian Federation and normative legal acts of municipalities may establish additional grounds for qualifying arrears in respect of regional and local taxes and indebtedness in respect of penalties and fines pertaining to those taxes as non-recoverable.

4. Amounts of taxes, levies, insurance contributions, penalties and fines which have been debited from bank accounts of taxpayers, levy payers, payers of insurance contributions and tax agents but have not been remitted to the budget system of the Russian Federation shall be qualified as non-recoverable and written off in accordance with this Article if, at the time of the adoption of the decision regarding the qualification as non-recoverable and write-off of those amounts, the banks concerned have been liquidated.

5. The procedure for the write-off of arrears and indebtedness in respect of penalties and fines which have been qualified as non-recoverable and the list of documents confirming the circumstances specified in clause 1 of this Article shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies and the federal executive body in charge of the customs sphere (insofar as taxes, penalties and fines payable in connection with the movement of goods across the customs border of the Customs Union are concerned).

6. The rules laid down in this Article shall also apply for the purpose of writing off bad debt in respect of interest such as is provided for in Chapter 9 and Article 176.1 of this Code.
Article 60 The Obligations of Banks with Respect to the Execution of Orders to Transfer Taxes, Levies and Insurance Contributions

1. Banks shall be obliged to execute a taxpayer’s instruction for the remittance of tax to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account (hereinafter referred to as “taxpayer’s instruction”) and a tax authority’s instruction for the remittance of tax to the budget system of the Russian Federation (hereinafter referred to as “tax authority’s instruction”) according to the order of priority which is established by the civil legislation of the Russian Federation.

2. A taxpayer’s instruction or a tax authority’s instruction shall be executed by a bank within one business day following the day of the receipt of that instruction, unless otherwise provided for in this Code. In this respect, no service fee shall be charged for such operations, with the exception of operations involving the remittance of tax by means of a cross-border transfer of monetary resources using international payment cards in the execution of which the taxpayer uses the services of a foreign bank.

Where a physical person presents a tax remittance instruction to an economically autonomous subdivision of a bank which does not have a correspondent account (subaccount), the time limit established by paragraph 1 of this clause for the execution by a bank of a taxpayer’s instruction shall be extended in accordance with the established procedure by the period of time taken by a federal postal organization to deliver the instruction to an economically autonomous subdivision of the bank which has a correspondent account (subaccount), but not by more than five business days.

3. Where a taxpayer has monetary resources (precious metals) in its account or an electronic money balance banks shall not have the right to delay the execution of a taxpayer’s instruction and a tax authority’s instruction.

3.1 Where a taxpayer’s instruction cannot be executed within the time period established by this Code owing to the absence (insufficiency) of monetary resources in a correspondent account held by a bank with an institution of the Central Bank of the Russian Federation, or a tax authority’s instruction cannot be executed within the time period established by this Code owing to the absence (insufficiency) of monetary resources (precious metals) in a taxpayer’s account or in a correspondent account held by a bank with an institution of the Central Bank of the Russian Federation, the bank shall be obliged, within a day following the day on which the time period established by this Code for the execution of an instruction expires, to report the non-execution (partial execution) of the taxpayer’s instruction to the tax authority for the location of the bank and to the taxpayer, or to report the non-execution (partial execution) of the tax authority’s instruction to the tax authority which sent that instruction and to the tax authority for the location of the bank (its economically autonomous subdivision).
The standard form and formats of a bank’s notice of the non-execution (partial execution) of a taxpayer’s instruction or a tax authority’s instruction and the procedure for the transmission thereof in electronic form shall be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

4. Banks shall bear liability in accordance with this Code for the failure to fulfil or improper fulfilment of the obligations provided for in this Article.

The imposition of sanctions shall not release a bank from the obligation to transfer the amount of tax to the budget system of the Russian Federation. In the event that a bank fails to fulfil that obligation within the prescribed time limit, measures shall be taken against that bank for the recovery of the untransferred amounts of the tax (levy) out of monetary resources in accordance with a procedure similar to that laid down in Article 46 of this Code and out of other assets in accordance with a procedure similar to that laid down in Article 47 of this Code.

4.1 In the event that the above-mentioned obligations are violated more than once during one calendar year this shall constitute grounds for the tax authority to present a petition to the Central Bank of the Russian Federation for the revocation of the bank’s licence to carry out banking operations.

4.2 A demand for the remittance of tax to the budget system of the Russian Federation (hereafter in this Article referred to as “tax remittance demand”) must be sent to a bank in electronic form via telecommunications channels not later than three months from the day of the discovery of an amount of tax which has not been remitted to the budget system of the Russian Federation and the preparation by a tax authority of a document concerning the discovery of an amount of tax which has not been remitted by the bank to the budget system of the Russian Federation.

A tax remittance demand shall be a notification to a bank of the amount of tax not remitted and of the obligation to remit that amount of tax within the established time limit.

The formats for a tax remittance demand and the procedure for the sending of such a demand in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

5. The rules established by this Article shall also apply in relation to obligations of banks with respect to the execution of instructions of tax agents, levy payers and payers of insurance contributions and shall apply to the remittance of levies, insurance contributions, a unified tax payment of a physical person, penalties and fines to the budget system of the Russian Federation.
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6. The rules established by this Article shall also apply with respect to the execution by a bank of instructions of local administrations, federal postal organizations and multifunctional centres for the provision of State and municipal services for the remittance to the budget system of the Russian Federation by payment to the appropriate Federal Treasury account of monetary resources which have been accepted from taxpayers (tax agents, levy payers, payers of insurance contributions) which are physical persons.

7. When banks execute instructions for the refund to taxpayers, tax agents, levy payers and payers of insurance contributions of amounts of taxes, levies, insurance contributions, penalties and fines which have been paid (recovered) in excess, no service fee shall be charged for those operations.

CHAPTER 9. ALTERATION OF THE TIME LIMITS FOR THE PAYMENT OF A TAX, A LEVY AND INSURANCE CONTRIBUTIONS AND OF A PENALTY AND A FINE

Article 61 General Conditions Relating to the Alteration of the Time Limits for the Payment of a Tax, a Levy and Insurance Contributions and of a Penalty and a Fine

1. The alteration of the time limit for the payment of a tax or levy, including where it has not been reached, shall mean the postponement to a later date of the time limit for the payment of a tax or levy.

In this respect, the alteration of the time limit for the payment of a tax or levy payable based on the findings of a tax audit carried out by a tax authority shall mean the postponement of the time limit for the payment of a tax or levy respectively to a later date from the date specified in a demand for the payment of a tax, levy, insurance contributions, penalty, fine or interest which was sent in accordance with Article 69 of this Code.

2. The time limit for the payment of a tax or levy may be altered in accordance with the procedure established by this Chapter.

The time limit for the payment of a tax and (or) a levy may be altered with respect to all or part of the amount of the tax and (or) levy which is due (hereafter in this Chapter referred to as “amount of the indebtedness”), with interest being charged on the amount of the indebtedness, unless otherwise provided by this Chapter.

The time limit for the payment of State duty shall be altered with account taken of the special considerations which are laid down in Chapter 25.3 of this Code.
3. The alteration of the time limit for the payment of a tax or levy shall be in the form of a deferral, an instalment plan or investment tax credit, except as otherwise provided in this clause.

The alteration of the time limit for the payment of a tax or levy on the ground referred to in subsection 7 of clause 2 of Article 64 of this Code shall take place only in the form of an instalment plan.

3.1 A person who is seeking the alteration of the time limit for the payment of a tax and (or) a levy (hereafter in this Chapter referred to as “interested person”) shall have the right to submit an application for the grant of a deferral or an instalment plan and (or) an application for the granting of investment tax credit.

Upon considering an application from an interested person for the granting of a deferral or instalment plan for the payment of a tax and (or) a levy and an application for the granting of investment tax credit, a body authorized to adopt decisions on the alteration of the time limits for the payment of taxes and levies shall have the right to offer that person other conditions provided for in this Chapter for the granting of a deferral or instalment plan for the payment of a tax and (or) a levy and investment tax credit, which shall be adopted subject to agreement with the interested person.

4. The alteration of the time limit for the payment of a tax or levy shall neither cancel the existing nor create a new tax or levy obligation.

5. The alteration of the time limit for the payment of tax or levy may, by decision of the bodies referred to in Article 63 of this Code, be secured by a pledge of assets in accordance with Article 73 of this Code, a surety bond or a bank guarantee.

6. The time limit for the payment of taxes provided for in special tax regimes shall be altered in accordance with the procedure which is stipulated by this Chapter.

The provisions of this Chapter shall also apply where a deferral or an instalment plan is granted for the payment of a penalty, a fine and insurance contributions (other than amounts of insurance contributions associated with the formation of resources for the financing of a funded pension).

8. The alteration of the time limit for the payment of a tax, a levy and insurance contributions and of a penalty and a fine by tax authorities shall take place 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.

9. This Chapter shall not apply to tax agents.
Article 62  Circumstances Which Preclude the Alteration of the Time Limit for the Payment of a Tax, a Levy and Insurance Contributions

1. The time limit for the payment of a tax, a levy and (or) insurance contributions may not be altered if, in relation to the interested person:

1) criminal proceedings have been instituted with respect to evidence of a crime involving a violation of tax and levy legislation;

2) proceedings are being conducted in respect of a tax offence or an administrative offence in the area of taxes, levies and insurance contributions and in the customs sphere with respect to taxes which are payable in connection with the movement of goods across the customs border of the Customs Union;

3) there are sufficient grounds to believe that the person in question will use the alteration of the time limit to conceal his monetary resources or other taxable assets or that he intends to depart from the Russian Federation for permanent residence abroad;

4) at any time during the three years preceding the day on which that person submitted the application for the alteration of the time limit for the payment of the tax, a levy and (or) insurance contributions, the body referred to in Article 63 issued a decision terminating the effect of a previously granted deferral, instalment plan or investment tax credit by reason of the violation of the conditions of the corresponding alteration of the time limit for the payment of a tax, a levy and (or) insurance contributions.

2. Where the circumstances referred to in clause 1 of this Article exist, a decision to alter the time limit for the payment of a tax, a levy and (or) insurance contributions may not be adopted, and any such decision which has been adopted must be rescinded.

The interested person and the tax authority where that person is registered shall be notified of the rescission of the adopted decision within a period of three days.

The interested person shall have the right to appeal against such a decision in accordance with the procedure which is established by this Code.

3. The time limit for the payment of tax shall not be altered in relation to tax on profit of organizations which is payable for a consolidated group of taxpayers.
Article 63  
**Bodies Authorized to Adopt Decisions on the Alteration of the Time Limits for the Payment of Taxes, Levies and Insurance Contributions**

1. The bodies which have the authority to adopt decisions on the alteration of the time limits for the payment of taxes, levies and insurance contributions (hereinafter referred to as “authorized bodies”) shall be:

1) in the case of federal taxes, levies and insurance contributions – the federal executive body in charge of control and supervision in the area of taxes and levies (except in the instances provided for in subsections 3, 4, 6 and 7 of this clause and clause 2 of this Article);

2) in the case of regional and local taxes – the tax authorities at the location (place of residence) of an interested person (except in the case provided for in subsection 7 of this clause). Decisions on the alteration of the time limits for the payment of taxes shall be adopted in consultation with the appropriate financial authorities of constituent entities of the Russian Federation and municipalities (except in the case provided for in subsection 7 of this clause and by clause 3 of this Article);

3) in the case of taxes which are payable in connection with the movement of goods across the customs border of the Customs Union – the federal executive body in charge of the customs sphere, or customs authorities authorized by that body;

4) in the case of State duty – bodies (officials) which have been authorized in accordance with Chapter 25.3 of this Code to perform legally significant acts for which State duty is payable;

6) in the case of tax on income physical persons payable by physical persons who are not private entrepreneurs with respect to income which is received without tax being withheld by tax agents – the tax authorities for the place of residence of those persons. Decisions on the alteration of the time limits for the payment of tax on such income with respect to amounts payable to the budgets of constituent entities of the Russian Federation and local budgets shall be adopted in consultation with the financial authorities of the relevant constituent entities of the Russian Federation and municipalities;

7) in the case of tax on the profit of organizations at the tax rate established for the crediting of that tax to the budgets of constituent entities of the Russian Federation and in the case of regional taxes with respect to decisions on the alteration of the time limits for the payment of those taxes in the form of investment tax credit – bodies so authorized by the legislation of constituent entities of the Russian Federation.

2. Where, in accordance with the budget legislation of the Russian Federation, federal taxes or levies are payable to the federal budget and (or) the budgets of constituent entities of the Russian Federation and local budgets, the time
limits for the payment of such taxes or levies (with the exception of State
duty) shall be altered on the basis of decisions of the authorized bodies
referred to in clause 1 of this Article adopted, insofar as amounts payable to
the budgets of constituent entities of the Russian Federation and local budgets
are concerned, in consultation with the financial authorities of the relevant
constituent entities of the Russian Federation and municipalities.

3. Where, in accordance with the legislation of constituent entities of the Russian
Federation, regional taxes are payable to the budgets of constituent entities of
the Russian Federation and (or) local budgets, the time limits for the payment
of such taxes shall be altered on the basis of decisions of tax authorities at the
location (place of residence) of interested parties adopted, to the extent of
amounts payable to:

- the budgets of constituent entities of the Russian Federation, - in consultation
  with the financial authorities of those constituent entities of the Russian
  Federation;

- local budgets, - in consultation with the financial authorities of the relevant
  municipalities.

**Article 64**

**The Procedure and Conditions for the Granting of a Deferral or Instalment Plan for the Payment of a Tax, a Levy and Insurance Contributions**

1. A deferral or instalment plan for the payment of tax shall represent an
alteration of the time limit for the payment of tax, subject to the existence of
the grounds which are provided for in this Article, for a period not exceeding
one year, with the amount of the indebtedness to be paid as a lump sum or on
an instalment basis respectively.

A deferral or instalment plan for the payment of federal taxes insofar as the
portion payable to the federal budget is concerned and insurance contributions
may be granted for a period of more than one year but not exceeding three
years.

2. A deferral or instalment plan for the payment of tax may be granted to an
interested person whose financial position does not enable that tax to be paid
within the established time limit but there are sufficient grounds to believe
that the person concerned will be able to pay that tax within the period for
which the deferral or instalment plan is granted, provided that at least one of
the following grounds exists:

1) the person has sustained damage as a result of a natural calamity, an industrial
disaster or other circumstances of insurmountable force;
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2) budget appropriations and (or) budget obligation limits were not provided (not provided on time) to the interested person and (or) maximum levels of financing of expenses were not communicated (not communicated on time) to the interested person as a recipient of budgetary resources in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, or monetary resources were not transferred (not transferred on time) to the interested person from the budget, including by way of payment for services rendered (work performed, goods supplied) by that person for State and municipal needs, in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax;

3) there is a risk that indications of insolvency (bankruptcy) would arise for the interested person if that person were to pay tax as a lump sum;

4) the financial position of a physical person (disregarding assets on which execution cannot be levied in accordance with the legislation of the Russian Federation) makes it impossible for tax to be paid as a lump sum;

5) the production and (or) sale of goods, work or services by the interested person is seasonal in nature;

6) there are grounds such as are established by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation for the granting of a deferral or instalment plan for the payment of taxes which are payable in connection with the movement of goods across the customs border of the Customs Union;

7) it has been determined in the manner provided by clause 5.1 of this Article as impossible for amounts of taxes, levies, insurance contributions, fines and penalties payable to the budget system of the Russian Federation based on the findings of a tax audit to be paid as a lump sum before the expiry of the time limit for the fulfilment of a demand for the payment of a tax, levy, insurance contributions, penalty, fine or interest which was sent in accordance with Article 69 of this Code.

2.1 Where the grounds referred to in subsections 1 and 3 to 6 of clause 2 of this Article exist an organization may be granted a deferral or instalment plan for the payment of tax, and where the ground referred to in subsection 7 of clause 2 of this Article exists it may be granted an instalment plan for the payment of tax, for an amount not exceeding the value of its net assets.

3. A deferral or instalment plan for the payment of tax may be granted with respect to one or more taxes.

4. Where a deferral or instalment plan for the payment of tax is granted on the grounds referred to in subsections 3, 4 and 5 of clause 2 of this Article, and where an instalment plan for the payment of tax has been granted on the ground specified in subsection 7 of clause 2 of this Article, interest shall be
charged on the amount of the indebtedness at a rate equal to one half of the refinancing rate of the Central Bank of the Russian Federation prevailing in the deferral or instalment plan period, unless otherwise stipulated by the customs legislation of the Customs Union and customs-related legislation of the Russian Federation with respect to taxes which are payable in connection with the transportation of goods across the customs border of the Customs Union.

Where a deferral or instalment plan for the payment of tax is granted on the grounds referred to in subsections 1 and 2 of clause 2 of this Article, interest shall not be charged on the amount of the indebtedness.

5. An application for the granting of a deferral or an instalment plan for the payment of tax shall be submitted by the interested person to the appropriate authorized body. Within five days of the application being submitted to the authorized body a copy of the application shall be sent by the interested person to the tax authority where that person is registered. The application for the granting of a deferral or an instalment plan for the payment of tax shall be accompanied by the following documents:

3) statements from banks concerning monthly flows of monetary resources (precious metals) on the person’s bank accounts for each month of the six months preceding the submission of the application, and concerning the presence or otherwise of settlement documents of that person in the relevant file of unpaid settlement documents;

4) statements from banks concerning balances of monetary resources (precious metals) in all the person’s bank accounts;

5) a list of contract partners who are debtors of the person, indicating the prices of contracts concluded with the debtor contract parties (the amounts of other obligations and the grounds on which they arose) and the time periods for their performance, and copies of the contracts in question (documents confirming the existence of other grounds on which an obligation arose);

6) an undertaking by the person to comply during the period of the adjustment of the time limit for the payment of tax with the conditions subject to which the decision to grant a deferral or instalment plan is adopted, and that person’s proposed schedule for the settlement of indebtedness;

7) documents such as are referred to in clause 5.1 of this Article which confirm the existence of grounds for the alteration of the time limit for the payment of tax.

5.1 An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 1 of clause 2 of this Article shall be accompanied by a report on the occurrence in relation to the interested person of the circumstances of insurmountable force which are the
basis for filing that application and a statement of appraisal of damage caused to that person as a result of those circumstances, prepared by an executive body (State body, local government body) or organization responsible for civil defence and the protection of the public and territories against emergencies.

An application for an interested person who is a recipient of budgetary resources to be granted a deferral or instalment plan for the payment of tax to on the ground specified in subsection 2 of clause 2 of this Article shall be accompanied by a document of a financial authority and (or) a chief controller (controller) of budgetary resources which specifies the amounts of budget appropriations and (or) budget obligation limits which were not provided (not provided on time) to the person in question and the amount of the maximum levels of financing of expenses which were not communicated (not communicated on time) to that person in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax.

An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 2 of clause 2 of this Article to an interested person to whom monetary resources were not transferred (were not transferred on time) in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, including by way of payment for services rendered by that person (work performed, goods supplied) for State or municipal needs shall be accompanied by a document from the recipient of the budgetary resources which indicates the amount of monetary resources which was not transferred (was not transferred on time) to that person from the budget in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, or a document from the State or municipal customer which indicates the amount of monetary resources which was not transferred (was not transferred on time) to that person from the budget in an amount sufficient to enable the timely fulfilment by that person of the obligation to pay tax, by way of payment for services rendered by that person (work performed, goods supplied) for State or municipal needs.

The existence of the ground specified in subsection 3 of clause 2 of this Article shall be established on the basis of the results of an analysis of the financial position of an economic entity carried out by the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with a methodology to be approved by the federal executive body authorized to carry out functions involving the formulation of State policy and normative legal regulation in the area of insolvency (bankruptcy) and financial rehabilitation.

An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 4 of clause 2 of this Article shall be accompanied by information on movable and immovable property of the physical person (excluding property on which execution cannot be levied in accordance with the legislation of the Russian Federation).
An application for the granting of a deferral or instalment plan for the payment of tax on the ground specified in subsection 5 of clause 2 of this Article shall be accompanied by a document prepared by the interested person confirming that income from branches and types of activity included in the list to be approved by the Government of the Russian Federation of branches and types of activity which are seasonal in nature accounts for not less than 50 per cent of that person’s total income from the sale of goods (work and services).

The ground referred to in subsection 7 of clause 2 of this Article for granting an instalment plan for the payment of tax shall be found to exist by an authorized body if the amount of funds received in bank accounts of the interested person for the three-month period preceding the submission of an application for the granting of an instalment plan is less than the amount of short-term obligations of the interested person (taking into account amounts of taxes, levies, insurance contributions, penalties and fines payable to the budget system of the Russian Federation based on the findings of a tax audit), reduced by the amount of income of future periods, according to information contained in accounting (financial) statements as at the last reporting date which were submitted to the tax authority in accordance with the established procedure, provided that the conditions laid down in this clause are met.

An instalment plan for the payment of tax on the ground referred to in subsection 7 of clause 2 of this Article may be granted to an interested person whose financial position does not allow that tax to be paid within the time limit specified in a demand for the payment of a tax, levy, insurance contributions, penalty, fine or interest which was sent in accordance with Article 69 of this Code if it is possible for the interested person to pay that tax within the period for which the instalment plan is granted and if the interested person simultaneously meets the following conditions:

- the amount of taxes, levies, insurance contributions, penalties and fines established as a result of the tax audit carried out by the tax authority amounts to not more than 70 per cent and not less than 30 per cent of revenue from sales of goods (work, services and property rights) for the year preceding the year of entry into force of the decision based on the findings of the tax audit in question;

- at least one year elapsed from the day on which the organization was established or the physical person was registered as a private entrepreneur to the day on which the application for the granting of an instalment plan for the payment of tax was submitted to the tax authority;

- no insolvency (bankruptcy) proceedings have been brought against the organization or the physical person registered as a private entrepreneur in accordance with the insolvency (bankruptcy) legislation of the Russian Federation;
- the organization is not in the process of re-organization or liquidation;

- the tax authority’s decision based on tax audit findings in accordance with which the amount of tax stated in the interested person’s application for the granting of an instalment plan for the payment of tax is payable to the budget system of the Russian Federation is not under appeal in accordance with Chapter 19 of this Code at the time of the submission of the application in question. In this respect, a decision to grant an instalment plan for the payment of tax shall be annulled if, since it was issued, the interested person has appealed against the tax authority’s decision based on tax audit findings in accordance with which the amount of tax stated in the decision to grant an instalment plan for the payment of tax is payable.

5.2 In an application for the granting of a deferral or instalment plan for the payment of tax the interested person shall undertake to pay interest charged on the amount of indebtedness in accordance with this Chapter.

5.3 Upon the request of the authorized body an interested person shall present documents concerning assets which may be pledged as security, a surety bond or a bank guarantee, except as otherwise provided in this clause.

Where an interested person files an application for the granting of an instalment plan on the ground referred to in subsection 7 of clause 2 of this Article, that person shall present as a means of securing the fulfilment of tax payment obligations a bank guarantee which meets the requirements established by Article 74.1 of this Code.

Not later than three days from the day on which a notification is received from a territorial body of the Federal Treasury to the effect that a taxpayer which presented a bank guarantee has paid the amount of tax stated in the decision to grant an instalment plan for the payment of tax, the tax authority shall be obliged to notify the bank which issued the bank guarantee of the release (partial release) of the bank from obligations under that bank guarantee.

5.4 Where a physical person who is not a private entrepreneur applies to the authorized body for the granting of a deferral or instalment plan for the payment of tax, the documents referred to in subsection 5 of clause 5 of this Article need not be presented.

6. The decision to grant or refuse to grant a deferral or instalment plan for the payment of tax shall be adopted by the authorized body within 30 days from the day on which the interested person’s application is received.

Upon a petition of the interested person the authorized body shall have the right to adopt a decision concerning a temporary (for the period while the deferral or instalment plan application is considered) suspension of the payment of the amount of indebtedness by the interested person. The interested person shall present a copy of that decision to the tax authority.
where he is registered within five days from the day on which the decision is adopted.

A decision on the granting of a deferral or instalment plan for the payment of tax shall be adopted by the authorized body within the time period which is established by paragraph 1 of this clause in consultation with financial authorities in accordance with Article 63 of this Code.

8. The decision to grant a deferral or instalment plan for the payment of tax must contain an indication of the amount of indebtedness, the tax in respect of which the deferral or instalment plan is granted, the time limits and procedure for the payment of the indebtedness and interest charges and, where appropriate, documents relating to assets which are provided as a security, a surety bond or a bank guarantee.

The decision to grant a deferral or instalment plan for the payment of tax shall enter into force from the day specified in that decision. In this respect, penalties charged for the entire period of time from the day established for the payment of tax up to the day on which the decision enters into force shall be included in the amount of indebtedness if that payment deadline precedes the day on which the decision enters into force.

Where a deferral or instalment plan is granted on security of assets, the decision to grant it shall enter into force only after the conclusion of an agreement on the pledging of assets in accordance with the procedure which is stipulated by Article 73 of this Code.

9. A decision to refuse to grant a deferral or instalment plan for the payment of tax must be substantiated.

The interested person may appeal against the decision to refuse to grant a deferral or instalment plan for the payment of tax in accordance with the procedure which is established by the legislation of the Russian Federation.

10. The authorized body shall send a copy of the decision to grant or refuse to grant a deferral or instalment plan for the payment of tax to the interested person and to the tax authority where that person is registered within a period of three days from the day on which that decision is adopted.

12. Laws of constituent entities of the Russian Federation and normative legal acts of representative bodies of municipalities may establish additional grounds and other conditions for the granting of a deferral or instalment plan for the payment of regional and local taxes, penalties and fines respectively.

13. The rules contained in this Article shall apply equally to the procedure and conditions for the granting of a deferral or instalment plan for the payment of levies and insurance contributions unless otherwise stipulated by the tax and levy legislation of the Russian Federation.
Article 66  Investment Tax Credit

1. Investment tax credit shall represent an alteration of the time limit for the payment of tax whereby, subject to the existence of the grounds referred to in Article 67 of this Code, an organization is granted the possibility of reducing its tax payments over a specified period and within specified limits and subsequently paying the amount of credit and interest charges on an instalment basis.

Investment tax credit may be granted in respect of tax on the profit of an organization and in respect of regional and local taxes.

Investment tax credit may be granted for a period of from one to five years.

Investment tax credit may be granted for a period of up to ten years on the ground specified in subsection 6 of clause 1 of Article 67 of this Code.

2. An organization which has received investment tax credit shall have the right to reduce its payments in respect of the relevant tax over the period of validity of the investment tax credit agreement.

A reduction shall be made in respect of each payment of the relevant tax for which investment tax credit was granted for each reporting period until such time as the amount remaining unpaid by the organization as a result of such reductions (the accumulated amount of credit) becomes equal to the amount of credit provided for by the relevant agreement. The specific procedure for reducing tax payments shall be determined by the investment tax credit agreement which has been concluded.

Where an organization concludes more than one investment tax credit agreement which have not expired by the time of the next tax payment, the accumulated amount of credit shall be determined separately for each agreement. In this respect, the accumulated amount of credit shall first be increased with respect to the agreement first concluded, and, when the accumulated amount of credit reaches the level specified in the agreement, the organization may increase the amount of credit under the next agreement.

3. The amounts by which tax payments are reduced in each reporting period (irrespective of the number of investment tax credit agreements) may not exceed 50 per cent of the amounts of those tax payments as determined according to the general rules without taking into account the existence of investment tax credit agreements. In this respect, the amount of credit accumulated over the tax period may not exceed 50 per cent of the amount of tax payable by that organization for that tax period. Should the accumulated amount of credit exceed the maximum amounts by which tax may be reduced as established by this clause for an accounting period, the difference between
that amount and the maximum acceptable amount shall be carried over to the next accounting period. The provisions of this paragraph shall apply except as otherwise provided by an investment tax credit agreement concluded on the ground specified in subsection 6 of clause 1 of Article 67 of this Code.

Where an organization shows a loss according to the results of activity for particular reporting periods during a tax period or according to the results of activity for the entire tax period, the excess accumulated amount of credit based on the results of activity for the tax period shall be carried over to the next tax period and shall be regarded as an accumulated amount of credit in the first reporting period of the new tax period.

**Article 67  The Procedure and Conditions for Granting Investment Tax Credit**

1. Investment tax credit may be granted to an organization which is liable to pay a particular tax where any of the following grounds apply:

   1) the organization is conducting research and development work or technical modernization of its own production activity, including with the aim of creating jobs for disabled persons, or carrying out a measure or measures for the reduction of adverse environmental impact such as are provided for in clause 4 of Article 17 of Federal Law No. 7-FZ of 10 January 2002 “Concerning Environment Protection”, and (or) raising the energy efficiency of the production of goods, performance of work and rendering of services;

   2) the organization is carrying out technical adaptation or innovation work, including the creation of new or improvement of existing technologies and the creation of new types of raw materials and other materials;

   3) the organization is executing an order which is highly important for the social and economic development of the region or provides essential services to the public;

   4) the organization is fulfilling the State defence order;

   5) the organization invests in the creation of facilities which have the highest energy efficiency rating, including apartment blocks, and (or) are connected with renewable sources of energy, and (or) are classified as facilities for the generation of thermal energy or electrical energy which have an efficiency coefficient exceeding 57 per cent, and (or) other highly energy-efficient facilities and technologies in accordance with the list approved by the Government of the Russian Federation;

   6) the organization has been included in the register of residents of an area development zone in accordance with the Federal Law “Concerning Area Development Zones in the Russian Federation and Concerning the
2. Investment tax credit shall be granted:

1) when sought on the grounds referred to in subsections 1 and 5 of clause 1 of this Article – for an amount of credit equal to 100 per cent of the value of equipment acquired by the interested organization which is used solely for the purposes mentioned in those subsections;

2) when sought on the grounds referred to in subsections 2 to 4 of clause 1 of this Article – for amounts of credit to be determined on the basis of an agreement between the authorized body and the interested organization;

3) when sought on the ground specified in subsection 6 of clause 1 of Article 67 of this Code – for an amount of credit equal to not more than 100 per cent of the amount of expenses for capital investments in the acquisition, creation, further equipping, reconstruction, modernization and retooling of amortizable assets which are intended to be used and are used by residents of area development zones in carrying out investment projects in accordance with the Federal Law “Concerning Area Development Zones in the Russian Federation and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”.

3. The interested organization must provide documentary evidence of the existence of the grounds on which investment tax credit is sought.

4. Investment tax credit shall be granted on the basis of an application of the organization concerned and shall be documented by a standard agreement between the appropriate authorized body and that organization. In that application the organization shall undertake to pay interest charged on the amount of the indebtedness in accordance with this Chapter.

The form of the investment tax credit agreement shall be established by the authorized body which adopts the decision to grant investment tax credit.

5. The decision to grant an organization investment tax credit shall be adopted by the authorized body in consultation with financial bodies in accordance with Article 63 of this Code within 30 days from the day on which the application is received. The fact that an organization already has one or more investment tax credit agreements may not serve as a hindrance to the conclusion of another investment tax credit agreement with that organization on other grounds.

Where the circumstances referred to in clause 1 of Article 62 of this Code do not exist, the authorized body shall not have the right to refuse to grant investment tax credit to an interested person on the ground specified in subsection 6 of clause 1 of this Article within the limits of the amount of...
expenses incurred by that person for capital investments in the acquisition, creation, further equipping, reconstruction, modernization and retooling of amortizable assets which are intended to be used and are used by residents of area development zones in carrying out investment projects in accordance with the Federal Law “Concerning Area Development Zones in the Russian Federation and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” for the period specified in the interested person’s application, with account taken of the restrictions established by Article 66 of this Code.

6. An investment tax credit agreement must set forth the procedure for reducing payments of the relevant tax, the amount of credit (with an indication of the tax in respect of which the organization has been granted investment tax credit), the term of the agreement, interest chargeable on the amount of credit, the procedure for the settlement of the amount of credit within a time period not exceeding the time period for which investment tax credit is granted in accordance with the agreement, the procedure and time period for the settlement of interest charges, an indication of the method of securing obligations and the liability of the parties. Where investment tax credit is granted against a pledge of assets, an agreement on the pledge of assets shall be concluded in the manner prescribed by Article 73 of this Code.

The investment tax credit agreement must contain provisions in accordance with which it is not permissible during the period of validity of the agreement to sell to other persons or transfer to other persons for possession, use or disposal equipment or other assets the acquisition of which by the organization was a condition of the granting of investment tax credit, or which determine the conditions of such sale (transfer).

It shall not be permissible to establish interest on the amount of credit at a rate which is less than one half or more than three quarters of the refinancing rate of the Central Bank of the Russian Federation, except as otherwise provided by this Article.

Where investment tax credit has been granted on the ground specified in subsection 6 of clause 1 of this Article, interest shall not be charged on the amount of indebtedness.

The organization shall present a copy of the agreement to the tax authority where it is registered within five days from the day on which the agreement is concluded.

7. Laws of constituent entities of the Russian Federation relating to tax on profit of organizations (insofar as the amount of that tax which is payable to the budgets of constituent entities of the Russian Federation is concerned) and relating to regional taxes and normative legal acts of representative bodies of municipalities relating to local taxes may establish other grounds and
Article 68  **Termination of a Deferral, Instalment Plan or Investment Tax Credit**

1. A deferral, instalment plan or investment tax credit shall terminate upon the expiry of the period of validity of the relevant decision or agreement or may be terminated before that time in the instances provided for by this Article.

2. A deferral, instalment plan or investment tax credit shall terminate early in the event that the entire amount of the tax, levy and insurance contributions which is due and appropriate interest are paid before the expiry of the established period.

3. In the event that the interested person violates the conditions of the granting of a deferral or instalment plan, the deferral or instalment plan may be terminated early by decision of the authorized body which adopted the decision concerning the relevant alteration of the time limit for the fulfilment of the obligation to pay a tax, a levy and insurance contributions.

4. Where a deferral or instalment plan is terminated early in the case provided for in clause 3 of this Article the interested person must, within one month after receiving the relevant decision, pay the unpaid amount of the indebtedness and penalties for each calendar day, beginning with the day following the day on which the decision is adopted until the day on which the amount is paid inclusively.

   In this respect, the amount of indebtedness which remains unpaid shall be determined as the difference between the amount of indebtedness specified in the decision to grant a deferral (instalment plan), increased by the amount of interest calculated in accordance with the deferral (instalment plan) decision for the period while the deferral (instalment plan) was in effect, and actually paid amounts and interest.

5. A notice of the rescission of the deferral or instalment plan decision shall be sent by the authorized body which adopted that decision to the interested person by registered mail within five days from the day of its adoption. A notice of the rescission of the deferral or instalment plan decision shall be deemed to have been received upon the expiry of a period of six days from the date on which the registered letter was despatched.

   A copy of that decision shall be sent to the tax authority where the interested person is registered within the same time limits.

6. The interested person may appeal against the decision of an authorized body concerning the early termination of a deferral or instalment plan in a court in
accordance with the procedure which is established by the legislation of the Russian Federation.

7. An investment tax credit agreement may be terminated early on the basis of an agreement between the parties or by decision of a court.

8. If, during the period of validity of an investment tax credit agreement, the organization which concluded it violates the conditions stipulated by the agreement with respect to the sale or transfer to other persons for possession, use or disposal of equipment or other assets the acquisition of which was a condition of the granting of investment tax credit, then that organization must, within one month from the day on which the investment tax credit agreement is cancelled, pay all amounts of tax which earlier remained unpaid in accordance with the agreement and appropriate penalties and interest on the unpaid amounts of tax charged for each calendar day of the period of validity of the investment tax credit agreement on the basis of the refinancing rate of the Central Bank of the Russian Federation which was in effect in the period between the conclusion and the cancellation of the agreement.

9. Where an organization which has received investment tax credit on the grounds referred to in subsection 3 of Article 67.1 of this Code violates the obligations for the purposes of the fulfilment of which it received investment tax credit during the time period established by the agreement, then, not later than three months from the day on which the agreement is cancelled, it must pay the entire amount of unpaid tax and interest on that amount, which shall be charged for each day of the period of validity of the agreement on the basis of a rate equal to the refinancing rate of the Central Bank of the Russian Federation.

10. In the event that interest provided for in this Chapter which is payable by an interested person is not paid on time and after the expiry of the time limit for the fulfilment of a demand for the payment thereof, it shall be recovered in accordance with the procedure and within the time periods which are prescribed by Articles 46 to 48 of this Code.

11. Where an organization which received investment tax credit on the ground specified in subsection 6 of clause 1 of Article 67 of this Code has violated obligations in connection with the fulfilment of which that investment tax credit was received, it shall be obliged, not later than three months from the day on which the investment tax credit agreement is rescinded, to pay the entire amount of unpaid tax and interest on that amount, which shall be charged for each calendar day beginning from the day following the day on which the agreement was rescinded up to the day on which tax is paid. 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 those days.
CHAPTER 10. DEMAND FOR PAYMENT OF TAXES, LEVIES AND INSURANCE CONTRIBUTIONS

Article 69  Demand for Payment of a Tax, a Levy and Insurance Contributions

1. A tax payment demand shall be understood to be a notice to a taxpayer informing him of the amount of tax outstanding and of the obligation to pay the outstanding amount of tax within the specified time limit.

2. A tax demand shall be sent to a taxpayer if the taxpayer has arrears. Where arrears arise in respect of tax on profit of organizations for a consolidated group of taxpayers, a tax payment demand shall be sent to the responsible member of that group.

3. A tax demand shall be sent to a taxpayer irrespective of whether or not the taxpayer has been called to account for the violation of tax and levy legislation.

4. The tax demand must contain information concerning the amount of tax indebtedness, the amount of penalties charged at the time of sending the demand, the deadline for the fulfilment of the demand and the measures for the recovery of tax and for ensuring the fulfilment of the tax payment obligation which would be used should the taxpayer fail to fulfil the demand. A tax demand which is sent to a physical person must also contain information on the time limit for the payment of tax which is established by tax and levy legislation.

In all cases the demand must contain detailed information concerning the grounds on which the tax is imposed and a reference to the provisions of tax and levy legislation which establish the obligation of the taxpayer to pay the tax.

Where the amount of arrears which is discovered as a result of a tax audit gives reason to suspect the commission of a violation of tax and levy legislation bearing elements of a crime, the demand which is sent must contain a warning to the effect that the tax authority will be obliged, in the event that amounts of arrears, penalties and fines are not paid in full within the established time limit, to send materials to investigative bodies in order for a decision to be adopted on the institution of criminal proceedings.

A tax payment demand must be fulfilled within eight days from the date of receipt of that demand, unless a longer period of time for the payment of tax is specified in that demand.

6. A tax payment demand may be handed to the director of an organization (a legal or authorized representative of the organization) or to a physical person...
(a legal or authorized representative of the physical person) in person, sent by registered mail or transmitted in electronic form via telecommunications channels or through a taxpayer’s personal account. Where the demand is sent by registered mail, it shall be deemed to have been received six days after the registered letter was despatched.

The formats and procedure for the sending to a taxpayer of a tax payment demand in electronic form via telecommunications channels shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

The rules laid down in this Article shall also apply in relation to demands for the payment of levies, insurance contributions, penalties, fines and interest such as is provided for in Chapter 9 of this Code and shall apply to demands which are sent to levy payers, payers of insurance contributions and tax agents.

A demand such as is referred to in clause 2.1 of Article 70 of this Code for the payment of insurance contributions may be contested only in the event that the tax authority violates the procedure for sending it to a payer of insurance contributions.

**Article 70**  
**Time Limits for the Sending of a Demand for the Payment of a Tax, a Levy and Insurance Contributions**

1. A tax payment demand must be sent to the taxpayer (the responsible member of a consolidated group of taxpayers) not later than three months from the day on which arrears are discovered, unless otherwise provided by this Article. In the event that the amount of arrears and indebtedness in respect of penalties and fines relating to those arrears is less than 500 roubles, a tax demand must be sent to the taxpayer not later than one year from the date of discovery of the arrears, except as otherwise provided by clause 2 of this Article.

Upon discovering arrears a tax authority shall draw up a document in a form to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. A tax payment demand based on the results of a tax audit must be sent to the taxpayer (the responsible member of a consolidated group of taxpayers) within 20 days from the date of entry into force of the relevant decision, except as otherwise provided in this Code.

3. The rules established by this Article shall also apply in relation to the time limits for the sending of demands for the payment of levies, insurance contributions, penalties, fines and interest such as is provided for in Chapter 9 of this Code.
The rules established by this Article shall also apply in relation to the time limits for the sending of a demand for the remittance of tax which is sent to a tax agent.

Article 71  Consequences of Changes in an Obligation to Pay a Tax, a Levy and Insurance Contributions

In the event that the obligation of a taxpayer, a tax agent, a levy payer or a payer of insurance contributions to pay a tax, a levy or insurance contributions has changed since a demand to pay the tax, levy, insurance contributions, penalties or a fine was sent, the tax authority shall be obliged to send a revised demand to the persons concerned.

CHAPTER 11. MEANS OF ENSURING THE FULFILMENT OF OBLIGATIONS TO PAY TAXES, LEVIES AND INSURANCE CONTRIBUTIONS

Article 72  Means of Ensuring the Fulfilment of Obligations to Pay Taxes, Levies and Insurance Contributions

1. The fulfilment of obligations to pay taxes, levies and insurance contributions may be ensured by the following means: a pledge of assets, a surety bond, a penalty, the suspension of operations on bank accounts and attachment of the taxpayer’s property, or a bank guarantee.

2. The means of ensuring the fulfilment of obligations to pay taxes, levies and insurance contributions and the procedure and conditions for using them shall be established in this chapter.

Article 73  Pledge of Property

1. In cases provided for in this Code, obligations to pay taxes, levies and insurance contributions may be secured by a pledge.

2. A pledge of assets shall be documented by an agreement between the tax authority and the pledgor. The pledgor may be the taxpayer, levy payer or payer of insurance contributions itself or a third party.

3. Where a taxpayer (levy payer, payer of insurance contributions) fails to fulfil the obligation to pay the amounts of a tax (levy, insurance contributions) which are due and appropriate penalties, the tax authority shall fulfil that obligation out of the value of the pledged property in accordance with the procedure which is established by the civil legislation of the Russian Federation.
4. The object of a pledge may be assets which may be put in pledge in accordance with the civil legislation of the Russian Federation, unless otherwise established by this Article.

The object of a pledge in an agreement between a tax authority and a pledgor may not be the object of a pledge in another agreement.

5. Assets which are pledged may remain with the pledgor or be transferred at the pledgor’s expense to the tax authority (pledgee), in which case the latter shall assume responsibility for the safekeeping of the assets.

6. Any transactions involving the pledged property, including transactions which are carried out for the purpose of settling amounts of indebtedness, may be undertaken only subject to prior agreement with the pledgee.

7. The provisions of civil legislation shall apply to legal relations which arise when a pledge is established as a means of ensuring the fulfilment of obligations with respect to the payment of taxes, levies and insurance contributions, unless otherwise stipulated by tax and levy legislation.

Article 74  Surety Bond

1. Where the time limits for the fulfilment of tax obligations are changed and in other cases provided for in this Code, tax obligations may be secured by a surety bond.

2. Under a surety bond, the surety assumes an obligation before the tax authorities to fulfil a taxpayer’s tax obligation in full should the latter fail to pay the amounts of tax due and appropriate penalties within the established time limit.

A surety bond shall be documented in accordance with the civil legislation of the Russian Federation by an agreement between the tax authority and the surety.

3. In the event that a taxpayer fails to fulfil a tax payment obligation which is secured by a surety bond, the surety and the taxpayer shall bear joint and several liability.

In the event that tax for which the payment obligation is secured by a surety bond is not paid or is not paid in full within the established time limit, the tax authority shall, within five days after the expiry of the time limit for compliance with a tax payment demand, send the surety a demand for the payment of a sum of money under the surety agreement.

The tax authority shall take measures for the recovery from a surety of amounts for which the payment obligation is secured by a surety bond in
accordance with the procedure and within the time limits which are laid down in Articles 46 to 48 of this Code in the event that the surety fails to fulfil within the established time limit the demand for the payment of a sum of money under the surety agreement.

4. Upon the fulfilment by a surety of its assumed obligations in accordance with the agreement, it shall acquire the right to demand from the taxpayer the amounts which it has paid, interest on those amounts and compensation for losses incurred as a result of the fulfilment of the taxpayer’s obligations.

5. The surety may be a legal entity or a physical person. It shall be permissible to use more than one surety simultaneously for one tax obligation.

6. The provisions of the civil legislation of the Russian Federation shall apply to legal relations which arise when a surety bond is established as a means of securing the fulfilment of a tax obligation, unless otherwise stipulated by tax and levy legislation.

7. The rules of this Article shall apply equally to a surety bond for the payment of a levy and insurance contributions.

**Article 74.1 Bank Guarantee**

1. Where the time periods for the fulfilment of tax payment obligations are altered and in other cases provided for in this Code, the obligation to pay tax may be secured by a bank guarantee.

2. Under a bank guarantee the bank (the guarantor) makes an undertaking to the tax authorities to fulfil in full the taxpayer’s obligation to pay tax, should the latter fail to pay the amount of tax due within the established time limit, and corresponding penalties in accordance with the conditions of the undertaking given by the guarantor to pay a sum of money on the basis of a demand for the payment of that amount which is presented by the tax authority in writing or in electronic form via telecommunications channels.

3. A bank guarantee must be provided by a bank which is 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 placed on the official site of the Ministry of Finance of the Russian Federation on the “Internet” data network. In order to be included in the list a bank must meet the following requirements:

   1) it must possess a licence to carry out banking operations issued by the Central Bank of the Russian Federation, and must have carried out banking activities for not less than five years;
2) it must have internal resources (capital) amounting to not less than 1 billion roubles;

3) it must have been in compliance with the mandatory norms provided for in Federal Law No. 86-FZ of 10 July 2002 “Concerning the Central Bank of the Russian Federation (Bank of Russia)” as at all reporting dates during the last six months;

4) it must not be the subject of a demand issued by the Central Bank of the Russian Federation for the execution of measures for the financial rehabilitation of the bank on the basis of Division 4.1 of Chapter IX of Federal Law No. 127-FZ of 26 October 2002 “Concerning Insolvency (Bankruptcy)”. This subsection shall not apply to banks which are undergoing bankruptcy prevention measures carried out with the participation of the “Deposit Insurance Agency” State corporation.

4. Where circumstances are discovered which indicate that a bank which has not been included in the list meets the established requirements or that a bank which has been included in the list does not meet the established requirements, that information shall be sent by the Central Bank of the Russian Federation to the Ministry of Finance of the Russian Federation within five days of the discovery of those circumstances, in order for appropriate amendments to be made to the list.

4.1 Bank guarantees shall also be provided by the “Bank for Development and Foreign Economic Activities (Vnesheconombank)” State corporation without it being subject to the requirements stipulated by clause 3 of this Article.

The maximum amount of one bank guarantee and the maximum amount of all simultaneously effective bank guarantees issued by the “Bank for Development and Foreign Economic Activities (Vnesheconombank)” State corporation in order for those guarantees to be accepted by the tax authorities shall be established by the Government of the Russian Federation.

5. Except as otherwise provided in this Code, 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 a reference to the presentation by the tax authority to the guarantor of documents which are not provided for in this Article;

3) the bank guarantee must expire not earlier than six months from the date of expiry of the established time limit for the fulfilment by the taxpayer of the tax payment obligation which is secured by the guarantee, except as otherwise provided by this Code;
the amount for which the bank guarantee is issued must be such as to ensure that the guarantor will cover the full amount of the taxpayer’s obligation to pay tax and corresponding penalties, except as otherwise provided by this Code;

the bank guarantee must provide for the application by the tax authority of measures enabling amounts whose payment is secured by the bank guarantee to be recovered from the guarantor in accordance with the procedure and within the time limits which are prescribed by Articles 46 and 47 of this Code in the event that it fails to fulfil within the established time limit a demand for the payment of a sum of money covered by the bank guarantee which was sent before the expiry of the bank guarantee.

In the event that tax is not paid or is not paid in full within the established time period by the taxpayer whose obligation to pay tax is secured by the bank guarantee, the tax authority shall send a demand for the payment of a sum of money covered by the bank guarantee to the guarantor within five days from the date of expiry of the time limit for the fulfilment of the tax demand.

An obligation arising from a bank guarantee must be fulfilled by the guarantor within five days from the day on which it receives a demand for the payment of a sum of money covered by the bank guarantee.

A guarantor shall not have the right to refuse to satisfy a tax authority’s demand for the payment of a sum of money covered by the bank guarantee (unless the demand has been presented to the guarantor after the expiry of the time period for which the bank guarantee was issued).

The maximum amount of one bank guarantee and the maximum amount of all simultaneously effective bank guarantees issued by one bank included in the list in order for those guarantees to be accepted by the tax authorities shall be established by the Government of the Russian Federation based on the amount of internal resources (capital), the values of mandatory norms provided for in Federal Law No. 86-FZ of 10 July 2002 “Concerning the Central Bank of the Russian Federation (Bank of Russia)” and other criteria, including those laid down in this Article.

The rules laid down in this Article shall also apply in relation to bank guarantees which secure the fulfilment of obligations to pay levies, insurance contributions, penalties and fines.

Article 75  Penalty

A penalty shall be a monetary amount established by this Article which a taxpayer must pay when the amounts of taxes, including taxes which are payable in connection with the transportation of goods across the customs
border of the Customs Union, which are due are paid later than the deadlines which are established by tax and levy legislation.

2. The amount of applicable penalties shall be paid in addition to the amounts of a tax which are due irrespective of the use of other measures to ensure the fulfilment of the tax or levy obligation and sanctions for the violation of tax and levy legislation.

3. A penalty shall be charged, except as otherwise provided by this Article and Chapters 25 and 26.1 of this Code, for each calendar day of the delay in the fulfilment of an obligation to pay tax, commencing from the day following the day established by tax and levy legislation for the payment of the tax until the day on which the obligation to pay it is fulfilled inclusively. The amount of penalties charged on arrears may not exceed the amount of those arrears.

Penalties shall not be charged on an amount of arrears which a taxpayer (a member of a consolidated group of taxpayers in relation to whom measures for the enforced recovery of tax were taken in accordance with Article 46 of this Code) was unable to settle by reason of the fact that the taxpayer’s assets were attached by decision of a tax authority or injunctive measures were taken by decision of a court in the form of the suspension of operations on bank accounts of the taxpayer (member of a consolidated group of taxpayers in relation to whom measures for the enforced recovery of tax were taken in accordance with Article 46 of this Code) or the attachment of monetary resources or assets of the taxpayer (member of a consolidated group of taxpayers). In this case no penalties shall be charged for the entire period for which those circumstances existed. The submission of an application for a deferral (instalment plan) or investment tax credit shall not cause the charging of penalties on the amount of tax due to be suspended.

4. The penalty for each calendar day of delay in the fulfilment of a tax payment obligation shall be determined as a percentage of the unpaid amount of tax.

The percentage rate of a penalty shall be taken to be equal to:

- in the case of physical persons, including private entrepreneurs – one three-hundredth of the refinancing rate of the Central Bank of the Russian Federation in effect at the time;

- in the case of organizations:

for a delay in the fulfilment of a tax payment obligation of up to 30 calendar days (inclusively) – one three-hundredth of the refinancing rate of the Central Bank of the Russian Federation in effect at the time;

for a delay in the fulfilment of a tax payment obligation exceeding 30 calendar days – one three-hundredth of the refinancing rate of the Central Bank of the Russian Federation in effect in the period up to 30 calendar days (inclusively)
of the delay and one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation in effect in the period commencing from the 31st calendar day of the delay.

4.1 The legislative (representative) State government body of a constituent entity of the Russian Federation in whose territory the procedure for the determination of the tax base for tax on property of physical persons based on the cadastral value of objects of taxation is applied shall have the right to adopt a law establishing that penalties are to be charged on arrears of tax on property of physical persons:

1) for the 2015 tax period – commencing from 1 May 2017;
2) for the 2016 tax period – commencing from 1 July 2018;
3) for the 2017 tax period – commencing from 1 July 2019.

5. Penalties shall be paid at the same time as the amounts of the tax are paid or after those amounts have been fully paid.

6. Penalties may be recovered on an enforced basis out of a taxpayer’s monetary resources (precious metals) in bank accounts and out of a taxpayer’s other assets in accordance with the procedure which is stipulated by Articles 46 to 48 of this Code.

The enforced recovery of penalties from organizations and private entrepreneurs shall be effected according to the procedure laid down in Articles 46 and 47 of this Code, and the enforced recovery of penalties from physical persons who are not private entrepreneurs shall be effected according to the procedure laid down in Article 48 of this Code.

The enforced recovery of penalties from organizations and private entrepreneurs in the instances provided for in subsections 1 to 3 of clause 2 of Article 45 of this Code shall be effected by judicial process.

7. The rules laid down in this Article shall also apply in relation to levies and insurance contributions and shall extend to levy payers, payers of insurance contributions, tax agents and a consolidated group of taxpayers.

8. Penalties shall not be charged on an amount of arrears which arose for a taxpayer (levy payer, payer of insurance contributions, tax agent) as a result of observing written explanations concerning the procedure for the calculation and payment of a tax (levy, insurance contributions) or on other issues relating to the application of tax and levy legislation which were given to that taxpayer (levy payer, payer of insurance contributions, tax agent) or to the public by a financial, tax or other authorized State authority (an authorized official of such an authority) within the limits of its competence (these circumstances shall be established by the existence of a relevant document of the authority in
question which relates in terms of meaning and content to the tax (accounting, computation) periods in respect of which the arrears arose, irrespective of the date of publication of that document), and (or) as a result of the implementation by a taxpayer (levy payer, tax agent, payer of insurance contributions, tax agent) of a reasoned opinion of a tax authority which was sent to it in the course of the conduct of tax monitoring.

The provision laid down in this clause shall not apply where such written explanations or reasoned opinion of a tax authority are based on incomplete or inaccurate information presented by the taxpayer (levy payer, tax agent).

**Article 76**

**Suspension of Operations on Bank Accounts of Organizations and Private Entrepreneurs or Transfers of Electronic Money**

1. The suspension of operations on bank accounts and transfers of electronic money shall be used to enforce a decision on the recovery of tax, a levy, insurance contributions, penalties and (or) a fine, unless otherwise stipulated by clauses 3 and 3.2 of this Article and subsection 2 of clause 10 of Article 101 of this Code.

The suspension of operations on an account shall signify the cessation by the bank of all debit operations on that account, unless otherwise stipulated by clause 2 of this Article.

The suspension of operations on an account shall not apply to payments the execution of which comes before the fulfilment of obligations to pay taxes, levies and insurance contributions in order of priority in accordance with the civil legislation of the Russian Federation, or to operations involving the debiting of monetary resources for the payment of taxes (advance payments), levies, insurance contributions and applicable penalties and fines and involving the remittance thereof to the budget system of the Russian Federation.

The suspension of transfers of electronic money shall signify the cessation by the bank of all operations which cause the electronic money balance to be reduced, except as otherwise provided by clause 2 of this Article.

Operations shall not be suspended on special electoral accounts and special accounts of referendum funds.

2. A decision to suspend the operations of a taxpayer – organization on its bank accounts and transfers of its electronic money shall be adopted by the director (deputy director) of a tax authority who sent a demand for the payment of tax, penalties or a fine in the event that the taxpayer – organization has not paid that demand.
In this respect, a decision to suspend operations of a taxpayer – organization on its bank accounts and transfers of its electronic money may be adopted no earlier than the issuance of a decision on the recovery of tax.

The suspension of operations on the bank accounts of a taxpayer – organization in the instance provided for in this clause shall signify the termination by the bank of debit operations on that account within the limits of the amount stated in the decision on the suspension of bank account operations of the taxpayer – organization, unless otherwise provided in paragraph 3 of clause 1 of this Article.

The suspension of transfers of electronic money of a taxpayer – organization in the case provided for in this clause shall signify the cessation by the bank of operations which cause the electronic money balance to be reduced within the limits of the amount specified in the tax authority’s decision.

The suspension of a taxpayer – organization’s operations on its currency bank account in the case provided for in this clause shall signify the cessation by the bank of debit operations on that account within the limit of a foreign currency amount equivalent to the rouble amount shown in the decision on the suspension of the taxpayer – organization’s bank account operations, determined on the basis of the exchange rate set by the Central Bank of the Russian Federation on the commencement date of the suspension of operations on the taxpayer’s currency account.

The suspension of transfers of electronic money in foreign currency of a taxpayer – organization in the case provided for in this clause shall signify the cessation by the bank of operations which cause the electronic money balance to be reduced within the limits of an amount in foreign currency equivalent to the rouble amount stated in the tax authority’s decision according to the exchange rate set by the Central Bank of the Russian Federation on the commencement date of the suspension of the transfer of electronic money in foreign currency of the taxpayer in question.

The suspension of a taxpayer organization’s operations on its precious metal bank account in the case provided for in this clause shall signify the termination by the bank of debit operations on that account within the limits of the value of precious metals equivalent to the payment amount in roubles which is stated in the decision on the suspension of the taxpayer organization’s operations on bank accounts. In this respect, the value of precious metals shall be determined on the basis of the accounting price of precious metals set by the Central Bank of the Russian Federation as at the date of commencement of the suspension of operations on the precious metal account.

2.1 Decisions to suspend bank account operations and electronic money transfers for the purpose of securing the fulfilment of obligations to pay taxes, levies and insurance contributions by the participant in an investment partnership
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agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”) in connection with the performance of the investment partnership agreement shall be adopted by the director (deputy director) of the tax authority for the location of that managing partner.

For purposes of securing the fulfilment of obligations to pay taxes, levies and insurance contributions by the managing partner responsible for the maintenance of tax records in connection with the performance of the investment partnership agreement (with the exception of tax on profit of organizations arising in connection with that partner’s participation in the investment partnership agreement), operations on bank accounts and transfers of electronic money of the investment partnership shall be suspended first and foremost.

Where there are no resources or insufficient resources in an investment partnership’s accounts, a decision to suspend bank account operations and electronic money transfers may be adopted in relation to accounts of the managing partners. In this respect, such a decision shall be adopted first and foremost in relation to accounts of the managing partner responsible for the maintenance of tax records.

Where there are no resources or insufficient resources in accounts of the managing partners, a decision to suspend operations on bank accounts and transfers of electronic money of partners may be adopted in relation to accounts of the partners to the extent of an amount proportional to each partner’s share in the common assets of the partners, as determined as at the date on which the indebtedness arose.

A decision to suspend operations on bank accounts and transfers of electronic money of managing partners and partners may be adopted not earlier than the adoption of a decision to recover tax from resources in those persons’ bank accounts.

3. A decision to suspend operations of a taxpayer organization on its bank accounts and transfers of its electronic money may also be adopted by the director (deputy director) of a tax authority in the following cases:

1) in the event that the taxpayer organization does not submit a tax declaration to the tax authority within 10 days after the expiry of the established time limit for the submission of such a declaration – within three years from the date of expiry of the time limit which is established by this subsection;

1.1) in the event that the taxpayer organization fails to fulfil the obligation established by clause 5.1 of Article 23 of this Code to make arrangements for documents to be received from the tax authority for the organization’s location (with which the organization is registered as a major taxpayer) in electronic
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2) in the event that the taxpayer organization fails to fulfil the obligation established by clause 5.1 of Article 23 of this Code to transmit to the tax authority an acknowledgement of receipt of a demand for the presentation of documents, a demand for the presentation of explanations and (or) a notification of summons to the tax authority – within 10 days from the date of expiry of the time limit which is established for the transmission by a taxpayer organization of an acknowledgement of receipt of documents sent by a tax authority.

3.1 Decisions of a tax authority concerning the suspension of operations of a taxpayer organization on its bank accounts and transfers of its electronic money which were adopted in accordance with clause 3 of this Article shall be rescinded by a decision of that tax authority according to the following procedure:

1) where the decision was adopted on the basis of subsection 1 of clause 3 of this Article – not later than one day after the day on which the taxpayer organization submits a tax declaration;

1.1) where the decision was adopted on the basis of subsection 1.1 of clause 3 of this Article – not later than one day after the day on which the taxpayer organization fulfils the obligation established by clause 5.1 of Article 23 of this Code to make arrangements for documents to be received from the tax authority for the organization’s location (with which the organization is registered as a major taxpayer) in electronic form via telecommunications channels through an electronic document interchange operator;

2) where the decision was adopted on the basis of subsection 2 of clause 3 of this Article – not later than one day after the earlier of the following dates:

- the day on which an acknowledgement of receipt of documents sent by the tax authority is transmitted by the taxpayer organization in accordance with the procedure prescribed by clause 5.1 of Article 23 of this Code;

- the day on which documents (explanations) demanded by the tax authority are presented – where a demand for the presentation of documents (explanations) was sent, or the day on which a representative of the organization appears at the tax authority – where a notification of summons to the tax authority was sent.

3.2 A decision of a tax authority to suspend operations of a tax agent (a payer of insurance contributions) on its bank accounts and transfers of its electronic money shall also be adopted by the director (deputy director) of a tax authority in the event that the tax agent (payer of insurance contributions) fails to
submit a computation of amounts of tax on income of physical persons calculated and withheld by the tax agent (an insurance contribution computation) to the tax authority within 10 days after the expiry of the prescribed time limit for the submission of such a computation.

In this case, the tax authority’s decision to suspend operations of the tax agent (payer of insurance contributions) on its bank account and transfers of its electronic money shall be annulled by a decision of that tax authority not later than one day after the day on which that tax agent (payer of insurance contributions) submitted the computation of amounts of tax on income of physical persons calculated and withheld by the tax agent (the insurance contribution computation).

4. A decision on the suspension of operations of a taxpayer – organization on its bank accounts and transfers of its electronic money shall be sent by the tax authority to the bank in electronic form.

A decision on the cancellation of the suspension of operations on accounts of a taxpayer organization and of transfers of electronic money of such organization shall be sent to a bank in electronic form not later than the day following the day on which that decision is adopted.

The procedure for the sending to a bank in electronic form of a tax authority’s decision on the suspension of operations on bank accounts of a taxpayer – organization and transfers of its electronic money or a decision on the cancellation of the suspension of operations on bank accounts of a taxpayer – organization and transfers of its electronic money shall be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

The standard forms of a tax authority’s decision on the suspension of operations on bank accounts of a taxpayer organization and of transfers of electronic money of such organization and a decision on the cancellation of the suspension of operations on bank accounts of a taxpayer organization and of transfers of electronic money of such organization shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies. The formats for the above-mentioned decisions shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.

A copy of a decision on the suspension of operations on bank accounts of a taxpayer – organization and transfers of its electronic money or a decision on the cancellation of the suspension of operations on bank accounts of a taxpayer – organization shall be transmitted to the taxpayer – organization against receipt or in another manner which provides evidence of the date of
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receipt of a copy of the decision in question by the taxpayer – organization not later than the day following the day on which the decision is adopted.

5. A bank shall be obliged to notify a tax authority electronically of balances of monetary resources (precious metals) held by a taxpayer – organization in bank accounts on which operations have been suspended and of balances of electronic money whose transfer has been suspended within three days after the date of receipt of that tax authority’s decision on the suspension of operations on bank accounts of the taxpayer – organization. The formats for the provision by a bank of information on balances of monetary resources (precious metals) in a taxpayer organization’s bank accounts and balances of electronic money and the procedure for the sending of that information by a bank in electronic form shall be approved by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

6. A tax authority’s decision on the suspension of operations on bank accounts of a taxpayer – organization and transfers of its electronic money must be strictly complied with by a bank.

7. The suspension of a taxpayer – organization’s operations on its bank accounts and transfers of its electronic money shall have effect from the time when the bank receives the tax authority’s decision on the suspension of such operations and such transfers and until the bank receives the tax authority’s decision on the cancellation of the suspension of operations on the taxpayer – organization’s bank accounts or the tax authority’s decision on the cancellation of the suspension of transfers of its electronic money.

Where a decision on the suspension of operations on bank accounts of a taxpayer – organization is sent in electronic form, the date and time of the receipt thereof by a bank shall be determined in accordance with a procedure to be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

Where, since the adoption of a decision on the suspension of operations on the bank accounts of a taxpayer – organization, changes have occurred in the name of the taxpayer – organization and (or) in the details of the bank account of the taxpayer – organization on which operations are suspended according to the tax authority’s decision, the bank must continue to enforce that decision in relation to the taxpayer – organization whose name has changed and in relation to operations on the account whose details have changed.

Where, since the adoption of a decision on the suspension of transfers of electronic money held by a taxpayer – organization with a bank, changes have occurred in the name of the taxpayer – organization and (or) in the details of the corporate electronic payment medium which has been suspended for use for transfers of electronic money according to the tax authority’s decision, the
bank must continue to enforce that decision in relation to the taxpayer – organization which has changed its name and transfers of electronic money using the corporate electronic payment medium whose details have changed.

8. The suspension of operations on bank accounts of a taxpayer – organization and transfers of its electronic money shall be cancelled by a decision of the tax authority not later than one day after the day of the receipt by the tax authority of documents (copies thereof) confirming the recovery of tax, penalties or a fine.

9. In the event that the total amount of monetary resources held by a taxpayer – organization in accounts on which operations have been suspended on the basis of a tax authority’s decision exceeds the amount which is specified in that decision, the taxpayer in question shall have the right to submit to the tax authority an application for the cancellation of the suspension of operations on its bank accounts, indicating the accounts in which there are sufficient monetary resources for the execution of the tax recovery decision.

A tax authority shall be obliged, within two days of receiving the taxpayer’s application which is referred to in paragraph 1 of this clause, to adopt a decision on the cancellation of the suspension of operations on accounts of a taxpayer – organization with respect to the amount in excess of the amount of monetary resources which is stated in the tax authority’s decision on the suspension of operations on bank accounts of the taxpayer – organization.

In the event that a taxpayer does not supply, together with the above-mentioned application, documents confirming monetary resources held in the accounts specified in that application, the tax authority may, before adopting a decision on the cancellation of the suspension of operations and within one day after the day on which the taxpayer’s application was received, send to the bank with which the accounts specified by the taxpayer are held an inquiry regarding the balances of monetary resources in those accounts. A statement of balances of monetary resources in a taxpayer’s bank accounts shall be sent by a bank in electronic form in the prescribed format not later than the day following the day on which the tax authority’s inquiry is received.

After receiving from a bank information to the effect that there are sufficient resources in the taxpayer’s bank accounts for the execution of the recovery decision, the tax authority shall be obliged to adopt within two days a decision on the cancellation of the suspension of operations on the taxpayer – organization’s accounts with respect to the amount in excess of the amount of monetary resources which is stated in the tax authority’s decision on the suspension of operations on bank accounts of the taxpayer – organization.

The provisions of this clause shall also apply in the event of the suspension of operations on precious metal accounts. In this respect, the value of precious metals shall be determined on the basis of the accounting price of precious metals set by the Central Bank of the Russian Federation as at the date on
which the tax authority adopted the decision to cancel the suspension of operations on the precious metal account.

9.1 The suspension of operations on a taxpayer – organization’s bank accounts shall be cancelled in the cases specified in clause 3.1, paragraph 2 of clause 3.2 and clauses 7 to 9 of this Article and in clause 10 of Article 101 of this Code and on grounds provided for in other federal laws.

Where the suspension of operations on a taxpayer – organization’s bank accounts is cancelled on grounds provided for in other federal laws, it shall not be necessary for the tax authority to adopt a decision cancelling the suspension of such operations.

9.2 Where a tax authority fails to comply with the time limit for the cancellation of a decision on the suspension of operations on a taxpayer – organization’s bank accounts or the time limit for the sending to a bank of a decision on the cancellation of the suspension of operations on a taxpayer – organization’s bank account, interest payable to the taxpayer shall accrue on the amount of monetary resources covered by the suspension (on precious metals covered by the suspension) for each calendar day by which the time limit is exceeded.

In the event that a tax authority unlawfully issues a decision ordering the suspension of operations on a taxpayer – organization’s bank account, interest payable to that taxpayer – organization shall accrue on the amount of monetary resources covered by that decision (on precious metals covered by that decision) of the tax authority for each calendar day commencing from the day on which the bank received the decision ordering the suspension of operations on the taxpayer’s accounts up to the day on which the bank receives a decision cancelling the suspension of operations on the taxpayer – organization’s accounts.

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 days on which operations on a taxpayer – organization’s accounts were unlawfully suspended or the tax authority was not in compliance with the time limit for the cancellation of a decision on the suspension of operations on a taxpayer – organization’s bank accounts or the time limit for the sending to a bank of a decision on the cancellation of the suspension of operations on a taxpayer – organization’s bank account. In this respect, the value of precious metals shall be determined on the basis of the accounting price of precious metals set by the Central Bank of the Russian Federation as at the date of the unlawful suspension of operations on the taxpayer organization’s accounts or the violation by the tax authority of the time limit for cancelling the decision on the suspension of operations on the taxpayer organization’s bank accounts or the time limit for sending the decision on the cancellation of the suspension of operations on the taxpayer organization’s bank accounts to the bank.
The provisions of clauses 9, 9.1 and 9.2 of this Article shall also apply in the case of the suspension of transfers of electronic money of a taxpayer – organization.

A bank shall not be liable for losses incurred by a taxpayer – organization as a result of the suspension of its bank account operations and transfers of its electronic money by decision of a tax authority.

The rules established by this Article shall also apply in relation to the suspension of operations on bank accounts and transfers of electronic money of the following persons:

1) organizations which are tax agents, levy payers and payers of insurance contributions;

2) private entrepreneurs who are taxpayers, tax agents, levy payers and payers of insurance contributions;

3) organizations and private entrepreneurs who or which are not taxpayers (tax agents, payers of insurance contributions) but are obliged to submit tax declarations (insurance contribution computations) in accordance with Part Two of this Code;

4) privately practising notaries and lawyers who have founded legal offices – as taxpayers, tax agents and payers of insurance contributions.

While a decision on the suspension of operations on a taxpayer – organization’s accounts and transfers of its electronic money is in force, banks shall not have the right to open new accounts or deposits for that organization or to authorize that organization to use new corporate electronic payment media for transfers of electronic money, with the exception of special electoral accounts and special accounts of referendum funds.

The procedure for informing banks of the suspension of operations and the cancellation of the suspension of operations on accounts of a taxpayer – organization and transfers of its electronic money, and on accounts of persons such as are referred to in clause 11 of this Article, shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.

The rules established by this Article shall apply, with account taken of the special considerations laid down in this clause, in relation to security for the payment of tax on profit of organizations for a consolidated group of taxpayers.

The suspension of operations on bank accounts of members of a consolidated group of taxpayers shall take place according to the same order of priority as
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applies for recovery proceedings carried out by a tax authority against monetary resources (precious metals) held in bank accounts in accordance with clause 11 of Article 46 of this Code.

Decisions on the suspension of bank account operations of the responsible member of a consolidated group of taxpayers and other members of that group may also be adopted in the manner provided for in this Article in the event that a tax declaration for tax on profit of organizations for the consolidated group of taxpayers is not submitted to the tax authority within 10 days after the expiry of the established time limit for the submission of such declaration. In this case decisions on the suspension of operations on bank accounts may be adopted in relation to all members of the group at the same time.

Article 77 Attachment of Assets

1. The attachment of property as a means of securing the enforcement of a decision on the recovery of tax, penalties and fines shall be understood to be action taken by a tax or customs authority with the authorization of a public prosecutor to limit a taxpayer – organization’s right of ownership in respect of his assets.

Assets shall be attached in the event that a taxpayer – organization fails to fulfil an obligation to pay tax, penalties and fines within the established time limits and tax or customs authorities have sufficient grounds to believe that the person in question will take measures to abscond or conceal his assets.

2. The attachment of property may be full or partial.

A full attachment of property shall be understood to be such restriction of a taxpayer – organization’s rights in relation to his assets whereby the taxpayer – organization does not have the right to dispose of the attached assets and the assets are possessed and used subject to the authorization of and under the control of the tax or customs authority.

A partial attachment shall be understood to be such restriction of a taxpayer – organization’s rights in relation to his assets whereby the assets are possessed, used and disposed of subject to the authorization of and under the control of the tax or customs authority.

3. Attachment may only be applied only for the purpose of securing the fulfilment of an obligation to pay tax, penalties and a fine from the assets of a taxpayer organization not earlier than the adoption by a tax authority of a decision to recover tax, penalties and a fine in accordance with Article 46 of this Code and where a taxpayer organization has insufficient or no monetary resources in its accounts or does not have electronic money or no information is available concerning a taxpayer organization’s accounts or concerning the
particulars of a corporate electronic payment medium used by it for electronic money transfers.

3.1 For the purpose of securing the fulfilment of obligations to pay taxes and levies, penalties and fines by the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”) in connection with the performance of the investment partnership agreement (with the exception of tax on profit of organizations arising in connection with that partner’s participation in the investment partnership agreement), the common assets of partners and assets of all managing partners may be attached.

An attachment decision may be adopted in relation to the common assets of the partners and, in the event that no such assets exist or they are insufficient, in relation to assets of all managing partners (in which case such decision shall be adopted first and foremost in relation to assets of the managing partner responsible for the maintenance of tax records).

A decision to attach the common assets of the partners shall be adopted by the director (deputy director) of the tax authority for the location of the managing partner responsible for the maintenance of tax records.

A decision to attach common assets of the partners and assets of the managing partners may be adopted not earlier than the adoption of a decision to recover tax, penalties and a fine in accordance with Article 46 of this Code and where an investment partnership or persons who are managing partners have insufficient or no monetary resources in their accounts or no information is available concerning accounts held by those persons.

4. An attachment order may be levied on the entire assets of a taxpayer – organization.

5. Only those assets which are necessary and sufficient to meet the obligation to pay tax, penalties and fines may be attached.

Where the value of an item of immovable property of a foreign organization which does not carry on activities in the Russian Federation through a permanent establishment exceeds amounts of tax, penalties and a fine which are being recovered in respect of that item of immovable property, an attachment may be imposed on that item of immovable property in the event that the foreign organization does not have other assets in the territory of the Russian Federation on which execution may be levied.

6. A decision to attach a taxpayer - organization’s assets shall be adopted by the director (deputy director) of a tax or customs authority in the form of an appropriate order.
7. The attachment of the assets of a taxpayer-organization shall take place with the participation of attesting witnesses. The authority carrying out the attachment of assets shall not have the right to refuse to allow the taxpayer-organization (or a legal and (or) authorized representative of the taxpayer-organization) to be present when the assets are attached.

Persons participating in the attachment of assets as attesting witnesses and specialists and the taxpayer-organization (the taxpayer-organization’s representative) shall have their rights and obligations explained to them.

8. The attachment of assets at night-time shall not be permitted except in urgent cases.

9. Before assets are attached, the officials carrying out the attachment must present to the taxpayer-organization (the taxpayer-organization’s representative) the attachment decision, the public prosecutor’s authorization and documents which certify their powers.

10. A report on the attachment of assets shall be drawn up when an attachment is carried out. The assets which are to be attached shall be listed and described in that report and the attached list with an exact indication of the name, quantity and individual characteristics of the items and, if possible, their value.

All items which are to be attached shall be shown to the attesting witnesses and the taxpayer-organization (the taxpayer-organization’s representative).

11. The director (deputy director) of the tax or customs authority who adopts the order on the attachment of assets shall specify the place where the attached assets are situated.

12. The alienation (except where carried out under the control of or with the permission of the tax or customs authority making the attachment), embezzlement or concealment of attached property shall not be permitted. Failure to observe the established procedure for the possession, use and disposal of attached assets shall constitute grounds for calling the offenders to account in accordance with Article 125 of this Code and (or) other federal laws.

12.1 At the request of a taxpayer–organization in relation to which a decision has been taken to attach assets, a tax authority shall have the right to replace the attachment of assets with a pledge of assets in accordance with Article 73 of this Code.

13. A decision to attach assets shall be rescinded by an authorized official of a tax or customs authority when the obligation to pay tax, penalties and fines is terminated or an agreement on the pledge of assets is concluded in accordance with Article 73 of this Code.
A decision to attach assets shall have effect from the time of the levying of an attachment order until that decision is rescinded by the authorized official of a tax or customs authority who adopted the decision, or until that decision is rescinded by a higher tax or customs authority, or by a court.

A tax (customs) authority shall notify a taxpayer of the cancellation of a decision on the attachment of assets within five days after the day of the adoption of that decision.

14. The rules of this article shall apply equally to the attachment of assets of a tax agent which is an organization and of a levy payer and a payer of insurance contributions which is an organization, and of the responsible member of a consolidated group of taxpayers.

15. The rules established by this Article shall apply, with account taken of the special considerations laid down in this clause, in relation to security for the payment of tax on profit of organizations for a consolidated group of taxpayers.

The attachment of assets of members of a consolidated group of taxpayers shall take place according to the same order of priority as applies for recovery proceedings carried out by a tax authority against assets of a taxpayer in accordance with clause 11 of Article 47 of this Code.

CHAPTER 12. CREDITING AND REFUND OF AMOUNTS WHICH HAVE BEEN PAID OR RECOVERED IN EXCESS

Article 78 Crediting or Refund of Overpayments of Tax, a Levy, Insurance Contributions Penalties or a Fine

1. An amount of overpaid tax shall be credited towards a taxpayer’s future payments in respect of the same tax or other taxes or towards the settlement of arrears in respect of other taxes or indebtedness in respect of penalties and fines for tax offences, or shall be refunded to the taxpayer in accordance with the procedure prescribed by this Article.

The crediting of amounts of overpaid federal taxes and levies and regional and local taxes shall be effected in relation to the corresponding types of taxes and levies and in relation to penalties charged in respect of corresponding taxes and levies.

1.1 An amount of insurance contributions paid in excess shall be set off, within the appropriate budget of the State non-budgetary fund of the Russian Federation to which the amount in question was credited, against the payer’s future payments in respect of the contribution concerned and indebtedness in...
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respect of penalties and fines for tax offences, or shall be refunded to the payer of insurance contributions in accordance with the procedure laid down in this Article.

2. The crediting or refund of an amount of overpaid tax shall be carried out by the tax authority where the taxpayer is registered, unless otherwise provided by this Code, without interest being charged on that amount, unless otherwise established by this Article.

3. A tax authority shall be obliged to notify a taxpayer of each tax overpayment of which the tax authority has become aware and of the amount of overpaid tax within 10 days from the day on which such overpayment is discovered.

In the event of the discovery of indications of a possible overpayment of tax, at the proposal of the tax authority or the taxpayer a joint reconciliation of settlements in respect of taxes, levies, insurance contributions, penalties and fines may be carried out.

4. An amount of overpaid tax shall be credited towards a taxpayer’s future payments in respect of the same tax or other taxes on the basis of a written application (an application submitted in electronic form with an enhanced qualified electronic signature via telecommunications channels or submitted through a taxpayer’s personal account) of the taxpayer by decision of the tax authority.

A decision on the crediting of an amount of overpaid tax towards a taxpayer’s future payments shall be adopted by the tax authority within 10 days from the day of the receipt of the taxpayer’s application or from the day on which the tax authority and the taxpayer in question sign a report on a joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out.

5. The crediting of an amount of overpaid tax towards the settlement of arrears in respect of other taxes and indebtedness in respect of penalties and (or) fines which are payable or recoverable in the instances provided for in this Code shall be effected by tax authorities independently for not more than three years from the day on which that amount of tax was paid.

In the instance provided for in this clause, the decision on the crediting of an amount of overpaid tax shall be adopted by the tax authority within 10 days from the day on which it discovers the occurrence of the tax overpayment or from the day on which the tax authority and the taxpayer sign a report on the joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out, or from the day of the entry into force of a court decision.

The provision laid down this clause shall not prevent a taxpayer from submitting to the tax authority a written application (application submitted in
An amount of overpaid tax shall be refundable on the basis of a written application (an application submitted in electronic form with an enhanced qualified electronic signature via telecommunications channels or submitted through a taxpayer’s personal account) from the taxpayer within one month from the day on which that application is received by the tax authority.

The refund to a taxpayer of an amount of overpaid tax when that taxpayer has arrears in respect of other taxes of the corresponding type or indebtedness in respect of corresponding penalties and in respect of fines which are recoverable in the instances provided for in this Code shall take place only after the amount of overpaid tax has been credited towards the settlement of arrears (indebtedness).

An amount of insurance contributions for compulsory pension insurance which were paid in excess shall not be refunded if a territorial administrative body of the Pension Fund of the Russian Federation has reported that details of the amount of insurance contributions for compulsory pension insurance which were paid in excess were presented by the payer of insurance contributions as part of details in individual (personalized) records and recorded in individual accounts of insured persons in accordance with the legislation of the Russian Federation concerning individual (personalized) records in the compulsory pension insurance system.

An application for the crediting or refund of an amount of overpaid tax may be submitted within three years from the day on which the amount in question was paid, except as otherwise provided by the tax and levy legislation of the Russian Federation.

The registration with a tax authority of a physical person who is not a private entrepreneur and does not have in the territory of the Russian Federation a place of residence (place of stay) or immovable property and (or) means of transport belonging to him shall be carried out on the basis of an application of that physical person by the tax authority to which the physical person has chosen to submit that application.

A decision on the refund of an amount of overpaid tax shall be adopted by a tax authority within 10 days from the day of the receipt of a taxpayer’s
application for the refund of the amount of overpaid tax or from the day on which the tax authority and the taxpayer in question sign a report on a joint reconciliation of taxes paid by the taxpayer, if such a joint reconciliation has been carried out.

Before the expiry of the time limit which is established by paragraph 1 of this clause, an instruction for the refund of the amount of overpaid tax, drawn up on the basis of the tax authority’s decision on the refund of that amount of tax, must be sent by the tax authority to a territorial body of the Federal Treasury in order for the refund to the taxpayer to be effected in accordance with the budget legislation of the Russian Federation.

9. A tax authority shall be obliged to give a taxpayer notice of a decision to allow the crediting (refund) of amounts of overpaid tax or of a decision not to allow such crediting (refund) within five days from the day on which the decision in question is adopted.

That notice shall be transmitted to the director of an organization, to a physical person 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.

Amounts of overpaid tax on profit of organizations for a consolidated group of taxpayers shall be credited for (refunded) to the responsible member of that group in accordance with the procedure established by this Article.

In the event that the agreement on the creation of a consolidated group of taxpayers has been terminated, amounts of overpaid tax on profit of organizations for the consolidated group of taxpayers which cannot be (have not been) reckoned towards arrears for that group shall be credited for (refunded to) the organization which was the responsible member of the consolidated group of taxpayers upon its application.

An amount of overpaid tax on profit of organizations for a consolidated group of taxpayers shall not be refunded to the responsible member of the consolidated group of taxpayers if it has arrears in respect of other taxes of a corresponding type or indebtedness in respect of corresponding penalties or in respect of fines which are recoverable in cases provided for in this Code.

10. In the event that an amount of overpaid tax is refunded outside the time limit which is established by clause 6 of this Article, the tax authority shall assess on the amount of overpaid tax which has not been refunded within the established time limit interest payable to the taxpayer for each calendar day by which the time limit for the refund 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 effective on the days on which the refund time limit was exceeded.
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11. A territorial body of the Federal Treasury which has refunded an amount of overpaid tax shall notify the tax authority of the date of the refund and the amount of monetary resources refunded to the taxpayer.

12. In the event that the interest provided for in 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 of amounts of overpaid tax to the taxpayer, 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.

Before the expiry of the time limit which is established by paragraph 1 of this clause, 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 in order for the refund to be effected.

13. The crediting or refund of an amount of overpaid tax and the payment of assessed interest shall be effected in the currency of the Russian Federation.

13.1 Amounts of funds paid by way of reimbursement for damage caused to the budget system of the Russian Federation as a result of the crimes provided for in Articles 198 to 199.2 of the Criminal Code of the Russian Federation shall not be deemed to be amounts of overpaid tax and shall not be credited or refunded in accordance with the procedure laid down in this Article.

14. The rules established by this Article shall also apply in relation to the crediting or refund of amounts of overpaid advance payments, levies, insurance contributions, penalties and fines and shall apply to tax agents, levy payers, payers of insurance contributions and the responsible member of a consolidated group of taxpayers.

The provisions of this Article shall be applied in relation to the refund or crediting of overpaid amounts of State duty with account taken of the special considerations which are established by Chapter 25.3 of this Code.

The rules established by this Article shall also apply in relation to the crediting or refund of an amount of value added tax which is reimbursable on the basis of a tax authority’s decision in the case provided for in clause 11.1 of Article 176 of this Code.

The rules established by this Article shall also apply in relation to the crediting or refund of amounts of interest paid in accordance with clause 17 of Article 176.1 of this Code.
15. The fact that a person is indicated as a nominal owner of assets in a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and the transfer of those assets to their actual owner shall not automatically constitute a basis for declaring amounts of taxes, levies, penalties and fines paid by the nominal owner in respect of those assets to have been paid in excess.

16. The rules established by this Article shall also apply to amounts of overpaid value added tax which are required to be refunded or credited to foreign taxpayer (tax agent) organizations such as are referred to in clause 3 of Article 174.2 of this Code. The refund of an amount of overpaid value added tax to such organizations shall take place by transfer to an account held with a bank.

17. The rules established by this Article concerning the refund of overpaid taxes shall also apply for the refund of amounts of previously withheld tax on profit of organizations which are refundable to a foreign organization in cases provided for in clause 2 of Article 312 of this Code with account taken of the special considerations established by this clause.

A decision to refund an amount of previously withheld tax on profit of organizations shall be adopted by the tax authority where the tax agent is registered within six months from the day on which a claim for the refund of previously withheld tax and other documents specified in clause 2 of Article 312 of this Code are received from a foreign organization.

An amount of previously withheld tax on profit of organizations must be refunded within one month from the day on which the tax authority adopted a decision to refund the amount of previously withheld tax.

**Article 79 Refund of Amounts of Tax, a Levy, Insurance Contributions, Penalties and a Fine Which Have Been Recovered in Excess**

1. An amount of tax which has been recovered in excess shall be refunded to the taxpayer in accordance with the procedure which is provided for in this Article.

The refund to a taxpayer of an amount of tax recovered in excess when that taxpayer has arrears in respect of other taxes of the corresponding type or indebtedness in respect of corresponding penalties and in respect of fines which are recoverable in the instances provided for in this Code shall take place only after the amount in question has been credited towards the settlement of those arrears (indebtedness) in accordance with Article 78 of this Code.
1.1 An amount of insurance contributions recovered in excess shall be refunded to
the payer of insurance contributions with account taken of the special
considerations laid down in this clause.

The refund to a payer of insurance contributions of an amount of insurance
contributions recovered in excess when that payer has indebtedness in respect
of corresponding penalties and fines shall take place only after the amount in
question has been credited towards the settlement of that indebtedness within
the relevant budget of the State non-budgetary fund of the Russian Federation
to which that amount was credited, in accordance with Article 78 of this Code.

The refund of an amount of insurance contributions for compulsory pension
insurance which were recovered in excess shall not take place if a territorial
administrative body of the Pension Fund of the Russian Federation has
reported that details of the amount of insurance contributions for compulsory
pension insurance which were recovered in excess have been recorded
in individual accounts of insured persons in accordance with the legislation of
the Russian Federation concerning individual (personalized) records in the
compulsory pension insurance system.

2. A decision on the refund of an amount of tax recovered in excess shall be
adopted by a tax authority within 10 days from the day of the receipt of a
taxpayer’s application (an application submitted in electronic form with an
enhanced qualified electronic signature via telecommunications channels or
submitted through a taxpayer’s personal account) for the refund of the amount
of tax recovered in excess.

Before the expiry of the time limit which is established by paragraph 1 of this
clause, an instruction for the refund of the amount of tax recovered in excess,
drawn up on the basis of the tax authority’s decision on the refund of that
amount of tax, must be sent by the tax authority to a territorial body of the
Federal Treasury in order for the refund to the taxpayer to be effected in
accordance with the budget legislation of the Russian Federation.

3. A claim for the refund of an amount of previously recovered tax may be
submitted by a taxpayer to a tax authority within three years from the day on
which the taxpayer became aware of the excess recovery of tax.

If tax is found to have been recovered in excess, the tax authority shall, on the
basis of the above-mentioned claim, adopt a decision to refund the tax
recovered in excess and interest charged on that amount in accordance with
the procedure prescribed by clause 5 of this Article.

4. Once a tax authority has established that tax has been recovered in excess, it
shall be obliged to give notice of that fact to the taxpayer within 10 days from
the day on which that fact is established.
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That notice shall be transmitted to the director of an organization, to a physical person or to their representatives in person against receipt or in another manner which provides evidence of the fact and date of receipt of the notice.

5. An amount of tax recovered in excess shall be refundable together with interest assessed thereon within one month from the day of the receipt of the taxpayer’s written application (an application submitted in electronic form with an enhanced qualified electronic signature via telecommunications channels or submitted through a taxpayer’s personal account) for the refund of the amount of tax recovered in excess.

Interest shall be assessed on an amount of tax recovered in excess from the day following the day of recovery up to and including the day on which the refund actually takes place.

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 those days.

6. A territorial body of the Federal Treasury which has refunded an amount of tax recovered in excess and interest assessed on that amount shall notify the tax authority of the date of the refund and of the amount of monetary resources refunded to the taxpayer.

7. In the event that the interest provided for in clause 5 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 amounts of tax recovered in excess, 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.

Before the expiry of the time limit which is established by paragraph 1 of this clause, 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 in order for the refund to be effected.

8. The refund of an amount of tax recovered in excess and the payment of assessed interest shall be effected in the currency of the Russian Federation.

9. The rules established by this Article shall also apply in relation to the crediting or refund of amounts of advance payments, levies, insurance contributions, penalties and fines which have been recovered in excess and shall apply to tax agents, levy payers, payers of insurance contributions and the responsible member of a consolidated group of taxpayers.

The provisions of this Article shall apply in relation to the refund or crediting of amounts of State duty which have been recovered in excess with account
taken of the special considerations which are established by Chapter 25.3 of this Code.

Amounts of tax on profit of organizations for a consolidated group of taxpayers which have been recovered in excess from members of that group must be credited for (refunded to) the responsible member of the consolidated group of taxpayers.

The rules established by this Article shall also apply in relation to the crediting or refund of amounts of interest paid in accordance with clause 17 of Article 176.1 of this Code.
CHAPTER 13. TAX DECLARATION

Article 80  Tax Declaration and Computations

1. A tax declaration shall be a written statement or a statement of a taxpayer prepared in electronic form and transmitted via telecommunications channels with the use of an enhanced qualified electronic signature or through a taxpayer’s personal account, concerning objects of taxation, income received and expenses incurred, sources of income, the tax base, tax exemptions, the calculated amount of tax and (or) other data which serve as a basis for the calculation and payment of tax.

A tax declaration shall be submitted by each taxpayer for each tax which is payable by that taxpayer, unless otherwise stipulated by tax and levy legislation.

An advance payment computation shall be a written statement of a taxpayer prepared in electronic form and transmitted via telecommunications channels with the use of an enhanced qualified electronic signature or through a taxpayer’s personal account, concerning the calculation base, exemptions used, the calculated amount of an advance payment and (or) other data which serve as a basis for the calculation and payment of an advance payment. An advance payment computation shall be submitted in the instances which are provided for in this Code in relation to a specific tax.

A levy computation shall be a written statement or a statement of a levy payer prepared in electronic form and transmitted via telecommunications channels with the use of an enhanced qualified electronic signature or through a taxpayer’s personal account, concerning objects of assessment, exemptions used, the calculated amount of a levy and (or) other data which serve as a basis for the calculation and payment of a levy, unless otherwise provided in this Code. A levy computation shall be submitted in the instances which are provided for in Part Two of this Code in relation to each levy.

A tax agent shall submit to the tax authorities the computations which are provided for in Part Two of this Code. Such computations shall be submitted in accordance with the procedure which is established by Part Two of this Code in relation to a specific tax.

A computation of amounts of tax on income of physical persons calculated and withheld by a tax agent shall be a document containing information, summarized by the tax agent for all physical persons as a whole who have received income from the tax agent (an economically autonomous subdivision of the tax agent), concerning amounts of income credited and paid to them, tax
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deductions granted, amounts of tax calculated and withheld and other data relevant to the calculation of tax.

An insurance contribution computation shall be a written statement, or a statement of a payer of insurance contributions which is prepared in electronic form and transmitted via telecommunications channels using an enhanced qualified electronic signature or via a taxpayer’s personal account, concerning an object of assessment to insurance contributions, the base for the calculation of insurance contributions, the calculated amount of insurance contributions and other details which serve as a basis for the calculation and payment of insurance contributions, except as otherwise provided in this Code. An insurance contribution computation shall be submitted in cases provided for in Chapter 34 of this Code.

2. Tax declarations (computations) shall not be submitted to tax authorities for taxes in relation to which taxpayers are exempt from the obligation to pay them in connection with the application of special tax regimes insofar as activities in connection with which the special tax regimes are applicable or assets used in carrying out those activities are concerned.

A person deemed to be a taxpayer in respect of one or more taxes who does not carry out operations resulting in the movement of monetary resources in his bank accounts (in the cash office of an organization) and does not have objects of taxation for those taxes shall submit a unified (simplified) tax declaration for the taxes in question.

The form of a unified (simplified) tax declaration and the procedure for completing it shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

A unified (simplified) tax declaration shall be submitted to the tax authority for the location of an organization or for the place of residence of a physical person not later than the 20th of the month following a quarter, six-month period, nine-month period or calendar year which has ended.

3. A tax declaration (computation) shall be submitted to the tax authority where a taxpayer (levy payer, payer of insurance contributions, tax agent) is registered in the prescribed form on paper or in prescribed electronic formats together with documents which, in accordance with this Code, must accompany a tax declaration (computation). Documents which, in accordance with this Code, must accompany a tax declaration (computation) may be submitted by taxpayers and payers of insurance contributions in electronic form.

Tax declarations (computations) shall be submitted to the tax authority where the taxpayer (levy payer, payer of insurance contributions, tax agent) is registered using prescribed formats in electronic form via telecommunications.
channels through an electronic document interchange operator which is a Russian organization and meets requirements approved by the federal executive body in charge of control and supervision in the area of taxes and levies, except where a different procedure for the presentation of information classified as State secrets is prescribed by the legislation of the Russian Federation, by the following categories of taxpayers (payers of insurance contributions):

- taxpayers (payers of insurance contributions) for whom the average number of employees during the preceding calendar year exceeds 100 persons;

- newly established organizations (including those established through re-organization) in which the number of employees exceeds 100 persons;

- taxpayers (payers of insurance contributions) not mentioned in paragraphs 3 and 4 of this clause for whom such a requirement is laid down in Part Two of this Code in relation to a particular tax (insurance contributions).

Information on the average number of employees for the preceding calendar year shall be submitted by an organization (a private entrepreneur who hired workers in that period) to a tax authority not later than 20 January of the current year or, where an organization has been established (re-organized), not later than the 20th of the month following the month in which the organization was established (re-organized). That information shall be presented in the form approved by the federal executive body in charge of control and supervision in the area of taxes and levies to the tax authority for the location of the organization (for the place of residence of a private entrepreneur).

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit all the tax declarations (computations) which they are required to submit in accordance with this Code to the tax authority where they are registered as major taxpayers in the prescribed formats in electronic form, except where a different procedure is prescribed by the legislation of the Russian Federation for the presentation of information which is classified as State secrets.

Blank forms of tax declarations (computations) shall be provided by tax authorities free of charge.

4. A tax declaration (computation) may be submitted by a taxpayer (levy payer, payer of insurance contributions, tax agent) to a tax authority in person or through a representative, sent as mail with an enclosure list or transmitted in electronic form via telecommunications channels or through a taxpayer’s personal account.

A tax authority shall not have the right to refuse to accept a tax declaration (computation) which has been submitted by a taxpayer (levy payer, payer of insurance contributions, tax agent) in the prescribed form (the prescribed
format), except as otherwise provided in this Code, and shall be obliged, at the request of the taxpayer (levy payer, payer of insurance contributions, tax agent), to place a mark on a copy of the tax declaration (a copy of the computation) acknowledging acceptance and the date of receipt thereof in the case of the receipt of a tax declaration (computation) in paper form or to transmit an acknowledgement of receipt to a taxpayer (levy payer, payer of insurance contributions, tax agent) in electronic form where a tax declaration (computation) is received via telecommunications channels or through a taxpayer’s personal account.

Where a tax declaration (computation) is sent by post, the day of its submission shall be deemed to be the date of despatch of the mail with the enclosure list. Where a tax declaration (computation) is transmitted via telecommunications channels or through a taxpayer’s personal account, the day of its submission shall be deemed to be the date on which it is sent.

5. A tax declaration (computation) which is submitted must indicate the taxpayer identification number, unless otherwise provided by this Code.

A taxpayer (levy payer, payer of insurance contributions, tax agent) or its representative shall sign a tax declaration (computation) to confirm that the information given in the tax declaration (computation) is accurate and complete.

Where the accuracy and completeness of information given in a tax declaration (computation), including with the use of an enhanced qualified electronic signature where a tax declaration (computation) is submitted in electronic form, is confirmed by an authorized representative of a taxpayer (levy payer, payer of insurance contributions, tax agent), the basis of the representation (the name of the document confirming authority to sign the tax declaration (computation)) shall be indicated in the tax declaration (computation). In this respect, the tax declaration (computation) shall be accompanied by a copy of the document confirming the authority of the representative to sign the tax declaration (computation).

Where a tax declaration (computation) is submitted in electronic form, a copy of a document confirming the authority of a representative to sign the tax declaration (computation) may be presented in electronic form via telecommunications channels.

6. A tax declaration (computation) shall be submitted within the time limits which are established by tax and levy legislation.

7. The standard forms and procedures for completing the standard forms of tax declarations (computations) and the formats and procedures for the submission of tax declarations (computations) in electronic form and accompanying documents in accordance with this Code in electronic form shall be approved by the federal executive body in charge of control and
supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

The federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to include in the form of a tax declaration (computation) and tax authorities shall not have the right to require taxpayers (levy payers, payers of insurance contributions, tax agents) to include in a tax declaration (computation) information which is not related to the calculation and (or) payment of taxes, levies and insurance contributions, with the exception of:

1) the type of document: primary (corrective);

2) the name of the tax authority;

3) the location of an organization (or of an economically autonomous subdivision of an organization) or the place of residence of a physical person;

4) the surname, first name and patronymic of a physical person or the full name of an organization (or of an economically autonomous subdivision of an organization);

5) the contact telephone number of the taxpayer or payer of insurance contributions;

6) information which is required to be included in a tax declaration in accordance with Chapter 21 of this Code.

9. Special considerations relating to the submission of tax declarations in the context of the performance of production sharing agreements are laid down in Chapter 26.4 of this Code.

10. Special considerations relating to the fulfilment of the obligation to submit tax declarations by means of the payment of a declaration payment are laid down in the federal law concerning the simplified procedure for the declaration of income by physical persons.

11. Special considerations relating to the submission to a tax authority of a tax declaration of a consolidated group of taxpayers are set forth in Chapter 25 of this Code.

12. The rules laid down in this Article shall also apply to other persons who have an obligation to submit a tax declaration (computation) in accordance with Part Two of this Code.
Article 81  

Amending a Tax Declaration and Computations

1. In the event that a taxpayer discovers that information has not been disclosed or has not been fully disclosed in a tax declaration which it has submitted to a tax authority, or discovers errors which result in an understatement of the amount of tax payable, the taxpayer shall be obliged to make necessary amendments to the tax declaration and to submit a revised tax declaration to the tax authority in accordance with the procedure established by this Article.

In the event that a taxpayer discovers in a tax declaration which it has submitted to a tax authority inaccuracies or errors which do not result in an understatement of the amount of tax payable, the taxpayer shall have the right to make necessary amendments to the tax declaration and to submit a revised tax declaration to the tax authority in accordance with the procedure established by this Article. In this respect, a revised tax declaration which has been submitted after the expiry of the established time limit for the filing of a declaration shall not be considered to have been submitted late.

2. Where a revised tax declaration is submitted to a tax authority before the expiry of the time limit for the filing of a tax declaration, it shall be considered to have been filed on the day of the filing of the revised tax declaration.

3. Where a revised tax declaration is submitted to a tax authority after the expiry of the time limit for the filing of a tax declaration, but before the expiry of the time limit for the payment of tax, the taxpayer shall be exempt from liability if the revised tax declaration was submitted before the taxpayer learned that the tax authority had discovered the non-disclosure or incomplete disclosure of information in the tax declaration or errors resulting in an understatement of the amount of tax payable, or that an on-site tax audit had been scheduled.

4. Where a revised tax declaration is submitted to a tax authority after the expiry of the time limit for the filing of a tax declaration and the time limit for the payment of tax, the taxpayer shall be exempt from liability in the event that:

1) the revised tax declaration is submitted before the taxpayer learns that the tax authority has discovered the non-disclosure or incomplete disclosure of information in the tax declaration or errors resulting in an understatement of the amount of tax payable, or that an on-site tax audit has been scheduled with respect to the tax in question for the period in question, provided that it paid the missing amount of tax and corresponding penalties prior to submitting the revised tax declaration;

2) the revised tax declaration is submitted after the performance of an on-site tax audit for the tax period in question which did not result in the discovery of the non-disclosure or incomplete disclosure of information in the tax declaration or of errors resulting in an understatement of the amount of tax payable.
5. A revised tax declaration shall be submitted by a taxpayer to the tax authority where it is registered.

A revised tax declaration (computation) shall be submitted to a tax authority using the form which was valid in the tax period for which the amendments in question are made.

6. In the event that a tax agent discovers that information has not been disclosed or has not been fully disclosed in a computation which it has submitted to a tax authority, or discovers errors therein which result in an understatement or overstatement of the amount of tax to be remitted, the tax agent shall be obliged to make necessary amendments and submit a revised computation to the tax authority in accordance with the procedure established by this Article.

A revised computation which is submitted by a tax agent to a tax authority must contain data relating only to those taxpayers in relation to which the non-disclosure or incomplete disclosure of information or errors resulting in an understatement of the amount of tax have been discovered.

The provisions laid down in clauses 3 and 4 of this Article concerning exemption from liability shall also apply in relation to tax agents when they submit revised computations.

6.1 Where the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”) has provided a copy of a revised computation of the financial result of the investment partnership to participants in the investment partnership agreement, taxpayers who pay tax on profit of organizations or tax on income of physical persons in connection with their participation in the investment partnership agreement shall be obliged to submit a revised tax declaration (computation).

The revised tax declaration (computation) must be submitted to the tax authority where a participant in the investment partnership agreement is registered not later than fifteen days from the day on which a copy of the revised computation of the financial result of the investment partnership agreement was transmitted to that participant.

In this respect, if the revised tax declaration (computation) is submitted to the tax authority within the time limits specified in paragraph 2 of this clause, a participant in an investment partnership agreement who is not the managing partner responsible for the maintenance of tax records shall be exempt from liability.

Where a participant in an investment partnership agreement appeals against acts or decisions of a tax authority which have changed the financial results of the investment partnership, that participant shall be obliged to submit a
revised tax declaration (computation) not later than fifteen days from the day on which the higher tax authority adopts a decision on the appeal.

7. The rules laid down in this Article shall also apply in relation to revised computations of levies and insurance contributions and shall extend to payers of levies and insurance contributions.

CHAPTER 14. TAX CONTROL

Article 82 General Provisions Concerning Tax Control

1. Tax control shall be understood to mean activities carried out by authorized bodies involving the checking of compliance with tax and levy legislation in accordance with the procedure established by this Code.

Tax control shall be exercised by officials of tax authorities within the limits of their authority by means of carrying out tax audits, obtaining explanations from taxpayers, tax agents, levy payers and payers of insurance contributions, checking accounting and reporting data, inspecting premises and areas used to derive income (profit) and by other means provided for by this Code.

Special considerations relating to the exercise of tax control in the context of the performance of production sharing agreements are determined by Chapter 26.4 of this Code.

Special considerations relating to the exercise of tax control in the form of tax monitoring are established by Section V.2 of this Code.

3. Tax authorities, customs authorities, internal affairs bodies, investigative bodies and administrative bodies of State non-budgetary funds of the Russian Federation shall, according to a procedure to be determined by agreement among them, inform one another of materials in their possession concerning violations of tax and levy legislation and concerning tax crimes, concerning measures taken to stop their occurrence and concerning tax audits performed by them, and shall exchange other necessary information for the purpose of carrying out their assigned tasks.

4. In exercising tax control it shall not be permitted to collect, store, use or disseminate information concerning a taxpayer (levy payer, payer of insurance contributions, tax agent) which has been received in violation of the provisions of the Constitution of the Russian Federation, international agreements of the Russian Federation, this Code or federal laws or in violation of a requirement to maintain the confidentiality of information which constitutes the professional secrets of other persons, and in particular legal secrets and audit secrets.
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It shall be permitted for documents (information) obtained from audit organizations (individual auditors) in cases provided for in Article 93.2 of this Code to be gathered, stored and used for tax control purposes.

5. The existence of the circumstances specified in clause 1 of Article 54.1 of the Code and (or) a failure to satisfy the conditions specified in clause 2 of Article 54.1 of this Code shall be proven by a tax authority in the process of conducting tax control measures in accordance with Sections V, V.1 and V.2 of this Code.

6. Where an international agreement of the Russian Federation on taxation issues provides for a competent authority of a foreign state (territory) to participate in the exercise, to an appropriate extent, of tax control in the Russian Federation, a tax audit and tax monitoring may be conducted with the participation of such competent authority upon its request in accordance with international agreements of the Russian Federation and this Code.

In the event that a tax authority adopts a decision to conduct a tax audit or tax monitoring with the participation of a competent authority of a foreign state (territory), the federal executive body in charge of control and supervision in the area of taxes and levies shall, in a manner to be determined by that body, provide that competent authority with information on the conduct of the tax audit or tax monitoring, including information on the tax authority which adopted the decision to conduct the tax audit or tax monitoring, the time and place at which the tax audit or tax monitoring is to be conducted and the procedure and conditions established by this Code for the conduct of the tax audit or tax monitoring.

The procedure for arranging the participation of and the conditions of participation of a competent authority of a foreign state (territory) in a tax audit or tax monitoring shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Article 83  Registration of Organizations and Physical Persons

1. For the purposes of tax control organizations and physical persons must be registered with the tax authorities for the location of an organization, the location of its economically autonomous subdivisions, the place of residence of a physical person and the location of immovable property and means of transport which belong to them and on other grounds provided for in this Code.

Organizations which have economically autonomous subdivisions located in the territory of the Russian Federation must register with the tax authorities for the location of each economically autonomous subdivision.
The Ministry of Finance of the Russian Federation shall have the right to lay down special considerations relating to the registration with the tax authorities of major taxpayers, taxpayers such as are referred to in clause 1 of Article 275.2 of this Code and 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” or project participants in accordance with Federal Law No. 216-FZ of 29 July 2017 “Concerning Science and Technology Innovation Centres and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”.

Particular considerations relating to the registration of foreign organizations and foreign citizens shall be established by the Ministry of Finance of the Russian Federation.

Special considerations relating to the registration of taxpayers in the context of the performance of production sharing agreements are determined by Chapter 26.4 of this Code.

The federal executive body in charge of control and supervision in the area of taxes and levies shall have the right to lay down special considerations relating to the registration with the tax authorities of organizations not referred to in paragraphs 3 to 5 of this clause based on the volume of receipts of taxes (levies, insurance contributions) and (or) financial and economic indicators (including aggregate amount of income received, average number of employees and value of assets).

1.1 Management companies of closed mutual investment funds to which immovable property of those mutual investment funds has been transferred for fiduciary management must be registered with the tax authorities for the location of that immovable property.

2. The registration of organizations and of private entrepreneurs with a tax authority shall take place irrespective of the circumstances to which this Code links the origination of an obligation to pay a certain tax or levy.

3. The registration of a Russian organization with the tax authorities for the location of the organization and the location of a branch or representation of the organization and the registration of a private entrepreneur with the tax authorities for his place of residence shall be carried out on the basis of information contained in the Unified State Register of Legal Entities and the Unified State Register of Private Entrepreneurs.

4. The registration of a Russian organization with the tax authorities for the location of its economically autonomous subdivisions (other than a branch or representation) shall be carried out by the tax authorities on the basis of
notices presented (sent) by that organization in accordance with clause 2 of Article 23 of this Code.

The registration (deregistration) of a foreign organization with the tax authorities for locations where it carries on activities in the territory of the Russian Federation:

- through an accredited branch or representation shall be carried out on the basis of information contained in the State register of accredited branches and representations of foreign legal entities;

- through a division of a foreign non-commercial non-governmental organization shall be carried out on the basis of information contained in the Unified State Register of Legal Entities;

- through a branch or representation of an international organization or a foreign non-commercial non-governmental organization shall be carried out on the basis of information contained in the register of branches and representations of international organizations and foreign non-commercial non-governmental organizations which is reported by the body referred to in clause 9 of Article 85 of this Code;

- through a representation of a foreign religious organization shall be carried out on the basis of information contained in the register of representations of foreign religious organizations opened in the Russian Federation which is reported by the body referred to in clause 9 of Article 85 of this Code;

- through other economically autonomous subdivisions shall be carried out on the basis of an application for the registration (deregistration) of a foreign organization. An application for registration shall be submitted by a foreign organization to a tax authority not later than 30 calendar days from the day on which it begins to carry on activities in the territory of the Russian Federation. An application for deregistration shall be submitted by a foreign organization not later than 15 calendar days from the day on which it ceases activities in the territory of the Russian Federation. When submitting a registration (deregistration) application, a foreign organization shall present to the tax authority together with that application the documents which are necessary for its registration (deregistration), the list of which shall be approved by the Ministry of Finance of the Russian Federation.

Where an organization has a number of economically autonomous subdivisions in one municipality or in the cities of federal significance Moscow, Saint Petersburg and Sevastopol in territories which are under the jurisdiction of different tax authorities, the registration of the organization may be carried out by the tax authority for the location of one of the economically autonomous subdivisions to be designated by the organization itself. The choice of tax authority shall be indicated by the organization in the notification which is presented (sent) by a Russian organization to the tax
authority for its location and by a foreign organization to its chosen tax authority.

4.1 Where an organization which is a foreign marketing partner of the International Olympic Committee in accordance with Article 3.1 of Federal Law No. 310-FZ of 1 December 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 official broadcasting companies) carries out activities in fulfilment of the obligations of a marketing partner of the International Olympic Committee through an economically autonomous subdivision for a period not exceeding six months which includes 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, the registration of that organization shall take place on the basis of a notification sent by that organization to a tax authority.

Where an organization which is an official broadcasting company in accordance with Article 3.1 of the above-mentioned Federal Law carries out activities under an agreement concluded with the International Olympic Committee or an organization authorized by that Committee through an economically autonomous subdivision for a period not exceeding six months which includes 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, the registration of that organization shall take place on the basis of a notification sent by that organization to a tax authority.

Where an organization which is 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 carries out activities in connection with the organization and holding of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games for a period not exceeding twelve months which includes in whole or in part 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, the registration of that organization shall take place on the basis of a notification sent by that organization to a tax authority.

The standard form of the notification to be used for the registration with a tax authority of an organization which is a foreign marketing partner of the International Olympic Committee, an official broadcasting company and (or) a foreign organizer of the Sochi 2014 XXII Olympic Winter Games and XI Paralympic Winter Games shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.
4.2 Where FIFA (Fédération Internationale de Football Association), subsidiary organizations of FIFA, counterparties of FIFA and confederations and national football associations which are referred to in the Federal Law “Concerning the Preparation and Staging in the Russian Federation of the 2018 FIFA World Cup and the 2017 FIFA Confederations Cup and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and are foreign organizations carry on activities through economically autonomous subdivisions in the territory of the Russian Federation, the registration of such organizations with a tax authority shall be carried out on the basis of notifications sent by those organizations to the tax authority.

The standard form of a notification on the basis of which organizations referred to in paragraph 1 of this clause are to be registered shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

4.3 The registration of an organization as the responsible member of a consolidated group of taxpayers shall be carried out by the tax authority which registered the agreement on the creation of the consolidated group of taxpayers in accordance with Article 25.3 of this Code within five days from the date of its registration, and within the same time period the organization shall be issued (sent) a notification of registration with the tax authority as the responsible member of a consolidated group of taxpayers.

4.4 The registration of an organization as the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records shall be carried out by the tax authority to which a copy of the investment partnership agreement is sent within five days on which it is received or notice of the performance of the functions of managing partner is given in accordance with Article 24.1 of this Code, and within the same time period the organization shall be issued (sent) a notification of registration with the tax authority as the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records under the investment partnership agreement.

The registration of an organization as the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records shall be carried out by a tax authority separately for each investment partnership agreement.

4.5 The registration (deregistration) of a foreign organization with a tax authority as a tax resident of the Russian Federation shall be carried out by a tax authority on the basis of a notice from that foreign organization of self-declaration as a tax resident of the Russian Federation (of renunciation of the status of tax resident of the Russian Federation) such as is provided for in clause 8 of Article 246.2 of this Code.
4.6 The registration (deregistration) with a tax authority of a foreign organization which provides services in electronic form such as are referred to in clause 1 of Article 174.2 of this Code for which the place of sale is deemed to be the territory of the Russian Federation (with the exception of a foreign organization which provides such services through an economically autonomous subdivision located in the territory of the Russian Federation) and makes settlements directly with the purchasers of those services, and of a foreign intermediary organization which is deemed to be a tax agent in accordance with clause 3 of Article 174.2 of this Code (with the exception of a foreign organization which carries on entrepreneurial activities with involvement in settlements directly with purchasers of the above-mentioned services through an economically autonomous subdivision located in the territory of the Russian Federation), shall be carried out by the tax authority on the basis of a registration (deregistration) application and other documents, a list of which shall be approved by the Ministry of Finance of the Russian Federation, except in cases where a foreign organization is deregistered with a tax authority in accordance with clause 5.5 of Article 84 of this Code.

A registration (deregistration) application shall be submitted to a tax authority by foreign organizations such as are referred to in this paragraph not later than 30 calendar days from the day on which those services begin (cease) to be provided.

The registration with a tax authority of a foreign organization which was previously deregistered in accordance with clause 5.5 of Article 84 of this Code shall be carried out by the tax authority on the basis of a registration application and the documents referred to in paragraph 1 of this clause.

4.7 The registration (deregistration) with a tax authority of an international organization which is deemed to be a payer of insurance contributions in accordance with Article 419 of this Code shall be carried out by a tax authority on the basis of an application from that international organization for registration (deregistration) as a payer of insurance contributions.

4.8 The registration (deregistration) of a Russian organization with a tax authority as a tax agent such as is referred to in clause 7.1 of Article 226 of this Code shall be carried out by tax authorities on the basis of an application submitted by that organization to the tax authority for its own location in electronic form through telecommunications channels or via a taxpayer’s personal account within five days from the day on which that application is received, and within the same time period the organization shall be sent a notification of registration (deregistration) with the tax authority concerned as a tax agent.

5. The registration and deregistration of an organization or physical person with the tax authority at the location of immovable property and (or) means of transport belonging to them shall be carried out on the basis of information supplied by the bodies referred to in Article 85 of this Code. An organization must be registered with the tax authorities at the location of immovable
property which belongs to it by right of ownership or on the basis of economic jurisdiction or operational management.

For the purposes of this article the location of assets shall be:

1) in the case of waterborne means of transport (excluding small vessels) – the place of registration of the means of transport;

1.1) in the case of aerial means of transport – the location or place of residence (place of stay) of the physical person who is the owner of the means of transport;

2) in the case of means of transport other than those referred to in subsections 1 and 1.1 of this clause: the location of the organization (or an economically autonomous subdivision thereof) or the place of residence (place of stay) of a physical person at which the means of transport has been registered in accordance with the legislation of the Russian Federation;

3) in the case of other immovable property: the place where the property is actually situated.

5.1 The rules laid down in clause 5 of this Article shall also apply to State-owned and municipally-owned immovable property and means of transport forming part of the assets of organizations (including in accordance with a concession agreement) in relation to which those organizations have been granted rights of possession, use and disposal or rights of possession and use, and in relation to immovable property constituting assets of closed mutual investment funds which has been placed under the fiduciary management of management companies.

5.2 The registration of a Russian organization established as a result of a re-organization in the form of a conversion of form or a merger and of a Russian organization which has been re-organized through acquisition with the tax authority for the location of immovable property which belonged to the re-organized (acquired) organization shall be carried out on the basis of information on the re-organization of the Russian organization which is contained in the Unified State Register of Legal Entities.

6. The registration of a privately practising notary shall be carried out by a tax authority at his place of residence on the basis of information supplied by the bodies referred to in Article 85 of this Code.

The registration of a lawyer shall be carried out by a tax authority at his place of residence on the basis of information supplied by the law chamber of a constituent entity of the Russian Federation in accordance with Article 85 of this Code.
The registration of an arbitration manager or a privately practising appraiser or patent attorney shall be carried out by the tax authority for their place of residence on the basis of information reported in accordance with Article 85 of this Code.

A mediator shall be registered by the tax authority for the place of residence of the physical person concerned (place of stay if the physical person does not have a place of residence in the territory of the Russian Federation) on the basis of an application submitted by that physical person to any tax authority of his choice.

7. The registration with a tax authority of a physical person who is not a private entrepreneur shall be carried out by the tax authority for his place of residence (place of stay if the physical person does not have a place of residence in the territory of the Russian Federation) on the basis of information presented by the bodies referred to in clauses 1 to 6 and 8 of Article 85 of this Code or on the basis of an application of a physical person which is submitted to any tax authority of his choosing.

7.2 The registration (deregistration) of a physical person as a payer of insurance contributions who is recognised as such in accordance with Article 419 of this Code shall be carried out by the tax authority for his place of residence (place of stay if the physical person does not have a place of residence in the territory of the Russian Federation) on the basis of an application of that physical person for registration (deregistration) as a payer of insurance contributions which is submitted to any tax authority of his choosing.

7.3 A physical person (other than persons such as are referred to in Article 227.1 of this Code) who is not a private entrepreneur and renders services to a physical person for personal, domestic and (or) other similar needs without engaging hired workers shall be registered (deregistered) in that capacity by the tax authority for the place of residence of that physical person (place of stay if the physical person does not have a place of residence in the territory of the Russian Federation) on the basis of a notification submitted by him to any tax authority of his choice concerning activities (the cessation of activities) involving the provision of services to a physical person for personal, domestic and (or) other similar needs.

9. Where taxpayers experience difficulties in determining their place of registration, a decision shall be taken by the tax authority on the basis of information provided by the taxpayers.

10. Tax authorities must, on the basis of available data and information concerning taxpayers, ensure the registration (deregistration) of and recording of details concerning taxpayers.
Article 84 Procedure for the Registration and Deregistration of Organizations and Physical Persons. The Taxpayer Identification Number

1. The registration and deregistration of organizations and physical persons with tax authorities on grounds provided for in this Code and the amendment of information held by tax authorities concerning such organizations and physical persons shall be carried out in accordance with the procedure established by the Ministry of Finance of the Russian Federation.

In the case of the registration of physical persons the composition of information concerning those persons shall also include their personal details:

- surname, first name and patronymic;
- date and place of birth;
- gender;
- place of residence;
- passport details or details of another identification document of the taxpayer;
- details of citizenship.

2. A tax authority shall be obliged to register a physical person on the basis of an application from that physical person, submitted in accordance with clauses 6, 7 or 7.2 of Article 83 of this Code, within five days from the day on which that application is received by the tax authority, and within the same time period to issue him a certificate of registration with a tax authority (if no such certificate has previously been issued) or a notification of registration. Where an application of a physical person was sent by registered mail or transmitted electronically via telecommunications channels to the tax authority, the tax authority shall register the physical person on the basis of that application within five days of receiving confirmation of the information contained in that application from the bodies referred to in clauses 3 and 8 of Article 85 of this Code, and within the same period shall issue (send) to the physical person a certificate of registration with the tax authority (if no such certificate has previously been issued).

A tax authority shall be obliged to register a Russian organization at the location of an economically autonomous subdivision of that organization (other than a branch or representation) within five days from which the day on which it receives a notice from that organization in accordance with clause 2 of Article 23 of this Code, to register a Russian organization at the location of a branch or representation of that organization and a foreign non-commercial non-governmental organization at the location where it carries out activities in the territory of the Russian Federation through a division on the basis of information contained in the Unified State Register of Legal Entities within

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five days from the day on which a relevant entry is made in that register, and to register a foreign organization at the location where it carries out activities in the territory of the Russian Federation through an accredited branch or representation on the basis of information contained in the State register of accredited branches or representations of foreign legal entities within five days from the day on which a relevant entry is made in that register, or through another economically autonomous subdivision within five days from the day on which it receives from that organization a registration application and all necessary documents, and within the same period to issue (send) to the Russian organization or foreign organization a notification of registration with a tax authority or a certificate of registration with a tax authority accordingly.

A tax authority shall be obliged to register an international organization, a foreign non-commercial non-governmental organization and a foreign religious organization at the location where they carry on activities in the territory of the Russian Federation through branches or representations within five days of receiving relevant information reported by the body referred to in clause 9 of Article 85 of this Code, and within the same time period must issue (send) to that organization a certificate of registration with a tax authority.

A tax authority which has registered a newly established Russian organization or a private entrepreneur shall be obliged to issue (send) to the Russian organization a certificate of registration with a tax authority, or to the private entrepreneur a certificate of registration with a tax authority (if no such certificate has previously been issued or sent) and a notification of registration with a tax authority confirming the registration of the physical person with the tax authority as a private entrepreneur.

A tax authority shall be obliged to carry out the registration (deregistration) of an organization or a physical person at the location of immovable property and (or) means of transport belonging to them and of a privately practising notary, a lawyer, an arbitration manager, a privately practising appraiser or patent attorney and a mediator at their place of residence within five days from the date of receipt of relevant information reported by the bodies referred to in Article 85 of this Code or an application for the registration (deregistration) of a mediator. The tax authority shall be obliged, within the same time period, to issue (send):

- to an organization (a physical person) – a notification of registration with a tax authority confirming registration with the tax authority for the location of immovable property and (or) means of transport belonging to it (him) (a notification of deregistration with the tax authority);

- to a privately practising notary (a lawyer) – a certificate of registration with a tax authority (where no such certificate has previously been issued or sent) and (or) a notification of registration with a tax authority confirming the registration of the physical person with the tax authority as a privately
practising notary (a lawyer) (a notification of deregistration with the tax authority); 

- to an arbitration manager, a privately practising appraiser or patent attorney or a mediator – a notification of registration with a tax authority confirming the registration of the physical person with a tax authority as an arbitration manager, a privately practising appraiser or patent attorney or a mediator respectively (notification of deregistration with a tax authority).

A tax authority shall be obliged to carry out the registration (deregistration) of an organization or a physical person on other grounds provided for in this Code within five days from the day on which it receives the relevant application or information supplied by the bodies referred to in Article 85 of this Code, except as otherwise provided by paragraph 9 of this clause, and within the same time period to issue (send) a notification of registration (notification of deregistration) with the tax authority, except as otherwise provided in this Code.

Where there is a need for a work permit to be drawn up for a foreign citizen or a stateless person within a reduced time period in accordance with the legislation of the Russian Federation, a tax authority shall be obliged to register the foreign citizen or stateless person in relation to whom documents required for the drawing-up of a work permit have been accepted for consideration at their place of stay within three days from the date of receipt of relevant information from a body which issues work permits to foreign citizens and stateless persons, and within the same time period to send information on the registration of the foreign citizen or stateless person with the tax authority to the body which issues work permits to foreign citizens and stateless persons.

A tax authority shall be obliged to carry out the registration of a foreign organization such as is referred to in clause 4.6 of Article 83 of this Code within 30 days from the day on which it receives a registration application and other necessary documents and to send a notification of registration with a tax authority to that foreign organization within the same time period using the electronic mail address given in the registration application. If the tax authority finds inaccurate information contained in the registration application and (or) other documents submitted by the foreign organization to the tax authority, registration with the tax authority shall not take place. In this respect, the tax authority shall inform the organization concerned of that fact. In this case the registration of the foreign organization shall take place within 30 days from the day on which the tax authority receives a registration application and other necessary documents containing accurate information.

Where a physical person is registered (deregistered) on the basis of clause 7.3 of Article 83 of this Code, a notification of registration (deregistration) with a tax authority shall not be issued (shall not be sent).
Amendments to details of Russian organizations, divisions of foreign non-commercial non-governmental organizations in the territory of the Russian Federation or private entrepreneurs, with the exception of information supplied by bodies such as are referred to in clauses 3 and 8 of Article 85 of this Code, shall be registered by the tax authority for the location of a Russian organization, the location of a branch or representation of a Russian organization, the location where a foreign non-commercial non-governmental organization carries out activities in the territory of the Russian Federation through a division or the place of residence of a private entrepreneur on the basis of information contained in the Unified State Register of Legal Entities and the Unified State Register of Private Entrepreneurs accordingly.

Amendments to details of economically autonomous subdivisions (other than branches and representations) of Russian organizations shall be registered by the tax authorities for the locations of those economically autonomous subdivisions on the basis of notices presented (sent) by a Russian organization in accordance with clause 2 of Article 23 of this Code.

Amendments to details of foreign organizations (including accredited branches, representations and other economically autonomous subdivisions, with the exception of those referred to in paragraphs 1 and 5 of this clause) shall be registered by the tax authorities for the locations of those economically autonomous subdivisions on the basis of, accordingly, information contained in the State register of accredited branches and representations of foreign legal entities or an application from a foreign organization. At the same time as it submits such an application a foreign organization shall present documents which are needed in order for the information in question to be registered by the tax authority, a list of which shall be approved by the Ministry of Finance of the Russian Federation.

Amendments to details of a foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code shall be registered by the tax authority on the basis of an application from that foreign organization. At the same time as that application is submitted, the foreign organization shall present documents which are needed in order for those details to be registered with the tax authority and the list of which is approved by the Ministry of Finance of the Russian Federation.

Amendments to information on an international organization, a foreign non-commercial non-governmental organization and a foreign religious organization which carry on activities in the territory of the Russian Federation and branches and representations thereof must be registered by the tax authorities for the location of such branches and representations on the basis of information reported by the body referred to in clause 9 of Article 85 of this Code.

Amendments to details of private entrepreneurs and physical persons who are not private entrepreneurs and details of privately practising notaries, lawyers,
arbitration managers, privately practising appraisers and patent attorneys and mediators shall be registered by the tax authority for their place of residence on the basis of information supplied by the bodies referred to in Article 85 of this Code.

3.1 Information on the conferment on economically autonomous subdivisions (including branches and representations) of a Russian organization which have been established in the territory of the Russian Federation of authority (withdrawal of authority) to credit payments and other remunerations in favour of physical persons shall be recorded by the tax authorities for the location of those economically autonomous subdivisions (including branches and representations) on the basis of notices presented by the Russian organization in accordance with subsection 7 of clause 3.4 of Article 23 of this Code.

4. In the event of a change in the location of an organization, the location of an economically autonomous subdivision of an organization or the place of residence of a physical person, they shall be deregistered by the tax authority with which the organization or physical person was registered. In this respect, the tax authority shall carry out the deregistration:

- of a Russian organization (including as the responsible member of a consolidated group of taxpayers or as the participant in an investment partnership agreement which is the managing partner responsible for maintaining tax records) at its own location or at the location of a branch or representation thereof or an aircraft or a means of transport such as is referred to in subsection 2 of clause 5 of Article 83 of this Code, and of a foreign non-commercial non-governmental organization at the location of activities carried out in the territory of the Russian Federation through a division – within five days from the day on which relevant information is entered in the Unified State Register of Legal Entities;

- of a Russian organization at the location of another economically autonomous subdivision – within five days from the day on which it receives the notice presented (sent) by the Russian organization in accordance with clause 2 of Article 23 of this Code;

- of a foreign organization at the location where it carries on activities in the territory of the Russian Federation through an accredited branch or representation – within five days from the date of entry of relevant details contained in the State register of accredited branches and representations of foreign legal entities;

- of an international organization, a foreign non-commercial non-governmental organization or a foreign religious organization at the location where they carry on activities in the territory of the Russian Federation through branches and representations – within five days of receiving relevant
information reported by the body referred to in clause 9 of Article 85 of this Code;

- of a foreign organization at the place of activities carried out in the territory of the Russian Federation through another economically autonomous subdivision – within five days from the day on which it receives the relevant application, unless otherwise provided by this clause;

- of a physical person (including one registered as a private entrepreneur, a privately practising notary, a lawyer, an arbitration manager or a privately practising appraiser, patent attorney or mediator) at his place of residence or at the location of an aircraft or the location of a means of transport such as is referred to in subsection 2 of clause 5 of Article 83 of this Code – within five days from the day on which it receives registration details supplied in accordance with Article 85 of this Code by bodies which carry out the registration of physical persons at their place of residence.

The registration of an organization with the tax authority for its new location or the location of an economically autonomous subdivision shall be carried out on the basis of documents received from the tax authority for the former location of the organization or location of an economically autonomous subdivision accordingly.

The registration of a physical person with the tax authority for his new place of residence shall be carried out on the basis of details of registration which are communicated in accordance with Article 85 of this Code by bodies which carry out the registration of physical persons at their place of residence.

The deregistration of a physical person with a tax authority may also be carried out by that tax authority upon receiving relevant information concerning the registration of that physical person with another tax authority for his place of residence.

5. Where a Russian organization ceases activities in connection with liquidation, as a result of re-organization or in other cases established by federal laws or a physical person ceases activities as a private entrepreneur, their deregistration with tax authorities on all grounds provided for in this Code shall be carried out on the basis of information contained in the Unified State Register of Legal Entities and the Unified State Register of Private Entrepreneurs accordingly.

Where a Russian organization ceases activities through a branch or representation (a branch or representation is closed) or a foreign non-commercial non-governmental organization ceases activities in the territory of the Russian Federation through a division, the deregistration of the Russian organization by the tax authority for the location of that branch (representation) and the deregistration of the foreign organization by the tax authority for the location of activities carried out in the territory of the Russian Federation.
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Federation through that division shall be carried out on the basis of information contained in the Unified State Register of Legal Entities, but not before the completion of an on-site tax audit if one is being carried out.

Where a foreign organization ceases activities through an accredited branch or representation, the deregistration of the foreign organization by the tax authority for the location where activities are carried on in the territory of the Russian Federation shall be carried out on the basis of information contained in the State register of accredited branches and representations of foreign legal entities.

In the event that a branch or representation of an international organization or a foreign non-commercial non-governmental organization is excluded from the register of branches and representations of international organizations and foreign non-commercial non-governmental organizations or a representation of a foreign religious organization is excluded from the register of representations of foreign religious organizations opened in the Russian Federation, the deregistration of the branch or representation of the international organization or foreign non-commercial non-governmental organization or the representation of the foreign religious organization shall be carried out by the tax authority for the location of the branch or representation concerned on the basis of information reported by the body referred to in clause 9 of Article 85 of this Code.

In the event of the cessation of activities (closure) of another economically autonomous subdivision of a Russian organization (a foreign organization), the deregistration of the organization by the tax authority for the location of that economically autonomous subdivision shall be carried out on the basis of the notice received by the tax authority from the Russian organization in accordance with clause 2 of Article 23 of this Code (an application from the foreign organization) within 10 days from the day of the receipt of that notice (application), but not before the completion of an on-site tax audit if one is being carried out.

In the event of the termination of office of a privately practising notary, the termination of the status of a lawyer, the termination of the membership of an arbitration manager or a privately practising appraiser of a corresponding self-regulatory organization, the exclusion of a privately practising patent attorney from the Register of Patent Attorneys of the Russian Federation, the termination of private practice by an appraiser or a patent attorney or the cessation of activities of a mediator, their deregistration shall be carried out by a tax authority on the basis of information supplied by the bodies referred to in Article 85 of this Code or an application for the deregistration of a mediator.

An application for registration (deregistration) with a tax authority on grounds provided for in this Code, a notification of a physical person of activities (the cessation of activities) involving the rendering of services to a physical person for personal, domestic and (or) other similar needs, an application of a foreign
organization and a notification of the choice of tax authority for the registration of an organization at the location of one of its economically autonomous subdivisions may be submitted to the tax authority in person or through a representative, sent by registered mail or transmitted in electronic form via telecommunications channels or via a taxpayer’s personal account, except as otherwise provided in this Code. If the above-mentioned application (notification) is transmitted to the tax authority in electronic form, it must be certified by the enhanced qualified electronic signature of the person submitting that application (notification) or of a representative of that person, except as otherwise provided in this Code.

Where a tax authority receives an application for registration (deregistration) with the tax authority on grounds provided for in this Code, an application of a foreign organization, a notification of the choice of tax authority for the registration of an organization at the location of one of its economically autonomous subdivisions or a notice such as is provided for in subsection 3 and (or) 3.1 of clause 2 of Article 23 of this Code via telecommunications channels or via a taxpayer’s personal account, a certificate of registration with a tax authority and (or) a notification of registration with a tax authority (notification of deregistration with a tax authority) shall be sent to the organization or physical person, including a private entrepreneur, via telecommunications channels or via a taxpayer’s personal account. In this respect, the tax authority shall be obliged to present the documents provided for in this clause in writing in paper form at the request of the organization or the physical person, including a private entrepreneur.

The standard forms and formats of an application for registration (deregistration) with a tax authority on grounds provided for in this Code, of a notification of a physical person of activities (the cessation of activities) involving the rendering of services to a physical person for personal, domestic and (or) other similar needs, of an application of a foreign organization, of a notification of the choice of tax authority for the registration of an organization at the location of one of its economically autonomous subdivisions, of a request and of documents confirming registration (deregistration) with a tax authority such as are referred to in this Article, the procedure for completing the standard forms of an application, notification and request, the procedure for presenting an application, notification and request to a tax authority in electronic form and the procedure for the sending by a tax authority to an applicant of documents confirming registration (deregistration) with a tax authority in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

An application for the registration (deregistration) of a foreign organization with a tax authority on the ground provided for in clause 4.6 of Article 83 of this Code and other necessary documents may be presented to the tax authority through a representative, by registered mail or in electronic form via the official site of the federal executive body in charge of control and
supervision in the area of taxes and levies on the “Internet” data network without the use of an enhanced qualified electronic signature. Where a foreign organization has been deregistered with a tax authority on the ground provided for in clause 5.5 of this Article, within one year from the day on which it was deregistered on that ground the registration application and other necessary documents may be presented to the tax authority through a representative or sent by registered mail.

5.2 The deregistration of an organization as the responsible member of a consolidated group of taxpayers shall be carried out by a tax authority within five days from the date of the cessation of operation of the consolidated group of taxpayers in accordance with Article 25.6 of this Code, and within the same time period the organization shall be issued (sent) a notification of deregistration with the tax authority as the responsible member of a consolidated group of taxpayers.

5.3 The deregistration of an organization as the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records shall be carried out by a tax authority within five days from the date of receipt of a notice of the termination of the investment partnership agreement or the cessation of performance of the functions of a managing partner in accordance with Article 24.1 of this Code, and within the same time period the organization shall be issued (sent) a notification of deregistration with the tax authority as the participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records.

5.4 The deregistration of a foreign organization with a tax authority upon the cessation by that organization of activities referred to in clause 3 of Article 174.2 of this Code shall be carried out by the tax authority within 30 days of the receipt of an application for deregistration with the tax authority, but not before the completion of an in-house tax audit of the tax declaration for value added tax for the tax period in which that application was submitted and the completion of measures such as are provided for in Articles 46 and 47 of this Code for the recovery of value added tax arrears and indebtedness in respect of penalties and fines owed by the foreign organization in question.

5.5 A tax authority shall have the right to deregister a foreign organization which is registered in accordance with clause 4.6 of Article 83 of this Code without the submission of a deregistration application if one of the following grounds exists:

1) the tax authority finds inaccurate information contained in the registration application and (or) other documents submitted by the organization in question to the tax authority on the basis of which it was registered with the tax authority;
2) if the organization in question fails to comply with a demand for the payment of value added tax, penalties and fines within 12 months of the expiry of the deadline for compliance with that demand. The provisions of this subsection shall not apply if the organization in question has submitted an application for deregistration with a tax authority in accordance with clause 5.4 of this Article;

3) if the organization in question fails to comply with a demand for the presentation of documents (information) which was sent by the tax authority in accordance with Article 93 of this Code within three months of the expiry of the deadline for compliance with that demand;

4) if the organization in question fails to submit a tax declaration for value added tax to the tax authority within six months from the date of expiry of the established time limit for the submission of such a declaration if the tax authority has proof that services such as are referred to in clause 1 of Article 174.2 of this Code for which the place of sale is deemed to be the territory of the Russian Federation were provided in the tax period concerned;

5) if the foreign organization in question fails to pay within the established time limits amounts of value added tax arrears and indebtedness in respect of penalties and fines which were restored in accordance with clause 1.1 of Article 59 of this Code.

5.6 The deregistration of a foreign organization with a tax authority on the ground provided for in subsections 1 to 4 of clause 5.5 of this Article shall be carried out by a tax authority not before the completion of measures such as are provided for in Articles 46 and 47 of this Code for the recovery of value added tax arrears and indebtedness in respect of penalties and fines owed by the foreign organization in question.

6. Registration and cancellation of registration shall be carried out free of charge.

7. Every taxpayer shall be assigned a taxpayer identification number which shall be the same in the entire territory of the Russian Federation for all types of taxes and levies.

The tax authority shall indicate the taxpayer identification number in all notifications sent to the taxpayer.

Every taxpayer shall indicate his identification number in declarations, reports, applications and other documents submitted to the tax authority and in other instances provided for in legislation, unless otherwise provided by this Article.

The procedure and conditions for the assignment, use and alteration of the taxpayer identification number shall be determined by the federal executive body in charge of control and supervision in the area of taxes and levies.
Physical persons who are not private entrepreneurs shall have the right not to enter taxpayer identification numbers in tax declarations, applications or other documents which are submitted to tax authorities, in which case they shall indicate their personal details as provided in clause 1 of Article 84 of this Code.

8. On the basis of registration data the federal executive body in charge of control and supervision in the area of taxes and levies shall maintain the Unified State Register of Taxpayers in accordance with the procedure established by the Ministry of Finance of the Russian Federation. The composition of information to be contained in the Unified State Register of Taxpayers shall be determined by the Ministry of Finance of the Russian Federation.

9. A taxpayer’s details shall constitute tax secrets from the time of his registration with a tax authority unless otherwise stipulated by Article 102 of this Code.

10. Organizations which are tax agents and which have not been registered as taxpayers must be registered with the tax authorities for their location in accordance with the procedure which is stipulated by this Chapter for organizations which are taxpayers.

Article 85

Obligations of Bodies, Institutions, Organizations and Officials to Provide Information Relating to the Registration of Organizations and Physical Persons to Tax Authorities

1. Justice bodies which confer powers on notaries shall be obliged to inform the tax authorities for their location of physical persons who have been appointed to or dismissed from the post of privately practising notary within five days from the day on which the relevant order is issued.

2. Law chambers of constituent entities of the Russian Federation must, not later than the 10th of each month, report to the tax authority at the location of a law chamber of a constituent entity of the Russian Federation information concerning lawyers which was entered in the register of lawyers of the constituent entity of the Russian Federation in the preceding month (including information concerning the form of legal practice chosen by them) or was excluded from that register, and concerning decisions adopted in that month concerning the suspension (renewal) of the status of lawyers.

3. Bodies which carry out the registration (migration registration) of physical persons at their place of residence (place of stay) or the registration of acts of civil status of physical persons and guardianship and custodianship bodies shall be obliged to report instances of the registration of a physical person at a place of residence and the migration registration (migration deregistration) of
a foreign worker at a place of stay and to report births and deaths of physical persons, marriages, dissolutions of marriages, instances of the establishment of paternity and instances of the establishment and termination of guardianship and custodianship to the tax authorities for the location of those bodies within 10 days after the day of the registration or migration registration (migration deregistration) of the above-mentioned persons or the day of the registration of acts of civil status of physical persons.

Bodies which issue work permits or patents to foreign citizens or stateless persons shall be obliged to report information on the migration registration at a place of stay of foreign citizens or stateless persons who are not registered with the tax authorities and in relation to whom documents required for the drawing-up of a work permit or a licence have been accepted for consideration to the tax authority for the location of those bodies not later than the day following the day on which the above-mentioned documents are accepted.

Diplomatic representations and consular institutions of the Russian Federation shall be obliged to report registered births and deaths, marriages, dissolutions of marriages, instances of the establishment of paternity and instances of the establishment of guardianship and custodianship of physical persons temporarily staying abroad who are registered at a place of residence (place of stay) in the Russian Federation to the tax authority for the location of the federal executive body responsible for the formulation and implementation of State policy and normative legal regulation in the area of international relations of the Russian Federation within three months after the registration of those events.

4.

Bodies which carry out State cadastral registration and the State registration of rights in immovable property and bodies which carry out the registration of means of transport shall be obliged to provide information concerning immovable property located in the territory under their jurisdiction, concerning means of transport which have been registered with those bodies (rights and transactions which have been registered with those bodies) and concerning the owners thereof to the tax authorities at their location within 10 days from the day on which such registration takes place, and to present that information before 15 February of each year, current as at 1 January of the current year.

4.1

The authorized federal executive body which carries out functions involving control (supervision) over the activities of self-regulatory organizations of arbitration managers and appraisers shall be obliged, not later than the 10th of each month, to communicate to the tax authority for its location information for the preceding month on arbitration managers and privately practising appraisers who are members of corresponding self-regulatory organizations who have been included in or excluded from consolidated registers of members of those self-regulatory organizations, and of the cessation of private practice by an appraiser.
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The federal executive body for intellectual property shall be obliged to communicate to the tax authority for its location, not later than the 10th of each month, information for the preceding month on privately practising patent attorneys who have been registered in the Register of Patent Attorneys of the Russian Federation, excluded from that register or re-included in that register, and of the cessation of private practice by a patent attorney.

5. Guardianship and custodianship bodies shall be obliged to give notice of the establishment of a guardianship or custodianship and the administration of property in relation to physical persons who own (possess) property, including the placing of a child who owns (possesses) property in an adoptive family, and of subsequent changes associated with such guardianship, custodianship or administration of property, to the tax authorities for the locality of those bodies within 10 days from the day on which the relevant decision is adopted.

6. Bodies (institutions) authorized to perform notarial acts and privately practising notaries shall be obliged to report the issuance of certificates of inheritance rights and the notarial certification of gift agreements to the tax authorities at their location or place of residence respectively not later than five days from the day on which such notarial certification occurs, unless otherwise provided by this Code. In this respect, information on the certification of gift agreements should contain information on the degree of kinship between the donor and the donee.

7. Bodies which carry out the recording and (or) registration of users of natural resources and the licensing of activities associated with the use of such resources must give notice of the granting of rights to such use which constitute an object of taxation to the tax authorities for their locality within ten days after the registration of (issuance of an appropriate licence or permit to) the user of natural resources.

8. Bodies which carry out the issue and replacement of documents certifying the identity of a citizen of the Russian Federation in the territory of the Russian Federation shall be obliged to provide to the tax authority at the place of residence of a citizen information:

- concerning instances of the initial issue or replacement of a document certifying the identity of the citizen of the Russian Federation in the territory of the Russian Federation and concerning changes in personal details contained in the newly issued document within five days from the date of issue of the new document;

- concerning instances of the submission by the citizen to those bodies of a declaration of the loss of a document certifying the identity of the citizen of the Russian Federation in the territory of the Russian Federation within three days from the date of submission thereof.
9. The body authorized to maintain the register of branches and representations of international organizations and foreign non-commercial non-governmental organizations and the register of representations of foreign religious organizations opened in the Russian Federation shall be obliged to report the insertion of information in the corresponding register (amendments made to the register) to its local tax authority within 10 days of that information being inserted (of those amendments being made).

9.3 Bodies which exercise powers in the area of the State cadastral valuation of items of immovable property, land management, State land monitoring, the State registration of rights in immovable property and transactions involving such property and State cadastral registration in the Republic of Crimea and the city of federal significance Sevastopol shall be obliged to communicate to the tax authorities of the Republic of Crimea and the city of federal significance Sevastopol by 1 March 2015 information which they have on items of immovable property (including plots of land) and right holders therein as at 1 January 2015 and to fulfil the obligations established by clause 4 of this Article.

9.4 Administrative bodies of the Pension Fund of the Russian Federation and its territorial bodies shall be obliged to supply to the tax authorities for their location information on the registration (deregistration) of insured persons and on amendments to that information within 10 days from the day on which such registration (deregistration or amendment of information) occurs.

10. The standard forms and formats of information provided for in this Article which is presented in paper or electronic form and the procedure for completing standard forms shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

11. The bodies referred to in clauses 3, 4, 8 and 9.4 of this Article shall present relevant information to tax authorities in electronic form. The procedure for the presentation of information to tax authorities in electronic form shall be determined by an agreement between the interacting parties.

12. Information such as is referred to in this Article shall be presented to tax authorities free of charge.

13. Bodies, institutions and organizations referred to in this Article or notaries or officials authorized to perform notarial acts shall also present the information provided for in this Article to tax authorities upon their request within five days of receiving a request.
Article 85.1 Obligations of Bodies Which Open and Maintain Ledger Accounts in Accordance with the Budget Legislation of the Russian Federation in Regard to the Registration of Taxpayers

1. The Federal Treasury (another body which opens and maintains ledger accounts in accordance with the budget legislation of the Russian Federation) shall be obliged to report the opening (closing, changes in details) of a ledger account of an organization to the tax authority for its location in electronic form within three days from the day of the relevant event.

2. The forms and formats of notices of the opening (closing, changes in details) of ledger accounts for organizations with the Federal Treasury (another body which opens and maintains ledger accounts in accordance with the budget legislation of the Russian Federation), the list of types of ledger accounts which are reported to the tax authorities and the procedure for the reporting by the Federal Treasury (another body which opens and maintains ledger accounts in accordance with the budget legislation of the Russian Federation) of the opening (closing, changes in details) of ledger accounts to tax authorities 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 86 Obligations of Banks in Connection with the Exercise of Tax Control

1. Banks shall open accounts and deposits and authorize the use of corporate electronic payment media for transfers of electronic money for:

1) Russian organizations, foreign non-commercial non-governmental organizations which carry on activities in the territory of the Russian Federation through divisions, accredited branches and representations of foreign organizations and private entrepreneurs – provided that information on their taxpayer identification number, code of reason for registration with a tax authority and date of registration with a tax authority is contained in the Unified State Register of Legal Entities, the State register of accredited branches and representations of foreign legal entities and the Unified State Register of Private Entrepreneurs respectively;

2) foreign organizations not referred to in subsection 1 of this clause, privately practising notaries and lawyers who have founded law offices – provided that those persons present an appropriate certificate of registration with a tax authority.

1.1 A bank shall be obliged to present to the tax authority for its location information on the opening or closing of an account or deposit (deposit account), on changes in the details of an account or deposit (deposit account) of an organization, a private entrepreneur or a physical person who is not a private entrepreneur, on the authorization or termination of the authorization of an organization or a private entrepreneur to use corporate electronic
payment media for transfers of electronic money and on changes in the details of a corporate electronic payment medium.

Information shall be presented in electronic form within three days from the day of the relevant event.

The procedure for the presentation by a bank of notice of the opening or closing of an account or deposit (deposit account), of changes in the details of an account or deposit (deposit account) of an organization, a private entrepreneur or a physical person who is not a private entrepreneur, of the authorization or termination of the authorization of an organization or a private entrepreneur to use corporate electronic payment media for transfers of electronic money and of changes in the details of a corporate electronic payment medium in electronic form shall be established by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

The standard forms and formats of notices of a bank to a tax authority concerning the opening or closing of an account or deposit (deposit account) of an organization, a private entrepreneur or a physical person who is not a private entrepreneur, concerning changes in the details of an account or deposit (deposit account), concerning the authorization or termination of the authorization of an organization or a private entrepreneur to use corporate electronic payment media for transfers of electronic money and concerning changes in the details of a corporate electronic payment medium shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. Banks shall be obliged to issue to tax authorities statements of accounts and deposits (deposit accounts) held with a bank and (or) of balances of monetary resources (precious metals) in accounts and deposits (deposit accounts), statements of operations on accounts and deposits (deposit accounts) of organizations, private entrepreneurs and physical persons who are not private entrepreneurs and statements of electronic money balances and electronic money transfers in accordance with the legislation of the Russian Federation in electronic form within three days after the receipt of a reasoned request from a tax authority in cases provided for in this clause.

Statements of accounts and deposits (deposit accounts) held and (or) of balances of monetary resources (precious metals) in accounts and deposits (deposit accounts), statements of operations on bank accounts and deposits (deposit accounts) of organizations and private entrepreneurs and statements of electronic money balances and electronic money transfers may be requested by tax authorities in the context of performing tax audits of the above-mentioned persons or requesting documents (information) from them in accordance with Article 93.1 of this Code, and when issuing a decision on the recovery of tax and adopting decisions on the suspension of operations on accounts of an organization or a private entrepreneur or the suspension of
electronic money transfers or on the cancellation of the suspension of operations on accounts of an organization or a private entrepreneur or the cancellation of the suspension of electronic money transfers.

Statements of accounts and deposits (deposit accounts) held and (or) of balances of monetary resources (precious metals) in accounts and deposits (deposit accounts), statements of operations on bank accounts and deposits (deposit accounts) of physical persons who are not private entrepreneurs and statements of electronic money balances and electronic money transfers may be requested by tax authorities subject to the consent of the director of a higher tax authority or the director (deputy director) of the federal executive body in charge of control and supervision in the area of taxes and levies in the context of the performance of tax audits in relation to those persons or requesting documents (information) from them in accordance with clause 1 of Article 93.1 of this Code.

Tax authorities may request statements of accounts and deposits (deposit accounts) held and (or) of balances of monetary resources in accounts and deposits (deposit accounts), statements of operations on bank accounts and deposits (deposit accounts) of organizations, private entrepreneurs and physical persons who are not private entrepreneurs and statements of electronic money balances and electronic money transfers of organizations, private entrepreneurs and physical persons who are not private entrepreneurs from a bank on the basis of a request from an authorized body of a foreign state in cases provided for in international treaties of the Russian Federation.

Statements of accounts and deposits (deposit accounts) held and (or) of balances of monetary resources in accounts and deposits (deposit accounts) and statements of operations on bank accounts and deposits (deposit accounts) of foreign organizations and re-organized or liquidated organizations may be requested by tax authorities from banks if the above-mentioned organizations were participants in a transaction (operation) and (or) a set of transactions (operations) with a person in relation to which a tax audit is being conducted or from which documents (information) are requested in accordance with Article 93.1 of this Code.

3. Requests to a bank shall be sent by tax authorities in electronic form. The standard form (formats) of and procedure for the sending by a tax authority of a request to a bank shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

The form of and procedure for the presentation of information by banks in electronic form at the request of tax authorities shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Central Bank of the Russian Federation.
The formats in which banks are to present information in electronic form upon requests from tax authorities shall be approved by the Central Bank of the Russian Federation in consultation with the federal executive body in charge of control and supervision in the area of taxes and levies.

4. The rules laid down in clauses 1.1 to 3 of this Article shall also apply in relation to accounts which are opened for the purpose of professional activities for privately practising notaries and lawyers who have founded legal offices and in relation to corporate electronic payment media of the above-mentioned persons which are used for transfers of electronic money.

The rules laid down in this Article shall also apply in relation to investment partnership accounts which are opened by a participant in an investment partnership agreement which is the managing partner responsible for the maintenance of tax records for the purpose of carrying out operations associated with the management of the partners’ common affairs under the investment partnership agreement and in relation to corporate electronic payment media which are used for transfers of electronic money in connection with such operations.

5. The obligations provided for in clause 2 of this Article shall also be performed by a credit organization whose licence to carry on banking operations has been revoked until the day on which an entry concerning the liquidation of the organization in question is made in the Unified State Register of Legal Entities.

Article 87  Tax Audits

1. Tax authorities shall perform the following types of tax audits of taxpayers, levy payers, payers of insurance contributions and tax agents:

1) in-house tax audits;

2) on-site tax audits.

2. The purpose of in-house and on-site tax audits shall be to check compliance by a taxpayer, levy payer, payer of insurance contributions or tax agent with tax and levy legislation.

Article 88  In-House Tax Audit

1. An in-house tax audit shall be performed at the location of a tax authority on the basis of tax declarations (computations) and documents submitted by a taxpayer and other documents concerning a taxpayer’s activities which are in the possession of the tax authority. A special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of
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Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) accompanying documents and (or) information, and information contained in such special declaration and (or) documents, may not constitute a basis for conducting an in-house tax audit.

An in-house tax audit of a computation of the financial result of an investment partnership shall be performed by the tax authority with which the participant in the investment partnership agreement which is the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner responsible for the maintenance of tax records”) is registered.

1.1 Where a tax declaration (computation) is submitted for a tax (accounting) period for which tax monitoring is conducted, an in-house tax audit shall not be performed except in the following cases:

1) the submission of a tax declaration (computation) later than 1 July of the year following the period for which tax monitoring is conducted;

2) the submission of a value added tax declaration in which the right to a reimbursement of tax is claimed or an excise duty declaration in which a reimbursement of an amount of excise duty is claimed;

3) the submission of a revised tax declaration (computation) in which the amount of tax payable to the budget system of the Russian Federation has decreased or the amount of a loss made has increased compared with the previously submitted tax declaration (computation);

4) the early termination of tax monitoring.

2. An in-house tax audit shall be performed by authorized officials of a tax authority in accordance with their official duties without any special decision of the director of the tax authority within three months from the day on which a taxpayer submits a tax declaration (computation) (within six months from the day on which a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code submits a tax declaration for value added tax), unless otherwise provided by this clause.

Where a taxpayer which is a controlling person of an organization and is recognised as such in accordance with Chapter 3.4 of this Code or a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code has not submitted a tax declaration (computation) to a tax authority within the established time limit, authorized officials of the tax authority shall have the right to carry out an in-house tax audit on the basis of documents (information) in their possession concerning the taxpayer and data on other similar taxpayers within three months (within six months in the case of a foreign organization which is
required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code) of the expiry of the time limit established by tax and levy legislation for the submission of that tax declaration (computation).

In the event that, before the in-house tax audit of documents (information) in the tax authority’s possession is completed, the taxpayer submits a tax declaration, the in-house tax audit shall be terminated and a new in-house tax audit shall be commenced on the basis of the tax declaration submitted. The termination of the in-house tax audit shall signify the termination of all actions of the tax authority in relation to documents (information) in the tax authority’s possession. In this respect, documents (information) obtained by the tax authority in the course of the terminated in-house tax audit may be used in performing tax control measures in relation to the taxpayer.

An in-house tax audit on the basis of a tax declaration for value added tax of documents submitted to a tax authority and other documents concerning a taxpayer’s activities which are in a tax authority’s possession shall be carried out within two months of that tax declaration being submitted (within six months of a tax declaration for value added tax being submitted by a foreign organization which is registered with the tax authority in accordance with clause 4.6 of Article 83 of this Code).

Where, before completing an in-house tax audit of a tax declaration for value added tax, a tax authority finds indications of a possible violation of tax and levy legislation, the director (deputy director) of the tax authority shall have the right to adopt a decision to extend the time period for performing the in-house tax audit. The time period for an in-house tax audit may be extended to three months from the day on which the tax declaration for value added tax was submitted (with the exception of an in-house tax audit of a tax declaration for value added tax submitted by a foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code).

3. In the event that an in-house tax audit reveals errors in a tax declaration (computation) and (or) inconsistencies in information contained in documents submitted, or reveals discrepancies between information presented by the taxpayer and information which is contained in documents possessed by the tax authority or which has been obtained by the tax authority in the course of conducting tax control, the taxpayer shall be informed of this and requested to give necessary explanations within five days or to make appropriate adjustments within the established time limit.

When performing an in-house tax audit on the basis of a revised tax declaration (computation) in which a lesser amount of tax payable to the budget system of the Russian Federation is shown than in the previously submitted declaration (computation), a tax authority shall have the right to order the taxpayer to submit within five days whatever explanations are needed to justify the changes in the relevant indicators in the tax declaration (computation).
When performing an in-house tax audit of a tax declaration (computation) in which the amount of a loss made in the relevant accounting (tax) period is stated, a tax authority shall have the right to order the taxpayer to submit within five days whatever explanations are needed to justify the amount of the loss which was made.

Taxpayers who are required by this Code to submit a tax declaration for value added tax in electronic form shall, when an in-house tax audit of that tax declaration is being carried out, present explanations such as are provided for in this clause in electronic form via telecommunications channels through an electronic document interchange operator in the format prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies. If the above-mentioned explanations are presented in paper form, those explanations shall not be considered to have been presented.

3.1 Where a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code fails to submit a tax declaration for value added tax within the established time limit, the tax authority shall, within 30 calendar days of the expiry of the established time limit for the submission of that declaration, send the organization concerned a notification of the need to submit such a tax declaration. The standard form and format of that notification shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

4. A taxpayer which presents to a tax authority explanations regarding errors revealed in a tax declaration (computation), inconsistencies in information contained in documents submitted, changes in particular indicators in a revised tax declaration (computation) which has been submitted in which the amount payable to the budget system of the Russian Federation has been reduced and the amount of a loss which has been made shall have the right additionally to present to the tax authority extracts from tax and (or) accounting ledgers and (or) other documents confirming the accuracy of data entered in a tax declaration (computation).

5. A person performing an in-house tax audit shall be obliged to examine explanations and documents presented by a taxpayer. If, after examining explanations and documents presented, or in the absence of explanations from the taxpayer, the tax authority finds that a tax offence or another violation of tax and levy legislation has been committed, officials of the tax authority shall be obliged to draw up an audit report in accordance with the procedure prescribed by Article 100 of this Code.

6. When carrying out an in-house tax audit, a tax authority shall have the right to request a taxpayer organization or a taxpayer private entrepreneur to present necessary explanations regarding operations (property) in relation to which tax concessions have been applied within five days, and (or) to request those
taxpayers, in accordance with the established procedure, to present documents confirming their right to the tax concessions in question.

7. When performing an in-house tax audit a tax authority shall not have the right to require a taxpayer to provide additional information and documents unless otherwise provided by this Article or unless this Code requires such documents to be presented together with a tax declaration (computation).

8. Upon the submission of a tax declaration for value added tax in which the right to a tax reimbursement is claimed, an in-house tax audit shall be performed with account taken of the special considerations which are laid down in this clause on the basis of tax declarations and documents presented by the taxpayer in accordance with this Code.

A tax authority shall have the right to require a taxpayer to produce documents which confirm the legitimacy of the application of tax deductions in accordance with Article 172 of this Code.

8.1 Where conflicts are found in details of operations which are contained in a tax declaration for value added tax, or where details of operations which are contained in a tax declaration for value added tax which has been submitted by a taxpayer are found to be inconsistent with details of those operations which are contained in a tax declaration for value added tax which was submitted by another taxpayer (another person who has an obligation in accordance with Chapter 21 of this Code to submit a tax declaration for value added tax) or in a journal of VAT invoices received and issued which has been presented to a tax authority by a person who has an obligation to do so in accordance with Chapter 21 of this Code, and such conflicts or inconsistencies indicate an understatement of the amount of value added tax which is payable to the budget system of the Russian Federation or an overstatement of the amount of value added tax claimed as reimbursable, the tax authority shall also have the right to order the taxpayer to present VAT invoices, primary documents and other documents relating to those operations.

8.2 When performing an in-house tax audit of a tax declaration (computation) for tax on profit of organizations or tax on income of physical persons of a participant in an investment partnership agreement, a tax authority may request information from that participant concerning the period of its participation in the agreement and the portion of profit (expenses, losses) of the investment partnership attributable to that participant, and may use any information at the tax authority’s disposal concerning the activities of the investment partnership.

8.3 When performing an in-house tax audit on the basis of a revised tax declaration (computation) which is submitted after two years have elapsed from the date established for the submission of the tax declaration (computation) for a particular tax for a particular accounting (tax) period and in which a lesser amount of tax payable to the budget system of the Russian
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Federation or a greater amount of a loss is shown than in the previously submitted tax declaration (computation), a tax authority shall have the right to order the taxpayer to present primary and other documents supporting the changes in the relevant indicators of the tax declaration (computation) and analytical tax ledgers on the basis of which those indicators were determined before and after the changes.

8.4 When conducting an in-house tax audit of a tax declaration for excise duties in which the tax deductions provided for in Article 200 of this Code are claimed in connection with the return by a purchaser to the taxpayer of previously sold excisable goods (with the exception of alcoholic and (or) excisable alcohol-containing products), a tax declaration for excise duties which is submitted in connection with the return of ethyl alcohol by a taxpayer which is a manufacturer of alcoholic and (or) excisable alcohol-containing products to a supplier/manufacturer of ethyl alcohol or a tax declaration for excise duties stating tax deductions for amounts of tax which were paid by the taxpayer on importing excisable goods into the territory of the Russian Federation and were subsequently used as raw material for the manufacture of excisable goods, a tax authority shall have the right to request the taxpayer to present primary and other documents confirming the return of the excisable goods and the validity of the application of those tax deductions, with the exception of documents which were previously submitted to the tax authorities on other grounds.

8.5 When conducting an in-house tax audit of a tax declaration for value added tax, a tax authority shall have the right to require a foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code to produce documents (information) confirming that the place of provision of services such as are referred to in clause 1 of Article 174.2 of this Code is the territory of the Russian Federation and other information (details) concerning those services.

8.6 When conducting an in-house tax audit of an insurance contribution computation, a tax authority shall have the right to request from the payer of insurance contributions in accordance with the established procedure information and documents supporting the reflection of amounts not assessable to insurance contributions and the applicability of reduced rates of insurance contributions.

8.7 When conducting an in-house tax audit of a tax declaration for value added tax in which tax deductions such as are provided for in clause 4.1 of Article 171 of this Code are claimed, a tax authority shall have the right to request the taxpayer to present documents supporting the applicability of those tax deductions if information contained in the tax declaration concerning the tax deductions is found to be inconsistent with information possessed by the tax authority.
When conducting an in-house tax audit of a tax declaration for tax on profit of organizations in which the investment tax deduction provided for in Article 286.1 of this Code is claimed, a tax authority shall have the right to require the taxpayer to present necessary explanations concerning the application of the investment tax deduction within five days and (or) to demand from the taxpayer in accordance with the established procedure primary documents and other documents supporting the applicability of that tax deduction.

When conducting an in-house tax audit in relation to taxes associated with the use of natural resources, tax authorities may, in addition to the documents referred to in clause 1 of this Article, require a taxpayer to produce other documents which are a basis for the calculation and payment of those taxes.

Where, before an in-house tax audit has been completed, a taxpayer submits a revised tax declaration (computation) in accordance with the procedure prescribed by Article 81 of this Code, the in-house tax audit of the previously submitted declaration (computation) shall be terminated and a new in-house tax audit shall be commenced on the basis of the revised tax declaration (computation). The termination of an in-house tax audit shall signify the cessation of all actions of the tax authority in relation to the previously submitted tax declaration (computation). In this respect, documents (information) received by the tax authority in the course of the terminated in-house tax audit may be used in performing tax control measures in relation to the taxpayer.

The rules laid down in this Article shall also apply to levy payers, payers of insurance contributions, tax agents and other persons who have an obligation to submit a tax declaration (computation), unless otherwise provided by this Code.

An in-house tax audit in relation to a consolidated group of taxpayers shall be carried out in accordance with the procedure established by this Article on the basis of tax declarations (computations) and documents submitted by the responsible member of that group and other documents possessed by the tax authority concerning the activities of that group.

When carrying out an in-house tax audit in relation to a consolidated group of taxpayers a tax authority shall have the right to request and obtain from the responsible member of that group copies of documents which must be presented with the tax declaration for tax on profit of organizations for the consolidated group of taxpayers in accordance with Chapter 25 of this Code, including documents relating to the activities of other members of the group being audited.

Necessary explanations and documents relating to a consolidated group of taxpayers shall be presented to the tax authority by the responsible member of that group.
12. When performing an in-house tax audit of a tax declaration (computation) submitted by a taxpayer which is a participant in a regional investment project for taxes in the calculation of which the tax concessions provided for in this Code and (or) laws of constituent entities of the Russian Federation for participants in regional investment projects have been used, the tax authority shall have the right to request from that taxpayer information and documents showing that performance indicators for the regional investment project meet the requirements which are established by this Code and (or) the laws of relevant constituent entities of the Russian Federation for regional investment projects and (or) participants therein.

13. An in-house tax audit of an insurance contribution computation in which expenses for the payment of insurance benefits for compulsory social insurance against temporary incapacity for work and in connection with maternity are claimed shall be conducted with account taken of the provisions established by Chapter 34 of this Code.

**Article 89 On-Site Tax Audit**

1. An on-site tax audit shall be performed at the site (on the premises) of a taxpayer on the basis of a decision of the director (deputy director) of a tax authority.

Where a taxpayer is unable to provide premises for the performance of an on-site tax audit, the on-site tax audit may be performed at the location of the tax authority or, in the case of the performance of an on-site tax audit of foreign taxpayer organizations which are declared tax residents of the Russian Federation in accordance with the procedure established by clause 8 of Article 246.2 of this Code, at the location of an economically autonomous subdivision of the organization concerned.

2. A decision on the performance of an on-site tax audit shall be issued by the tax authority for the location of an organization, or for the place of residence of a physical person, or for the location of an economically autonomous subdivision of a foreign organization which is declared a tax resident of the Russian Federation in accordance with the procedure established by clause 8 of Article 246.2 of this Code, except as otherwise provided in this clause.

A decision on the performance of an on-site tax audit of an organization which has been classified in accordance with the procedure established by Article 83 of this Code as a major taxpayer shall be issued by the tax authority which registered that organization as a major taxpayer.

A decision on the performance of an on-site tax audit of an organization which has acquired the status of a participant in a project involving the conduct of research and development and the commercialization of the results thereof in accordance with the Federal Law “Concerning the “Skolkovo” Innovation
An independent on-site tax audit of a branch or representation shall be performed on the basis of a decision of the tax authority for the location of the economically autonomous subdivision in question.

A decision on the performance of an on-site tax audit must contain the following information:

- the full and abbreviated name or surname, first name and patronymic of the taxpayer;

- the subject-matter of the audit, i.e. the taxes which are to be audited for correct calculation and payment;

- the periods in respect of which the audit is to be performed;

- the titles and surnames and initials of the tax authority officials who are charged with performing the audit.

The form of a decision of a director (deputy director) of a tax authority on the performance of an on-site tax audit shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

A decision to perform an on-site tax audit may not be issued on the basis of a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) accompanying documents and (or) information, or information contained in such special declaration and (or) documents.

3. An on-site tax audit of one taxpayer may cover one or more taxes.

4. The subject-matter of an on-site tax audit shall be the correct calculation and timely payment of taxes, except as otherwise provided in this Chapter.

The period covered by an on-site tax audit may not exceed the three calendar years preceding the year in which the decision on the performance of the audit is adopted, unless otherwise provided by this Code.

Where a taxpayer submits a revised tax declaration the relevant on-site tax audit may cover the period for which the revised tax declaration has been submitted.
5. Tax authorities shall not have the right to perform two or more on-site tax audits in relation to the same taxes for one and the same period.

Tax authorities shall not have the right to perform more than two on-site tax audits in relation to one taxpayer in the course of a calendar year, except where the director of the federal executive body in charge of control and supervision in the area of taxes and levies decides that an on-site tax audit of a taxpayer needs to be performed over and above that limit.

In determining the number of on-site tax audits of a taxpayer, account shall not be taken of the number of independent on-site tax audits performed in relation to branches and representations of that taxpayer.

5.1 Tax authorities shall not have the right to perform on-site tax audits for a period for which tax monitoring is conducted in relation to taxes which a taxpayer is responsible for calculating and paying in accordance with this Code, except in the following cases:

1) the performance of an on-site tax audit by a higher tax authority – by way of reviewing the activities of the tax authority which conducted the tax monitoring;

2) the early termination of tax monitoring;

3) failure by a taxpayer to implement a reasoned opinion of a tax authority.

Where an on-site tax audit is performed on the ground specified in this subsection, the subject-matter of the audit shall be the correct calculation and timely payment of taxes in accordance with the reasoned opinion;

4) the submission by a taxpayer of a revised tax declaration (computation) for a period in which tax monitoring was conducted in which the amount of tax payable to the budget system of the Russian Federation has decreased compared with the previously submitted tax declaration (computation).

5.2 An on-site tax audit of an international company registered in accordance with Federal Law No. 290-FZ of 3 August 2018 “Concerning International Companies” may not examine periods preceding the registration of that company in the Russian Federation as an international company, with the exception of on-site tax audits in relation to economically autonomous subdivisions of foreign organizations which were registered in the territory of the Russian Federation before the date of registration of those organizations as international companies.

6. An on-site tax audit may not continue for more than two months. That period may be extended to four months or, in exceptional cases, to six months.
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The grounds and procedure for extending the period of performance of an on-site tax audit shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

7. Within the framework of an on-site tax audit a tax authority shall have the right to audit the activities of branches and representations of a taxpayer.

A tax authority shall have the right to perform an independent on-site tax audit of branches and representations with respect to matters concerning the correct calculation and timely payment of regional and (or) local taxes.

A tax authority performing an independent on-site audit of branches and representations shall not have the right to perform in relation to a branch or representation two or more on-site tax audits in relation to the same taxes for one and the same period.

A tax authority shall not have the right to perform in relation to one branch or representation of a taxpayer more than two on-site tax audits in the course of one calendar year.

In the case of an independent on-site tax audit of branches and representations of a taxpayer, the period of the audit may not exceed one month.

7.1 In the context of an on-site tax audit a tax authority shall have the right to audit activities of a taxpayer which are connected with its participation in an investment partnership agreement and to request from participants in the investment partnership agreement such information as is needed for the performance of the on-site tax audit in accordance with the procedure established by Article 93.1 of this Code.

Where an on-site tax audit is performed in relation to a taxpayer which is not the managing partner responsible for the maintenance of tax records (hereafter in this Article referred to as “managing partner”), a request to present documents and (or) information relating to its participation in the investment partnership agreement shall be sent to a managing partner. If the managing partner does not present documents and (or) information within the established time limit, a request for documents and (or) information relating to the participation of the taxpayer being audited in the investment partnership may be sent to other participants in the investment partnership agreement.

8. The period of the performance of an on-site tax audit shall be calculated from the day of the adoption of the decision to order an audit up to the day of the preparation of the certificate of performance of the audit.

9. The director (deputy director) of a tax authority shall have the right to suspend the performance of an on-site tax audit for the purpose of:
1) requesting and obtaining documents (information) in accordance with Article 93.1 of this Code;

2) obtaining information from foreign State bodies under the terms of international agreements of the Russian Federation;

3) the performance of expert examinations;

4) the translation into Russian of documents presented by a taxpayer in a foreign language.

The suspension of the performance of an on-site tax audit on the ground specified in subsection 1 of this clause may not occur more than once in relation to each person from whom documents are requested.

The suspension and resumption of the performance of an on-site tax audit shall be documented by an appropriate decision of the director (deputy director) of the tax authority performing that audit.

The total period of time for which the performance of an on-site tax audit is suspended may not exceed six months. Where an audit has been suspended on the ground specified in subsection 2 of this clause and the tax authority has been unable for six months to obtain requested information from foreign State bodies under the terms of international agreements of the Russian Federation, the period of the suspension of that audit may be increased by three months.

While the suspension of the performance of an on-site tax audit is in effect, actions taken by a tax authority to obtain documents from the taxpayer shall be suspended, with all originals requested and obtained in the course of performing the audit being returned to the taxpayer in this case, with the exception of documents obtained by seizure, and actions of the tax authority at the site (on the premises) of the taxpayer which are connected with that audit shall be suspended.

10. A repeat on-site tax audit of a taxpayer shall be understood to mean an on-site tax audit which is performed irrespective of when the last audit was performed in relation to the same taxes and for the same period.

When a repeat on-site tax audit is ordered the limitations referred to in clause 5 of this Article shall not apply.

When a repeat on-site tax audit is performed the audit may cover a period not exceeding the three calendar years preceding the year in which the decision on the performance of the repeat on-site tax audit is adopted.

A repeat on-site tax audit of a taxpayer may be performed:
1) by a higher tax authority – by way of inspecting the activities of a tax authority which has performed an audit;

2) by a tax authority which has previously performed an audit, on the basis of a decision of the director (deputy director) of that authority – in the event that a taxpayer submits a revised tax declaration in which the stated amount of tax is less than the amount previously declared. The purpose of such a repeat on-site tax audit shall be to check that tax has been correctly calculated on the basis of changed amounts in the revised tax declaration which have caused the previously calculated amount of tax to be reduced (losses to be increased).

If, when a repeat on-site tax audit is performed, a taxpayer is found to have committed a tax offence which was not detected when the initial on-site tax audit was performed, tax sanctions shall not be imposed on the taxpayer unless the non-detection of the tax offence when the initial tax audit was performed was the result of collusion between the taxpayer and an official of the tax authority.

11. An on-site tax audit which is carried out in connection with the re-organization or liquidation of a taxpayer – organization may be performed irrespective of when the last audit was performed and of the subject-matter of the last audit. In this respect, the audited period shall not exceed the three calendar years preceding the year in which the decision on the performance of the audit is adopted.

12. A taxpayer shall be obliged to ensure that officials of tax authorities who are performing an on-site tax audit have an opportunity to inspect documents associated with the calculation and payment of taxes.

When an on-site tax audit is being performed, documents needed for the audit may be requested and obtained from the taxpayer in accordance with the procedure established by Article 93 of this Code.

Officials of tax authorities may inspect originals of documents only at the site of the taxpayer, except in the case of the performance of an on-site tax audit at the location of a tax authority and in the cases provided for in Article 94 of this Code.

13. Where necessary, authorized officials of tax authorities who are carrying out an on-site tax audit may make an inventory of the taxpayer’s assets and make an inspection of production, storage, trading and other premises and areas which are used by the taxpayer for the derivation of income or are connected with the maintenance of objects of taxation in accordance with the procedure established by Article 92 of this Code.

14. Where officials carrying out an on-site tax audit have grounds to believe that documents which provide evidence of the commission of offences might be
15. On the last day of the performance of an on-site tax audit, an inspector must draw up a statement of performance of an audit, in which there shall be stated the subject-matter and dates of performance of the audit, and hand it to the taxpayer or its representative.

In the event that a taxpayer (or its representative) evades receipt of the statement of performance of an audit, that statement shall be sent to the taxpayer by registered mail.

16. Special considerations relating to the performance of on-site tax audits in the context of the performance of production sharing agreements are laid down in Chapter 26.4 of this Code.

16.1 Special considerations relating to the performance of on-site tax audits of residents which have been excluded from the unified register of residents of the Special Economic Zone in the Kaliningrad Province are laid down in Articles 288.1 and 385.1 of this Code.

17. The rules laid down in this Article shall also apply with respect to the performance of on-site tax audits of levy payers, payers of insurance contributions and tax agents.

18. The rules laid down in this Article shall apply in regard to the conduct of on-site tax audits of a consolidated group of taxpayers with account taken of the special considerations established by Article 89.1 of this Code.

19. The rules laid down in this Article shall apply in relation to the performance of on-site tax audits of a taxpayer which is a participant in a regional investment project with account taken of the special considerations established by Article 89.2 of this Code.

**Article 89.1 Special Considerations Relating to the Conduct of an On-Site Tax Audit of a Consolidated Group of Taxpayers**

1. An on-site tax audit of a consolidated group of taxpayers shall be carried out in relation to tax on profit of organizations for the consolidated group of taxpayers at the site (premises) of the responsible member of that group and at the sites (premises) of other members of that group on the basis of a decision of the director (deputy director) of the tax authority.

Where a member of a consolidated group of taxpayers is unable to provide space in which to carry out an on-site tax audit, the on-site tax audit in relation to that member may be carried out at the location of the relevant tax authority.
2. A decision to carry out an on-site tax audit of a consolidated group of taxpayers shall be issued by the tax authority which carried out the registration of the responsible member of that group.

A separate on-site tax audit shall not be carried out in relation to a branch or representation of a member of a consolidated group of taxpayers.

The following shall be indicated in a decision to carry out an on-site tax audit of a consolidated group of taxpayers:

- the full and abbreviated name of the responsible member and of other members of the consolidated group of taxpayers (with the exception of members in relation to which tax monitoring is being (has been) conducted for the period concerned, with account taken of the provisions of clause 4.1 of this Article);

- the tax periods for which the audit is carried out;

- the titles, surnames and initials of the tax authority officials charged with carrying out the audit.

The officials specified in the decision to carry out an on-site tax audit of a consolidated group of taxpayers may take part in auditing all members of the consolidated group of taxpayers.

The standard form of the above-mentioned decision shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

3. The performance of an on-site tax audit of a consolidated group of taxpayers in the manner prescribed by Article 89 of this Code shall not hinder the performance of separate on-site tax audits of members of that group in relation to taxes which are not calculated and paid by the consolidated group of taxpayers, with separate documentation of the results of those audits.

4. The purpose of an on-site tax audit of a consolidated group of taxpayers shall be to check the correct calculation and timely payment of tax on profit of organizations for that group.

4.1 When conducting an on-site tax audit of a consolidated group of taxpayers, tax authorities shall not have the right to examine whether income received and expenses incurred have been correctly determined by a member of the consolidated group of taxpayers for a period for which tax monitoring is being (has been) conducted in relation to that member, except in the following cases:

1) The performance of an on-site tax audit by a higher tax authority by way of inspecting the activities of the tax authority which conducted tax monitoring;
2) the early termination of tax monitoring;

3) a failure by a member of the consolidated group of taxpayers to comply with a reasoned opinion of a tax authority on matters pertaining to the correct calculation (withholding) and full and timely payment (remittance) of tax on profit of organizations which was sent to that member of the consolidated group of taxpayers. In this case, the tax authority shall have the right to examine whether income received and expenses incurred have been correctly determined by that member of the consolidated group of taxpayers in accordance with the reasoned opinion of the tax authority;

4) the submission by the responsible member of the consolidated group of taxpayers of a revised tax declaration for tax on profit of organizations for the consolidated group of taxpayers in which the amount of tax payable to the budget system of the Russian Federation has been reduced or the amount of losses made has been increased compared with the previously submitted tax declaration by reason of the reduction of income (increasing of expenses) by a member of the consolidated group of taxpayers in relation to which tax monitoring was conducted.

5. An on-site tax audit of a consolidated group of taxpayers may not continue for more than two months. That time period shall be increased by a number of months equal to the number of members of the consolidated group of taxpayers (not including the responsible member of the group), but not to more than one year.

6. In the cases and according to the procedure which are laid down in clause 9 of Article 89 of this Code, a decision to suspend an on-site tax audit of a consolidated group of taxpayers shall be issued by the director (deputy director) of the tax authority which issued the decision to carry out that audit.

7. A repeat on-site tax audit of a consolidated group of taxpayers shall be an on-site tax audit which is carried out irrespective of when the last audit of the group was carried out for the same tax periods.

8. A statement of performance of an on-site tax audit shall be handed to a representative of the responsible member of the consolidated group of taxpayers in accordance with the procedure established by clause 15 of Article 89 of this Code.

**Article 89.2** Special Considerations Relating to the Performance of an On-Site Tax Audit of a Taxpayer Which is a Participant in a Regional Investment Project

1. The subject-matter of an on-site tax audit of a taxpayer which is a participant in a regional investment project shall be, in addition to the subject-matter which is established by clause 4 of Article 89 of this Code, the conformity of
the performance indicators for the regional investment project to the requirements which are established by this Code and (or) the laws of relevant constituent entities of the Russian Federation for regional investment projects and (or) participants therein.

2. Where capital investments under a regional investment project must be made within a period not exceeding five years from the day on which an organization was included in the register of participants in regional investment projects, an on-site tax audit of the taxpayer which is the participant in the regional investment project may cover a period not exceeding the five calendar years preceding the year in which the decision to perform the audit was issued.

3. A taxpayer which is a participant in a regional investment project which meets the requirements established by paragraph 3 of subsection 4 and paragraph 3 of subsection 4.1 of clause 1 of Article 25.8 of this Code shall be obliged to ensure that statutory and tax accounts and other documents needed for the calculation and payment of taxes in the calculation of which the tax concessions provided for in this Code and (or) laws of constituent entities of the Russian Federation for participants in regional investment projects have been used and documents confirming the conformity of the performance indicators for the regional investment project to the requirements established by this Code and (or) the laws of relevant constituent entities of the Russian Federation for regional investment projects and (or) participants therein are retained for six years, except as otherwise provided in this clause.

A taxpayer which is a participant in a regional investment project and applies the tax rates for tax on profit of organizations which are established by clauses 1 and 1.5 of Article 284 of this Code, with account taken of the special considerations laid down in subsection 2 of clause 2 and subsection 2 of clause 3 of Article 284.3 of this Code, shall be obliged to ensure that statutory and tax accounts and other documents referred to in this clause are retained for the entire period during which those tax rates are applied.

4. The provisions of this Article shall also apply to the performance of an on-site tax audit of an organization whose status as a participant in a regional investment programme has been terminated.

Article 90 Participation of a Witness

1. Any physical person who may be aware of circumstances which are of significance for tax control may be summoned to testify as a witness. The testimony of a witness shall be entered in the record of proceedings.

2. The following persons may not be questioned as witnesses:
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1) persons who, by reason of their minority or physical or mental abnormalities, are incapable of correctly apprehending circumstances which are significant for tax control;

2) persons who received information which is needed for tax control purposes as a result of performing their professional duties where such information is classified as the professional secrets of such persons, and in particular lawyers and auditors.

3. A physical person shall have the right to refuse to testify only on the grounds provided for in the legislation of the Russian Federation.

4. A witness’s testimony may be heard at his place of residence if he is unable to appear at the tax authority owing to illness, old age or disability, and in other instances at the discretion of the official of the tax authority.

5. Before hearing testimony, the official of the tax authority shall warn the witness of the legal consequences of refusing to testify, failing to testify or giving false testimony, to which effect a note shall be entered in the record of proceedings which shall be certified by the witness’s signature.

6. A copy of the record of proceedings, after it has been prepared, must be handed to the witness in person against receipt. If the witness refuses to take receipt of the copy of the record of proceedings, that fact shall be recorded in the record of proceedings.

**Article 91**  Access of Officials of Tax Authorities to Sites or Premises for the Purpose of Carrying Out a Tax Audit

1. Officials of tax authorities who are directly involved in carrying out a tax audit shall be allowed access to the site or premises of the person being audited upon presentation by those officials of their official identity cards and the decision of the director (deputy director) of a tax authority concerning the performance of an on-site tax audit of that person, or upon presentation of official identity cards and a reasoned resolution of an official of a tax authority which is performing an in-house tax audit on the basis of a tax declaration for value added tax concerning the performance of an inspection in cases provided for in clauses 8 and 8.1 of Article 88 of this Code. The above-mentioned resolution must be approved by the director (deputy director) of the tax authority.

2. Officials of tax authorities who are directly involved in carrying out a tax audit may inspect sites or premises of the audited person which are used for entrepreneurial activities or inspect objects of taxation in order to establish whether or not actual data relating to those objects correspond to the documentary data provided by the audited person.
3. In the event that officials of tax authorities who are performing a tax audit are denied access to the above-mentioned sites or premises (with the exception of dwellings), the director of the audit group (team) shall draw up a report to be signed by him and by the audited person.

On the basis of that report the tax authority shall have the right independently to determine the amount of tax payable using data possessed by it concerning the audited person or by analogy.

In the event that the audited person refuses to sign the above-mentioned report, a note to that effect shall be made in the report.

5. Officials of tax authorities carrying out a tax audit shall not be allowed access to dwellings without the consent or against the will of the physical persons residing therein other than in the instances established by federal law or on the basis of a court decision.

Article 92 Inspection

1. An official of a tax authority who is carrying out an on-site tax audit or an in-house tax audit on the basis of a tax declaration for value added tax in cases provided for in clauses 8 and 8.1 of Article 88 of this Code may, for the purpose of clarifying circumstances which are of significance in ensuring the completeness of the audit, carry out an inspection of the sites and premises of the person in relation to whom the tax audit is carried out and of documents and items.

An inspection of the sites and premises of a person in relation to whom an in-house tax audit such as is referred to in paragraph 1 of this clause is carried out and of documents and items shall take place on the basis of a substantiated resolution of an official of the tax authority which is carrying out that tax audit. That resolution must be approved by the director (deputy director) of the tax authority.

2. The inspection of documents and items in cases not provided for in clause 1 of this Article shall be permitted if the documents and items were received by an official of a tax authority as a result of earlier tax control actions or if the owner of the items consents to such inspection.

3. The inspection shall be made in the presence of attesting witnesses.

The person in relation to whom the tax audit is carried out or his representative and specialists shall have the right to participate when an inspection is made.
4. Where necessary, photography, filming and video recording shall be used, documents shall be copied and other actions shall be undertaken when carrying out inspections.

5. A report shall be drawn up concerning the inspection.

Article 93 Requesting Documents When Performing a Tax Audit

1. A tax authority official who is performing a tax audit shall have the right to request from the audited person such documents as are needed for the audit.

Where a tax authority official who is performing a tax audit is on the audited person’s premises, a request for documents shall be transmitted to the director (the legal or authorized representative) of the organization or to the physical person (his legal or authorized representative) in person against signed receipt.

Where it is impossible for a request for documents to be transmitted in the manner stated above, it shall be sent in accordance with the procedure established by clause 4 of Article 31 of this Code.

2. Requested documents may be presented to a tax authority by an audited person in person or through a representative, sent by registered mail or transmitted in electronic form via telecommunications channels or through a taxpayer’s personal account.

Documents in paper form shall be presented in the form of copies certified by the audited person. It shall not be permissible to require the notarial certification of copies of documents which are presented to a tax authority (an official), unless otherwise provided by the legislation of the Russian Federation. The sheets of documents which are presented in paper form must be numbered and bound in accordance with requirements to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Documents prepared in electronic form in the formats prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies shall be presented via telecommunications channels or via a taxpayer’s personal account.

Requested documents prepared in paper form may be presented to a tax authority electronically in the form of electronic images of documents (paper documents converted into electronic by means of scanning them and storing their particulars) in the formats prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies via telecommunications channels or via a taxpayer’s personal account.
Where requested documents are presented to a tax authority in electronic form via telecommunications channels, those documents must be certified by the enhanced qualified electronic signature of the audited person or the enhanced qualified electronic signature of the audited person’s representative.

The procedure for sending a request to present documents and the procedure for presenting documents requested by a tax authority in electronic form via telecommunications channels or via a taxpayer’s personal account shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Where necessary, an official of a tax authority shall have the right to inspect the originals of documents.

3. Documents which have been requested during a tax audit shall be produced within 10 days (20 days in the case of a tax audit of a consolidated group of taxpayers, 30 days in the case of a tax audit of a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code) from the day on which the relevant request is received.

In the event that an audited person is unable to produce requested documents within the time limit established by this clause, that person shall, within one day after the day on which the request for the production of documents is received, notify the auditing officials of the tax authority in writing of the impossibility of producing the documents within that time period, stating the reasons why the requested documents cannot be produced within the established time limit, and of the time period within which the audited person is able to produce the requested documents.

The above-mentioned notification may be submitted to the tax authority by the audited person in person or through a representative or transmitted in electronic form via telecommunications channels or via a taxpayer’s personal account. Persons who are not required by clause 3 of Article 80 of this Code to submit a tax declaration in electronic form shall have the right to send that notification by registered mail.

The form and format of the above-mentioned notification in electronic form via telecommunications channels or via a taxpayer’s personal account shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Within two days after receiving such notification, the director (deputy director) of the tax authority may, on the basis of that notification, extend the time limit for the production of documents or refuse to extend that time limit, to which effect a separate decision shall be rendered.
In the case of the performance of a tax audit of a consolidated group of taxpayers time limits shall be extended by not less than 10 days.

4. A refusal by an audited person to produce documents requested in the course of a tax audit or failure to produce them within the established time limit shall be deemed to be a tax offence and shall result in the liability which is provided for in Article 126 of this Code.

In the event of such refusal or failure to produce documents within the established time limit, a tax authority official who is performing a tax audit shall carry out the seizure of the necessary documents in accordance with the procedure prescribed by Article 94 of this Code.

5. Documents (information) previously submitted to tax authorities, irrespective of the grounds for submitting them, need not be submitted provided that the tax authority is notified within the time limit established for submitting the documents (information) of the fact that the documents (information) requested were previously submitted, giving the particulars of the document by which (as an appendix to which) they were submitted and the name of the tax authority to which the documents (information) were submitted. The notification referred to in this clause shall be submitted in the manner prescribed by clause 3 of this Article. The above-mentioned limitation shall not apply to cases where the documents were previously submitted to the tax authority in the form of originals which were subsequently returned to the person being audited or to cases where documents submitted to a tax authority were subsequently lost by reason of force majeure.

Article 93.1 Requesting Documents (Information) Concerning a Taxpayer, Levy Payer, Payer of Insurance Contributions or Tax Agent and Information Concerning Particular Transactions

1. A tax authority official who is performing a tax audit shall have the right to require a contract partner or other persons possessing documents (information) relating to the activities of an audited taxpayer (levy payer, payer of insurance contributions, tax agent) to produce those documents (that information).

Requests for documents (information) relating to the activities of an audited taxpayer (levy payer, payer of insurance contributions, tax agent) may also be made when examining tax audit materials on the basis of a decision of the director (deputy director) of a tax authority concerning the performance of additional tax control measures.

1.1 When performing an in-house tax audit of a computation of the financial result of an investment partnership and the tax declaration (computation) for tax on profit of organizations and tax on income of physical persons of a participant in an investment partnership agreement, a tax authority shall have the right to request the following information for the audited period from the participant...
1. The composition of participants in the investment partnership agreement, including information on changes in the composition of participants in that agreement:

2. The composition of participants in the investment partnership agreement which are managing partners, including information on changes in the composition of such participants in the agreement in question:

3. The share of profit (expenses, losses) attributable to each of the managing partners and partners:

4. The participating interest of each of the managing partners and partners in the profit of the investment partnership, as established by the investment partnership agreement:

5. The share of each of the managing partners and partners in the common assets of the partners:

6. Changes in the procedure for the determination by the participant in the investment partnership agreement which is the managing partner responsible for the maintenance of tax records of expenses incurred in the interests of all partners for the management of the partners’ common affairs, where that procedure is established by the investment partnership agreement.

2. In the event that a reasonable need arises for tax authorities to obtain documents (information) concerning a particular transaction outside the context of the performance of tax audits, a tax authority official shall have the right to request and obtain those documents (that information) from the parties to that transaction or from other persons possessing documents (information) concerning that transaction.

When carrying out a tax audit in relation to a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code, a tax authority shall have the right, subject to the consent of the director (deputy director) of the federal executive body in charge of control and supervision in the area of taxes and levies, to seek information regarding money transfers made in favour of that foreign organization from the national payment card system organization, money transfer operators, electronic money operators, operational centres, payment clearing centres, central clearing counterparties, settlement centres and communications operators.

3. A tax authority which is carrying out tax audits or other tax control measures shall send an instruction to request and obtain documents (information) relating to the activities of an audited taxpayer (levy payer, payer of insurance
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contributions, tax agent) to the tax authority where the person from whom those documents (information) are to be requested is registered.

In this respect, there shall be indicated in the instruction the tax control measure in the course of the performance of which the need for the production of documents (information) arose and, where information regarding a particular transaction is requested, details which enable that transaction to be identified.

4. Within five days after receiving an instruction, the tax authority where the person from whom the documents (information) are to be requested is registered shall send to that person a request for the production of documents (information). That request shall be accompanied by a copy of the instruction to request and obtain documents (information). The request for documents (information) shall be sent with account taken of the provisions laid down in clause 1 of Article 93 of this Code.

5. A person which has received a request to submit documents (information) in accordance with clauses 1 and 1.1 of this Article shall fulfil that request within five days of receiving it or shall give notice within the same time period that it does not possess the requested documents (information).

A person which has received a request to submit documents (information) in accordance with clause 2 of this Article shall fulfil that request within ten days of receiving it or shall give notice within the same time period that it does not possess the requested documents (information).

Where requested documents (information) cannot be submitted within the time limits specified in this clause, the tax authority shall have the right, upon receiving from the person from which the documents (information) were requested a notification of the fact that the documents (information) cannot be submitted within the established time limits and of the time periods (if appropriate) within which the documents (information) may be submitted, to extend the time limit for the submission of the documents (information).

Requested documents shall be submitted with account taken of the provisions laid down in clauses 2 and 5 of Article 93 of this Code. The notification referred to in this clause shall be submitted in the manner prescribed by clause 3 of Article 93 of this Code.

6. A refusal to produce documents demanded in the context of the performance of a tax audit or failure to produce them within the established time limit shall be deemed to be a tax offence and shall result in the liability provided for in Article 126 of this Code.

An unlawful failure to provide (the late provision of) demanded information shall be deemed to be a tax offence and shall result in the liability provided for in Article 129.1 of this Code.
7. The procedures for co-operation between tax authorities with respect to the fulfilment of instructions to request and obtain documents shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

8. The procedure laid down in this Article for requesting documents (information) shall also apply in regard to the requesting of documents (information) concerning members of a consolidated group of taxpayers.

**Article 93.2 Requesting of Documents (Information) from Audit Organizations (Individual Auditors)**

1. An official of the tax authority with which an audit organization (individual auditor) is registered shall have the right to request the audit organization (individual auditor) to present documents (information) which it obtained in carrying out auditing activities and providing other audit-related services provided for in clauses 1, 2, 4 and 5 of part 7 of Article 1 of Federal Law No. 307-FZ of 30 December 2008 “Concerning Auditing Activities” on the basis of a decision of the director (deputy director) of the federal executive body in charge of control and supervision in the area of taxes and levies for documents (information) to be requested.

2. A tax authority may request an audit organization (individual auditor) to present documents (information) which are a basis for the calculation and payment (withholding, remittance) of a tax (levy, insurance contributions) in the event that those documents (that information) were requested from the taxpayer (levy payer, payer of insurance contributions, tax agent) in accordance with this Code and have not been presented to the tax authority by that person in accordance with the established procedure in the course of the performance in relation to that person of an on-site tax audit or an audit of the calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons. In this case, the decision referred to in clause 1 of this Article must contain the following information:

- particulars of the decision on the performance of the on-site tax audit or audit of the calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons in the course of which the need has arisen to request documents (information) from the audit organization (individual auditor), the subject of the audit and the period in which it covers;

- the date on which the request to present documents (information) was sent to the taxpayer (levy payer, payer of insurance contributions, tax agent) and the time limit for presenting the requested documents (information);

- information on the failure by the taxpayer (levy payer, payer of insurance contributions, tax agent) being audited to present documents (information)
within the established time limit, or on the receipt from that person of a notification of its inability to present the requested documents (information) or its refusal to present the requested documents (information);

- details of the audit organization (individual auditor) which carried out audits and (or) provided other audit-related services referred to in clause 1 of this Article for periods covered by the tax audit: the name of the organization (surname, first name and patronymic of the individual auditor) and the State registration number;

- particulars or other information enabling the requested documents (information) to be identified by the audit organization (individual auditor).

A request to present documents (information), accompanied by a copy of the decision referred to in this clause, shall be sent by a tax authority to an audit organization (individual auditor) after the time limit for the documents (information) to be presented by the taxpayer (levy payer, payer of insurance contributions, tax agent) in accordance with the established procedure has expired.

3. A tax authority may also request documents (information) from audit organizations (individual auditors) upon the receipt of a request of a competent authority of a competent state (territory) in relation to an audited person in cases provided for in international agreements of the Russian Federation.

Where such a request is received, the decision referred to in clause 1 of this Article must contain the following information:

- particulars of the request of the competent authority of a foreign state (territory);

- information on whether the request of the competent authority of a foreign state (territory) includes a prohibition on informing the person in relation to which the request has been received of the transmission of information concerning that person;

- details of the audit organization (individual auditor) which carried out audits and (or) provided other audit-related services referred to in clause 1 of this Article for periods covered by the tax audit: the name of the organization (surname, first name and patronymic of the individual auditor) and the State registration number;

- particulars or other information enabling the requested documents (information) to be identified by the audit organization (individual auditor).
The tax authority with which an audit organization (individual auditor) is registered shall send that person a request to present documents (information) accompanied by a copy of the relevant decision.

4. An audit organization (individual auditor) shall have the right to inform a person in relation to which a request of a competent authority of a foreign state (territory) has been received of the receipt of the relevant request of the tax authority and of the transmission of information concerning that person, unless the request of the competent authority of a foreign state (territory) contains a prohibition on informing the person of these facts.

5. Requested documents (information) shall be presented by an audit organization (an individual auditor) to a tax authority within ten days from the day on which the relevant request is received, subject to the provisions laid down in clauses 2 and 3 of Article 93 of this Code.

### Article 94  Seizure of Documents and Items

1. The seizure of documents and items shall take place on the basis of a substantiated order of the tax authority official carrying out an on-site tax audit.

   The above-mentioned order must be approved by the director (deputy director) of the tax authority which issued the decision to carry out a tax audit.

2. Documents and items may not be seized at night-time.

3. Documents and items shall be seized in the presence of attesting witnesses and the persons whose documents and items are being seized. Where necessary, a specialist shall be invited to participate in the seizure.

   Before the seizure commences, the tax authority official shall present the order to carry out the seizure and shall explain to the persons present their rights and obligations.

4. The tax authority official shall request the person whose documents and items are to be seized to hand them over voluntarily; in the event of a refusal, the seizure shall be carried out compulsorily.

   In the event that the person from whom documents and items are to be seized refuses to open premises or other places where the documents and items which are to be seized may be kept, the tax authority official may do this himself, avoiding unnecessary damage to locks, doors and other objects.

5. Documents and items which are not relevant to the subject of the tax audit may not be seized.
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6. A report on the seizure of documents and items shall be drawn up in compliance with the requirements which are laid down in Article 99 of this Code and in this Article.

7. Documents and items which have been seized shall be listed and described in the seizure report or in attached lists with an exact indication of the name, quantity and individual characteristics of the items and, where possible, the value of the items.

8. In cases where copies of documents of an audited person are not sufficient for the performance of tax control measures and tax authorities have sufficient grounds to believe that the originals of the documents may be destroyed, concealed, altered or replaced, a tax authority official shall have the right to confiscate the originals of the documents in accordance with the procedure prescribed by this Article.

Where such documents are seized, copies of them shall be made which shall be certified by a tax authority official and provided to the person from whom they are seized. Where copies cannot be made or provided at the same time as documents are seized, the tax authority shall provide them to the person from whom they were seized within five days after the seizure.

9. All documents and items which are seized shall be shown to the attesting witnesses and other persons participating in the seizure and, where necessary, shall be packed at the place of seizure.

Confiscated documents must be numbered, bound and sealed or signed by the taxpayer (tax agent, levy payer, payer of insurance contributions). In the event that a taxpayer (tax agent, levy payer, payer of insurance contributions) refuses to seal or sign confiscated documents, a special note to this effect shall be made in the seizure report.

10. A copy of the report on the seizure of documents and items shall be delivered against receipt or sent to the person from whom the documents or items were seized.

Article 95 Expert Examinations

1. Where necessary, an expert may be engaged on a contractual basis to participate in the conduct of specific tax control procedures, including the performance of on-site tax audits.

An expert examination shall be commissioned in the event that specialist knowledge in the field of science, art, technology or crafts is required in order to resolve matters which arise.
2. Neither the matters raised with an expert nor his opinion may go beyond the bounds of the expert’s specialist knowledge. The engagement of a person as an expert shall take place on the basis of an agreement.

3. An expert examination shall be commissioned by an order of the tax authority official carrying out an on-site tax audit, except as otherwise provided by this Code.

The order must indicate the grounds on which the expert examination is commissioned, the name of the expert or the name of the organization at which the examination is to be carried out, the matters raised with the expert and the materials to be made available to the expert.

4. An expert shall have the right to acquaint himself with audit materials relating to the subject of the examination and to make requests to be provided with additional materials.

5. An expert may decline to give an opinion if the materials provided to him are insufficient or if he does not possess the knowledge required to carry out the expert examination.

6. The tax authority official who issued the order commissioning an expert examination must acquaint the person to be audited with that order and inform him of his rights as provided for in clause 7 of this Article, to which effect a protocol should be drawn up.

In the case of the performance of a tax audit of a consolidated group of taxpayers the responsible member of that group must be acquainted with the order to commission an expert examination.

7. When an expert examination is commissioned and carried out, the audited person shall have the right:

1) to challenge the expert;

2) to request that an expert be appointed from among persons designated by him;

3) to submit additional questions in order to receive the expert’s opinion on them;

4) to be present when the expert examination is carried out subject to the permission of the tax authority official and to give explanations to the expert;

5) to acquaint himself with the expert’s opinion.

8. The expert shall give an opinion in writing in his own name. The expert’s opinion must contain an exposition of the research carried out, the conclusions reached as a result of that research and substantiated answers to the questions
submitted. If, when carrying out the examination, the expert discovers relevant circumstances regarding which no questions were submitted to him, he shall have the right to include conclusions on those circumstances in his opinion.

9. The expert’s opinion or statement of his inability to give an opinion shall be presented to the audited person, who shall have the right to give explanations and state objections and to request that additional questions be submitted to the expert or that a supplementary examination or a re-examination be commissioned.

10. A supplementary expert examination shall be commissioned in the event that the opinion is insufficiently clear or complete and shall be assigned to the same or a different expert.

A re-examination shall be commissioned in the event that the expert’s opinion is unsubstantiated or there are doubts as to its accuracy and shall be assigned to a different expert.

Supplementary examinations and re-examinations shall be commissioned in compliance with the requirements which are stipulated by this Article.

Article 96 The Engagement of a Specialist to Assist in Exercising Tax Control

1. Where necessary, a specialist who possesses specialized knowledge and skills and who has no personal interest in the outcome of the case may be engaged on a contractual basis to participate in the conduct of particular tax control procedures, including the performance of on-site tax audits.

2. A person may be engaged as a specialist on a contractual basis.

3. A person’s participation as a specialist shall not preclude him from being questioned as a witness with respect to the same circumstances.

Article 97 Participation of a Translator

1. Where necessary, a translator may be engaged on a contractual basis to participate in the conduct of tax control procedures.

2. The translator must be a person who has no personal interest in the outcome of the case and who speaks the language of which a knowledge is required for translation.

This provision shall also apply to a person who understands the signs of a deaf or mute physical person.
3. The translator must appear when summoned by the tax authority official who appointed him and perform the translation work which is assigned to him with accuracy.

4. The translator shall be advised of the legal consequences of a refusal or failure to fulfil his obligations and of the wilful making of a false translation, to which effect a note shall be made in the record of proceedings which shall be certified with the translator’s signature.

Article 98 Participation of Attesting Witnesses

1. In the instances which are provided for in this Code, attesting witnesses shall be called when tax control procedures are carried out.

2. No fewer than two attesting witnesses must be called.

3. Any physical persons who have no personal interest in the outcome of the case may be called as attesting witnesses.

4. Officials of tax authorities shall not be permitted to participate as attesting witnesses.

5. Attesting witnesses shall be required to certify in the record of proceedings the fact, nature and results of the procedures carried out in their presence. They shall have the right to make observations on the procedures carried out which must be entered in the record of proceedings.

Where necessary, attesting witnesses may be questioned about the above-mentioned circumstances.

Article 99 General Requirements Relating to the Record of Proceedings Which is Drawn Up When Tax Control Procedures Are Carried Out

1. In the instances provided for in this Code, records of proceedings shall be drawn up when tax control procedures are carried out. Records of proceedings shall be drawn up in the Russian language.

2. The following shall be indicated in a record of proceedings:

1) its title;

2) the place and date of the carrying out the particular procedure;

3) the time of the commencement and termination of the procedure;
4) the position, surname, first name and patronymic of the person who drew up the record of proceedings;

5) the surname, first name and patronymic of each person who participated in the procedure or was present when it was carried out and, where necessary, the address and nationality of each such person and an indication as to whether or not they speak the Russian language;

6) the nature of the procedure and the sequence in which it was carried out;

7) significant relevant facts and circumstances revealed upon carrying out the procedure.

3. The record of proceedings shall be read by all persons who participated in carrying out the procedure or who were present when it was carried out. Those persons shall have the right to make comments, and those comments shall be entered in the record of proceedings or included in the file.

4. The record of proceedings shall be signed by the tax authority official who drew it up and by the persons who participated in the procedure or were present when it was carried out.

5. Photographs and negatives, films, videotapes and other materials produced while the procedure was carried out shall be attached to the record of proceedings.

**Article 100 Documentation of the Results of a Tax Audit**

1. On the basis of the results of an on-site tax audit and within two months from the day on which the statement of performance of the on-site tax audit is drawn up, authorized officials of tax authorities must prepare a tax audit report in the prescribed form.

In the event that violations of tax and levy legislation are found in the course of performing an in-house tax audit, the tax authority officials performing the audit must prepare a tax audit report in the prescribed form within 10 days after the completion of the in-house tax audit.

On the basis of the results of an on-site tax audit of a consolidated group of taxpayers, within three months from the date of preparation of the statement of performance of the on-site tax audit authorized officials of tax authorities must prepare a tax audit report in the prescribed form.

2. A tax audit report shall be signed by the persons who performed the audit in question and by the person in relation to whom the audit was performed (by that person’s representative). In the case of the performance of a tax audit of a consolidated group of taxpayers, the tax audit report shall be signed by the
persons who performed the audit in question and by the responsible member of that group (by a representative of that responsible member).

A refusal by a person in relation to whom a tax audit was performed or by his representative (by the responsible member of a consolidated group of taxpayers) to sign the report shall be noted in the tax audit report.

3. There shall be indicated in a tax audit report:

1) the date of the tax audit report. That date shall be understood to be the date on which the report is signed by the persons who performed the audit;

2) the full and abbreviated name or surname, first name and patronymic of the audited person (the members of a consolidated group of taxpayers). Where an audit of an organization is performed at the location of an economically autonomous subdivision of the organization, in addition to the name of the organization there shall be entered the full and abbreviated name of the audited economically autonomous subdivision and the location of that subdivision;

3) the surnames, first names and patronymics of the persons who performed the audit and their titles, stating the name of the tax authority which they represent;

4) the date and number of the decision of the director (deputy director) of the tax authority on the performance of the on-site tax audit (in the case of an on-site tax audit);

5) the date of the submission to the tax authority of the tax declaration (computation) and other documents (in the case of an in-house tax audit);

6) a list of documents presented by the audited person in the course of the tax audit;

7) the period in respect of which the audit was performed;

8) the name of the tax in respect of which the tax audit was performed;

9) the dates of the commencement and completion of the tax audit;

10) the address of the location of the organization (the members of a consolidated group of taxpayers) or of the place of residence of the physical person;

11) information concerning tax control measures conducted when carrying out the tax audit;

12) documented violations of tax and levy legislation which were found in the course of the audit, or a note to the effect that none were found;
conclusions and recommendations of the inspectors with respect to the rectification of violations and references to articles of this Code in the event that this Code prescribes liability for the violations of tax and levy legislation in question.

3.1 A tax audit report shall be accompanied by documents confirming violations of tax and levy legislation which were discovered in the course of the audit. In this respect, documents received from the person in relation to whom the audit was performed shall not be attached to the audit report. Documents containing information constituting banking, tax or other legally protected secrets of third parties which the tax authority is not permitted to disclose and personal details of physical persons shall be attached in the form of extracts certified by the tax authority.

4. The form of and requirements relating to the preparation of a tax audit report shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

5. A tax audit report must, within five days from the date of that report, be delivered by hand to the person in relation to whom the audit was performed or his representative against receipt or transmitted in another manner which provides evidence of the date of receipt of the report by that person (or his representative), except as otherwise provided by this clause.

In the event that a person in relation to whom an audit has been performed or his representative evade receipt of the tax audit report, that fact shall be reflected in the tax audit report and the tax audit report shall be sent by registered mail to the location of the organization (economically autonomous subdivision) or to the place of residence of the physical person. Where a tax audit report is sent by registered mail the date of delivery of that report shall be considered to be the sixth day counting from the date on which the registered letter was sent.

In the case of the performance of a tax audit of a consolidated group of taxpayers, the tax audit report shall be handed within 10 days from the date of that report to the responsible member of the consolidated group of taxpayers in accordance with the procedure established by this clause.

A tax audit report shall be sent to a foreign organization (other than an international organization or a diplomatic representation and a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code) which does not carry on activities in the territory of the Russian Federation through an economically autonomous subdivision by registered mail to the address contained in the Unified State Register of Taxpayers. The date of delivery of the report shall be considered to be the twentieth day counting from the date on which the registered letter was sent.
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6. Where a person in relation to whom a tax audit has been performed (or his representative) disagrees with statements made in the tax audit report or with the conclusions and recommendations of the inspectors, that person may, within one month after receiving the tax audit report, present to the appropriate tax authority written objections relating to the report as a whole or to individual points therein. In this respect, the person in relation to whom a tax audit has been performed (or his representative) shall have the right to present together with the written objections or to provide to the tax authority within an agreed time limit documents (or certified copies thereof) which prove the validity of its objections.

Written objections in regard to a report on a tax audit of a consolidated group of taxpayers shall be presented by the responsible member of that group within 30 days from the date of receipt of that report. In this respect, the responsible member of the consolidated group of taxpayers shall have the right to attach to the written objections or to transmit to the tax authority within an agreed time period documents (certified copies of documents) supporting its objections.

Article 100.1 Procedure for the Examination of Cases Concerning Tax Offences

1. Cases concerning tax offences which were found in the course of an in-house or on-site tax audit shall be examined in accordance with the procedure prescribed by Article 101 of this Code.

2. Cases concerning tax offences which were found in the course of other tax control measures (with the exception of the offences provided for in Articles 120, 122 and 123 of this Code) shall be examined in accordance with the procedure prescribed by Article 101.4 of this Code.

Article 101 Issuance of a Decision on the Results of the Examination of Tax Audit Materials

1. A tax audit report, other materials relating to a tax audit in the course of which violations of tax and levy legislation were found and written objections presented by the audited person (or his representative) in relation to that report must be examined by the director (deputy director) of the tax authority which performed the tax audit. After examining them, the director (deputy director) of the tax authority shall, within 10 days of the expiry of the time limit specified in clause 6 of Article 100 of this Code, adopt one of the decisions provided for in clause 7 of this Article or a decision concerning the performance of additional tax control measures. The time limit for examining tax audit materials and issuing an appropriate decision may be extended, but not by more than one month.
In the event that a decision concerning the performance of additional tax control measures is adopted, the tax audit report, other materials relating to the tax audit and additional tax control measures and written objections presented by the audited person (or his representative) must likewise be examined by the director (deputy director) of the tax authority which performed the tax audit. After examining them, the director (deputy director) of the tax authority shall, within 10 days of the expiry of the time limit specified in clause 6.2 of this Article, adopt one of the decisions provided for in clause 7 of this Article.

2. The director (deputy director) of a tax authority shall give notice of the time and place of the examination of the tax audit materials to the person in relation to whom the audit was performed. In the case of the performance of a tax audit of a consolidated group of taxpayers, the notice of the time and place of the examination of the tax audit materials shall be sent to the responsible member of that group, which shall be deemed to be the audited person for the purposes of this Article.

The person in relation to whom a tax audit was performed shall have the right to participate in the process of the examination of the materials relating to that audit in person and (or) through his representative. In the case of the performance of a tax audit of a consolidated group of taxpayers, representatives of the responsible member of that group and other members of the group shall have the right to participate in the process of the examination of the tax audit materials.

A person in relation to whom a tax audit has been performed (or his representative), before the materials relating to that audit are examined, shall have the right to inspect materials relating to the tax audit and additional tax control measures within the time limit prescribed for the presentation of written objections by clause 6 of Article 100 of this Code and clause 6.2 of this Article. The tax authority shall be obliged to make it possible for the person in relation to whom the tax audit was performed (or his representative) to inspect materials relating to the tax audit and additional tax control measures at the tax authority’s premises not later than two days from the day on which the person concerned submits a relevant application. The inspection of such materials shall take place by means of visual examination, the preparation of extracts and the making of copies. After inspection has taken place, a record shall be drawn up in accordance with Article 99 of this Code.

The non-appearance of the person in relation to whom an audit was performed (his representative), where that person has been duly notified of the time and place of the examination of the tax audit materials, shall not hinder the examination of the tax audit materials except where the participation of that person is deemed by the director (deputy director) of the tax authority to be essential for the examination of those materials.

The obligation to notify the members of a consolidated group of taxpayers of the time and place of the examination of tax audit materials shall rest with
responsible member of that group. Improper performance of that obligation by the responsible member of the group shall not be a basis for postponing the examination of the tax audit materials.

A tax authority shall be obliged to notify a member of a consolidated group of taxpayers of the time and place of the examination of tax audit materials if the tax audit report for the consolidated group of taxpayers contains a recommendation for sanctions for the commission of a tax offence to be imposed on that member.

3. Before the examination of tax audit materials on their merits commences, the director (deputy director) of a tax authority must:

1) announce who is to examine the case and to which tax audit the materials which are to be examined relate;

2) establish whether persons invited to participate in the examination are present. In the event that such persons are not present the director (deputy director) of the tax authority shall ascertain whether or not the parties to the case proceedings were duly notified, and adopt a decision to examine the tax audit materials in the absence of those persons or to postpone that examination;

3) in the event of the participation of a representative of the person in relation to whom the audit was performed, verify the authority of that representative;

4) explain to the persons participating in the examination proceedings their rights and obligations;

5) issue a decision to postpone the examination of the tax audit materials in the event of the non-attendance of a person whose participation is essential for the examination.

4. In the context of the examination of tax audit materials the tax audit report and, where necessary, other materials relating to tax control measures and the written objections of the person in relation to whom the audit was performed may be read out. The absence of written objections shall not deprive that person (his representative) of the right to give his explanations at the stage of the examination of the tax audit materials.

The examination of tax audit materials shall involve studying evidence presented before the examination of the tax audit materials which has been made available for inspection by the person in relation to which the audit was performed, including documents previously requested from the person in relation to whom the audit was performed (including members of a consolidated group of taxpayers), documents submitted to the tax authorities in the course of in-house or on-site tax audits of the persons concerned and other documents in the tax authority’s possession. It shall not be permissible to use evidence obtained not in compliance with this Code or evidence
obtained from a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) accompanying documents and (or) information. Where documents (information) concerning the activities of a taxpayer (a consolidated group of taxpayers) were presented to the tax authority not in compliance with the time limits established by this Code, the documents (information) received by the tax authority shall not be considered to have been received not in compliance with this Code. In the course of the examination of tax audit materials a decision may be adopted, where necessary, to engage a witness, expert or specialist to take part in the examination.

Minutes shall be taken in the process of the examination of tax audit materials.

5. In the course of the examination of tax audit materials the director (deputy director) of a tax authority:

1) shall establish whether or not the person in relation to whom the tax audit report was drawn up (a member (members) of a consolidated group of taxpayers) has committed a violation of tax and levy legislation;

2) shall establish whether or not violations found constitute a tax offence;

3) shall establish whether or not there are grounds for calling the person to account for the commission of a tax offence;

4) shall identify circumstances which eliminate culpability for the commission of a tax offence or circumstances which mitigate or increase liability for the commission of a tax offence.

6. Where additional evidence needs to be obtained in order to confirm the commission or non-commission of violations of tax and levy legislation, the director (deputy director) of a tax authority shall have the right to issue a decision on the performance of additional tax control measures within a period not exceeding one month (two months in the case of an audit of a consolidated group of taxpayers and a foreign organization which is required to be registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code).

There shall be stated in a decision ordering the performance of additional tax control measures the circumstances which gave rise to the need to perform those additional measures, the time limit within which the measures are to be performed and the specific form of the measures.

Additional tax control measures may involve the requesting of documents in accordance with Articles 93 and 93.1 of this Code, the questioning of a witness and the performance of an expert examination.
6.1 The commencement and completion of additional tax control measures, information on tax control measures performed in carrying out additional tax control measures, additional evidence obtained of the commission of violations of tax and levy legislation or the absence thereof, the conclusions and recommendations of the inspectors regarding the remedying of violations found and references to Articles of this Code where this Code prescribes liability for those violations of tax and levy legislation shall be recorded in an addendum to the tax audit report.

The addendum to the tax audit report must be prepared and signed by the tax authority officials carrying out the additional tax control measures within fifteen days from day on which those measures were completed.

The addendum to the tax audit report, accompanied by materials received as a result of the performance of additional tax control measures, must, within five days from the date of that addendum, be delivered to the person in relation to which the tax audit was performed (or its representative) against receipt or transmitted by another means which provides confirmation of the date on which it was received by that person (its representative), unless otherwise provided by this clause.

Where additional tax control measures are performed in relation to a consolidated group of taxpayers, the addendum to the tax audit report shall, within ten days from the date of that addendum, be delivered to the responsible member of the consolidated group of taxpayers in accordance with the procedure established by this clause.

An addendum to a tax audit report shall be sent to a foreign organization (other than an international organization, a diplomatic representation or a foreign organization which is subject to registration with a tax authority in accordance with clause 4.6 of Article 83 of this Code) which does not carry on activities in the territory of the Russian Federation through an economically autonomous subdivision by registered mail at the address contained in the Unified State Register of Taxpayers. The date of delivery of that addendum to the tax audit report shall be considered to be the twentieth day counting from the date on which the registered letter was sent.

In this respect, documents received from the person in relation to which the tax audit was performed shall not be attached to the tax audit report.

In the event that a person in relation to which a tax audit was performed (or its representative) evades receipt of an addendum to the tax audit report, that fact shall be recorded in the addendum to the tax audit report. In this case the addendum to the tax audit report shall be sent by registered mail to the location of the organization (economically autonomous subdivision) or the place of residence of the physical person and shall be considered to have been received on the sixth day from the date on which the registered letter was sent.
6.2 A person in relation to which a tax audit was performed (or its representative) may, within fifteen days of receiving an addendum to a tax audit report, submit written objections to the tax authority regarding that addendum to the tax audit report as a whole or regarding individual parts of it. Written objections regarding an addendum to a report on a tax audit of a consolidated group of taxpayers (a foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code) shall be submitted by the responsible member of that group (by the foreign organization which is registered with a tax authority in accordance with clause 4.6 of Article 83 of this Code) within fifteen days of the receipt of that addendum to the tax audit report. In this respect, the person in relation to which the tax audit was performed (or its representative) shall have the right to attach to the written objections or transmit to the tax authority within an agreed time limit documents (certified copies of documents) supporting the validity of its objections.

7. On the basis of the results of the examination of tax audit materials, the director (deputy director) of a tax authority shall issue a decision:

1) on the imposition of sanctions for the commission of a tax offence. In the case of an audit of a consolidated group of taxpayers the decision may order sanctions to be imposed on one or more members of that group;

2) on the non-imposition of sanctions for the commission of a tax offence.

8. There shall be stated in a decision on the imposition of sanctions for the commission of a tax offence the circumstances of the tax offence committed by the person who is called to account as they were established by the audit performed, with reference to documents and other evidence of those circumstances, the arguments given by the person in relation to whom the audit was performed in his defence and the results of the evaluation of those arguments, the decision on the imposition of tax sanctions on the taxpayer for specific tax offences, specifying the articles of this Code which refer to those offences, and the sanctions which are to be imposed. There shall be stated in a decision on the imposition of sanctions for the commission of a tax offence the amount of identified arrears and of applicable penalties and the fine which is payable.

There shall be stated in a decision on the non-imposition of sanctions for the commission of a tax offence the circumstances which occasioned the non-imposition of sanctions. There may be stated in a decision on the non-imposition of sanctions for the commission of a tax offence the amount of arrears, if such arrears were identified in the course of the audit, and the amount of applicable penalties.

There shall be indicated in a decision on the imposition of sanctions for the commission of a tax offence or in a decision on the non-imposition of tax
sanctions for the commission of a tax offence the time period within which the person in relation to whom the decision has been issued may appeal against that decision, the procedure for appealing against the decision to a higher tax authority, the name and location of the authority and other necessary data.

In the event of the discovery in the course of a tax audit of an amount of tax which was reimbursed in excess on the basis of a decision of a tax authority, in the decision concerning the imposition of sanctions for the commission of a tax offence or the decision concerning the non-imposition of sanctions for the commission of a tax offence that amount shall be recognised as tax arrears from the day on which the taxpayer actually received funds (if the amount of tax was refunded) or from the date of adoption of the decision to credit the amount of tax claimed as reimbursable (if the amount of tax was credited).

9. A decision concerning the imposition of sanctions for the commission of a tax offence and a decision concerning the non-imposition of tax sanctions for the commission of a tax offence (with the exception of decisions issued following the examination of materials relating to an on-site tax audit of a consolidated group of taxpayers) shall enter into force upon the lapse of one month from the day on which they are delivered to the person in relation to whom the decision in question was issued (or a representative of that person). A decision concerning the imposition of sanctions for the commission of a tax offence and a decision concerning the non-imposition of tax sanctions for the commission of a tax offence which have been issued following the examination of materials relating to an on-site tax audit of a consolidated group of taxpayers shall enter into force upon the lapse of one month from the day on which they are delivered to the person in relation to whom the decision in question was issued (or a representative of that person). A decision such as is referred to in this clause must, within five days of being issued, be delivered to the person in relation to whom it has been issued (or a representative of that person) against signed receipt or transmitted by another means which provides proof of the date on which the person (his representative) received the decision. In the event that the above-mentioned decision cannot be delivered or transmitted by another means which provides proof of the date of receipt, it shall be sent by registered mail to the location of the organization (economically autonomous subdivision) or the place of residence of the physical person. Where a decision is sent by registered mail, the date of delivery shall be considered to be the sixth day from the day on which the registered letter was despatched.

Where an appellate appeal is filed against a decision of a tax authority, that decision shall enter into force in the manner prescribed by Article 101.2 of this Code.
A person in relation to whom a particular decision has been issued shall have the right to execute the decision in whole or in part before it has entered into force. In this respect, the filing of an appellate appeal shall not deprive that person of the right to execute a decision which has not entered into force in whole or in part.

10. Following the issuance of a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence, the director (deputy director) of a tax authority shall have the right to take injunctive measures aimed at ensuring the enforceability of the decision in question where there are sufficient grounds to believe that failure to take such measures might make it difficult or impossible in the future to enforce that decision or to recover the arrears, penalties and fines which are stated in the decision. In order to take injunctive measures the director (deputy director) of the tax authority shall issue a decision which shall enter into force from the day on which it is issued and shall have force until the day of the execution of the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence or until the day on which the issued decision is rescinded by a higher tax authority or a court.

The director (deputy director) of a tax authority shall have the right to adopt a decision to cancel injunctive measures or a decision to replace injunctive measures in cases provided for by this clause and clause 11 of this Article. A decision to cancel (replace) injunctive measures shall enter into force from the day on which it is issued.

Injunctive measures may take the form of:

1) a prohibition on the alienation (pledging) of the taxpayer’s assets without the tax authority’s consent. The prohibition which is provided for in this subsection on alienation (pledging) shall be applied consecutively to:

- immovable property, including immovable property which is not used in the production of products (work and services);

- means of transport, securities, office interior design items;

- other assets, other than finished products, raw materials and other materials;

- finished products, raw materials and other materials.

In this respect, a prohibition on the alienation (pledging) of assets of each successive group shall be imposed in the event that the aggregate value of the assets in the preceding groups as determined on the basis of accounting data is less than the total amount of arrears, penalties and fines which is payable on the basis of the decision on the imposition of sanctions for the commission of
a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence;

2) the suspension of operations on bank accounts in accordance with the procedure established by Article 76 of this Code.

The suspension of operations on bank accounts by way of taking injunctive measures may be applied only after a prohibition has been imposed on the alienation (pledging) of assets and in the event that the aggregate value of such assets according to accounting data is less than the total amount of arrears, penalties and fines which is payable on the basis of the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence.

The suspension of operations on bank accounts may be applied in relation to the difference between the total amount of arrears, penalties and fines which is specified in the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence and the value of assets which cannot be alienated (pledged) in accordance with subsection 1 of this clause.

Where a decision such as is provided for in clause 7 of this Article is issued on the basis of the examination of materials relating to an on-site tax audit of a consolidated group of taxpayers, the injunctive measures established by this Article may be taken in relation to members of that group. In this respect, injunctive measures shall be taken first and foremost in relation to the responsible member of the group. In the event that the injunctive measures taken in relation to that responsible member are insufficient for the enforcement of a decision such as is provided for in clause 7 of this Article, injunctive measures may be taken against other members of that consolidated group of taxpayers in the order and with account taken of the limitations which are established by clause 11 of Article 46 of this Code.

11. At the request of a person in relation to whom a decision on the taking of injunctive measures has been issued, a tax authority shall have the right to allow the injunctive measures which are provided for in clause 10 of this Article to be replaced by:

1) a bank guarantee confirming that the bank undertakes to pay the amount of arrears specified in the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence and amounts of applicable penalties and fines in the event that those amounts are not paid by the principal within the time limit established by tax authority;

2) a pledge of securities which are circulated on the organized securities market or a pledge of other assets executed in accordance with the procedure prescribed by Article 73 of this Code;
3) a third-party surety bond executed in accordance with the procedure prescribed by Article 74 of this Code.

12. In the event that a taxpayer provides, as security for an amount payable to the budget system of the Russian Federation on the basis of a decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence, a valid bank guarantee issued by a bank which is included in the list of banks which meet the established requirements for the acceptance of bank guarantees for taxation purposes, as provided for in clause 4 of Article 176.1 of this Code, the tax authority shall not have the right to refuse the taxpayer’s request for the replacement of the injunctive measures which are provided for in this clause.

13. A copy of a decision on the taking of injunctive measures and a copy of a decision on the cancellation of injunctive measures shall, within five days after its issuance, be delivered by hand to the person in relation to whom the decision has been issued or to his representative against receipt or shall be transmitted in another manner which provides evidence of the date on which the taxpayer received the decision in question.

Where a copy of a decision is sent by registered mail the decision shall be considered to have been received upon the lapse of six days from the date on which the registered letter was sent.

14. Failure by officials of tax authorities to comply with requirements established by this Code may be a basis for a decision of a tax authority to be rescinded by a higher tax authority or a court.

A violation of significant conditions of procedures for the examination of tax audit materials shall constitute a basis for a tax authority’s decision on the imposition of sanctions for the commission of a tax offence or decision on the non-imposition of tax sanctions for the commission of a tax offence to be rescinded by a higher tax authority or a court. Such significant conditions shall include ensuring that a person in relation to whom an audit has been performed has the opportunity to participate in the process of the examination of tax audit materials in person and (or) through his representative and ensuring that the taxpayer has an opportunity to present explanations.

Other violations of the procedures for the examination of tax audit materials may serve as grounds for the rescission of the above-mentioned decision of a tax authority if those violations have resulted or may result in the adoption of an unlawful decision by the director (deputy director) of the tax authority.

15. An authorized official of a tax authority who has performed an audit shall draw up an administrative offence report within the limits of his competence in relation to violations found by the tax authority for which physical persons
or officials of organizations are liable to administrative sanctions. The examination of cases concerning such offences and the application of administrative punishments in relation to physical persons and officials of organizations who are guilty of committing them shall take place in accordance with administrative offences legislation.

15.1 Where a tax authority which has issued a decision on the imposition of sanctions for the commission of a tax offence on a taxpayer (levy payer, tax agent) – physical person has sent materials to investigative bodies in accordance with clause 3 of Article 32 of this Code, not later than the day following the day on which the materials are sent the director (deputy director) of the tax authority shall be obliged to issue a decision suspending execution of the decision on the imposition of sanctions for the commission of a tax offence and the decision on the recovery of the relevant tax (levy), penalties and a fine which have been adopted in relation to the physical person in question.

In this respect, the running of the time limits for recovery which are stipulated by this Code shall be suspended for the period of the suspension of the decision on the recovery of the relevant tax (levy), penalties and a fine.

Where, following the examination of materials, a resolution is issued not to institute a criminal case or a resolution is issued to terminate a criminal case, or where a judgment of acquittal is rendered in a relevant criminal case, the director (deputy director) of the tax authority shall, not later than the day following the day on which it received notification of those facts from investigative bodies, issue a decision to resume execution of the decision on the imposition of sanctions for the commission of a tax offence and the decision on the recovery of the relevant tax (levy), penalties and a fine which were adopted in relation to the physical person in question.

Where an action (omission) on the part of a taxpayer (levy payer, tax agent) – physical person which was the basis for the imposition of sanctions for the commission of a tax offence has become the basis for the rendering of a guilty verdict in relation to that physical person, the tax authority shall rescind the decision issued insofar as it concerns the imposition on the taxpayer (levy payer, tax agent) – physical person of sanctions for the commission of a tax offence.

Investigative bodies which have received materials from tax authorities in accordance with clause 3 of Article 32 of this Code shall be obliged to send the tax authorities notifications of the results of the examination of those materials not later than the day following the day on which the relevant decision is adopted.

Copies of decisions of a tax authority such as are referred to in this clause shall be transmitted (sent) by the tax authority to the person in relation to
whom the decision in question was adopted (his representative) within five days from the day on which the decision was issued.

16. The provisions established by this Article shall also apply to levy payers, payers of insurance contributions and tax agents.

**Article 101.2 Entry into Force of a Decision of a Tax Authority Concerning the Imposition of Sanctions for the Commission of a Tax Offence and a Decision Concerning the Non-Imposition of Sanctions for the Commission of a Tax Offence Where an Appellate Appeal is Filed**

1. Where a decision of a tax authority concerning the imposition of sanctions for the commission of a tax offence or a decision concerning the non-imposition of sanctions for the commission of a tax offence is contested on an appellate basis, the decision in question, to the extent that it is not rescinded by a higher tax authority and to the extent not contested, shall enter into force from the day on which the higher tax authority adopts a decision on the appellate appeal.

2. In the event that a higher tax authority which considers an appellate appeal rescinds the decision of the lower tax authority and adopts a new decision, that decision of the higher tax authority shall enter into force from the day on which it is adopted.

3. In the event that a higher tax authority dismisses an appellate appeal, the decision of the lower tax authority shall enter into force from the day on which the higher tax authority adopts the decision to dismiss the appellate appeal, but not earlier than the expiry of the time limit for the filing of an appellate appeal.

**Article 101.3 Execution of a Decision of a Tax Authority on the Imposition of Sanctions for the Commission of a Tax Offence or a Decision on the Non-Imposition of Sanctions for the Commission of a Tax Offence**

1. A decision on the imposition of sanctions for the commission of a tax offence or a decision on the non-imposition of tax sanctions for the commission of a tax offence shall be enforceable from the day on which it enters into force.

2. Responsibility for enforcing a particular decision shall rest with the tax authority which issued that decision. Where an appeal is considered by a higher tax authority on an appellate basis, the relevant decision which has entered into force shall be sent to the tax authority which issued the initial decision within three days from the day on which the decision in question entered into force.
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3. On the basis of a decision which has entered into force, a demand for the payment of tax (a levy, insurance contributions) and applicable penalties, and of a fine in the event that the person in question is called to account for a tax offence, shall be sent in accordance with the procedure established by Article 69 of this Code to the person in relation to whom the decision on the imposition of sanctions for the commission of a tax offence or the decision on the non-imposition of tax sanctions for the commission of a tax offence has been issued.

Article 101.4 Legal Proceedings in Respect of Tax Offences Envisaged by This Code

1. Upon discovering evidence of violations of tax and levy legislation for which sanctions are prescribed by this Code (with the exception of tax offences for which cases of the discovery thereof are examined in accordance with the procedure established by Article 101 of this Code), a tax authority official must, within 10 days from the day on which such violation is discovered, prepare a statement in the prescribed form, which shall be signed by that official and by the person who committed the violation. Where a person who has committed a violation of tax and levy legislation refuses to sign a statement, a note to that effect shall be made in that statement.

2. The report must contain documented evidence of violations of tax and levy legislation and the conclusions and recommendations of the official who discovered the evidence of violations of tax and levy legislation with respect to the rectification of the violations revealed and the imposition of tax sanctions.

3. The form of the report and requirements relating to the preparation thereof shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

4. The report shall be delivered by hand to the person who committed the tax offence against receipt or shall be transmitted in another manner which provides evidence of the date of receipt of that report. In the event that the person concerned evades receipt of that report, an official of the tax authority shall make a note to this effect in the report and the report shall be sent to that person by registered mail. In the event that the report is sent by registered mail, the date of delivery of the report shall be deemed to be the sixth day commencing from the day on which it was despatched.

5. In the event that a person who has committed a tax offence disagrees with the statements made in the report or with the conclusions and recommendations of the official who discovered the occurrence of the tax offence, that person may, within a period of one month from the date of receipt of the report, present to the appropriate tax authority written objections relating to the report as a whole or to individual points therein. In this respect, that person shall have the right to present together with the written objections or to transmit to the
tax authority within an agreed time limit documents (or certified copies thereof) which prove the validity of his objections.

6. Upon the expiration of the time limit which is referred to in clause 5 of this Article, within a period of 10 days the director (deputy director) of the tax authority shall examine the report which sets out evidence of violations of tax and levy legislation and the documents and materials submitted by the person who committed the offence.

7. The report shall be examined in the presence of the person who is called to account or of his representative. The tax authority shall notify the person who committed the violation of tax and levy legislation in advance of the time and place of the examination of the report. The non-appearance of a person called to account for the commission of a tax offence who has been duly notified, or of a representative of that person, shall not prevent the director (deputy director) of the tax authority from examining the report in the absence of that person.

Upon the examination of a report, the prepared report, other materials relating to tax control measures and the written objections of the person who is called to account for the commission of a tax offence may be read out. The absence of written objections shall not deprive that person of the right to give his explanations at the stage of the examination of the report.

Upon the examination of a report, the explanations of the person who is called to account shall be heard and other evidence shall be examined. It shall not be permissible to use evidence obtained not in compliance with this Code or evidence obtained from a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) accompanying documents and (or) information. Where a person being called to account presented documents (information) to the tax authority not in compliance with the time limits established by this Code, the documents (information) received shall not be considered to have been received not in compliance with this Code.

Minutes shall be taken in the process of the examination of tax audit materials.

In the course of the examination of a report and other materials relating to tax control measures, a decision may be adopted, where necessary, to engage a witness, expert or specialist to take part in the examination.

In the course of the examination of a report and other materials the director (deputy director) of a tax authority:

1) shall establish whether or not the person in relation to whom the report was prepared has committed a violation of tax and levy legislation;
shall establish whether or not the violations found constitute tax offences which are contained in this Code;

shall establish whether or not there are grounds for calling the person in relation to whom the report was prepared to account for the commission of a tax offence;

shall identify circumstances which eliminate culpability for the commission of a tax offence or circumstances which mitigate or increase liability for the commission of a tax offence.

On the basis of the results of the examination of a report and accompanying documents and materials, the director (deputy director) of a tax authority shall issue, within the time limit specified in clause 6 of this Article, a decision:

1) on the imposition of sanctions on a person for the commission of a tax offence;

2) on the non-imposition of sanctions on a person for the commission of a tax offence.

In a decision on the imposition of sanctions on a person for the commission of a tax offence an account shall be given of the circumstances of the offence committed and reference shall be made to documents and other data confirming those circumstances, the arguments given by the person who is called to account in his defence and the results of the evaluation of those arguments, the decision on the imposition of sanctions on the person for specific tax offences, specifying the articles of this Code which prescribe liability for those offences, and the sanctions which are to be imposed.

There shall be indicated in a decision on the imposition of sanctions for the commission of a tax offence the time period within which the person in relation to whom that decision has been issued may appeal against that decision, the procedure for appealing against the decision to a higher tax authority, the name and location of the authority and other necessary data.

On the basis of a decision which has been issued concerning the imposition on a person of sanctions for a tax offence (concerning the non-imposition on a person of sanctions for a tax offence), the tax authority which discovered the offence in question shall send that person a demand for the payment (remittance) of tax (a levy, insurance contributions), penalties and a fine in accordance with the procedure and within the time limits which are established by Articles 60, 69 and 70 of this Code, except as otherwise provided by this Article.
12. Failure by officials of tax authorities to comply with requirements established by this Code may constitute a basis for a decision of a tax authority to be rescinded by a higher tax authority or a court.

A violation of significant conditions of procedures for the examination of a report and other materials relating to tax control measures shall constitute a basis for a tax authority’s decision to be rescinded by a higher tax authority or a court. Such significant conditions shall include ensuring that a person in relation to whom a report has been prepared has the opportunity to participate in the process of the examination of the materials in person and (or) through his representative and ensuring that the person concerned has an opportunity to present explanations.

Other violations of the procedures for the examination of materials may serve as grounds for the rescission of the above-mentioned decision of a tax authority if those violations have resulted or may result in the adoption of an incorrect decision.

13. An authorized official of a tax authority shall draw up an administrative offence report in relation to violations of tax levy legislation found by the tax authority for which persons are liable to administrative sanctions. The examination of cases concerning such offences and the application of administrative sanctions in relation to persons who are guilty of committing them shall be carried out by tax authorities in accordance with the administrative offences legislation of the Russian Federation.

**Article 102  Tax Secrets**

1. Any information concerning a taxpayer or a payer of insurance contributions which is received by a tax authority, internal affairs bodies, investigative bodies, a body of a State non-budgetary fund or a customs authority shall constitute tax secrets, with the exception of information:

1) which is publicly available, including where it has become so with the consent of the taxpayer (payer of insurance contributions) which owns the information. Such consent shall be provided at the choice of the taxpayer (payer of insurance contributions) in relation to all or a part of information received by the tax authority, in a form and format and in accordance with a procedure to be approved by the federal executive body in charge of control and supervision in the area of taxes and levies;

2) concerning the taxpayer’s identification number;

3) concerning violations of tax and levy legislation (including amounts of arrears and indebtedness in respect of penalties and fines where applicable) and sanctions for those violations;
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4) which is provided to the tax (customs) or law enforcement authorities of other states in accordance with international treaties (agreements) to which the Russian Federation is a party on mutual co-operation between tax (customs) and law enforcement authorities (to the extent of the information provided to those authorities), including in the context of the international automatic exchange of information;

5) which is provided to electoral commissions in accordance with legislation concerning elections following audits by a tax authority of information on the amount and sources of income of a candidate and of his or her spouse and on assets owned by a candidate and his or her spouse;

6) which is provided to the State Information System for State and Municipal Payments which is provided for in Federal Law No. 210-FZ of 27 July 2010 “Concerning the Organization of the Provision of State and Municipal Services”;

7) concerning special tax regimes applied by taxpayers and concerning the participation of a taxpayer in a consolidated group of taxpayers;

8) which is provided to local government bodies (State government bodies of the cities of federal significance Moscow, Saint Petersburg and Sevastopol) for the purpose of checking the completeness and accuracy of information submitted by payers of local levies for the purpose of the computation of levies, and concerning amounts of arrears of such levies;

9) information on the average number of employees of an organization for the calendar year preceding the year in which the information in question is posted on the “Internet” data network in accordance with clause 1.1 of this Article;

10) information on amounts of taxes and levies (for each tax and levy) paid by an organization in the calendar year preceding the year in which the information in question is posted on the “Internet” data network in accordance with clause 1.1 of this Article, not including amounts of taxes (levies) paid in connection with the importation of goods into the customs territory of the Eurasian Economic Union and amounts of taxes paid by a tax agent, and on amounts of insurance contributions;

11) information on amounts of income and expenses shown in an organization’s accounting (financial) statements for the year preceding the year in which the information in question is posted on the “Internet” data network in accordance with clause 1.1 of this Article;

12) concerning the registration of foreign organizations with tax authorities in accordance with clause 4.6 of Article 83 of this Code;
13) concerning the registration of physical persons with tax authorities in accordance with clause 7.3 of Article 83 of this Code.

1.1 Information on an organization such as is referred to in subsection 3 (as regards information on amounts of arrears and indebtedness in respect of penalties and fines (for each tax and levy and insurance contribution), tax offences and sanctions for the commission thereof) and in subsections 7 to 11 of clause 1 of this Article shall be posted as public data on the official site of the federal executive body in charge of control and supervision in the area of taxes and levies on the “Internet” data network, with the exception of information on an organization which constitutes State secrets. Information which is required to be posted shall not be presented on the basis of requests other than in cases provided for in federal laws.

The time limits for and period of the posting of information such as is referred to in paragraph 1 of this clause and the procedure for the generation and posting of that information shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. Tax secrets shall not be divulged by tax authorities, internal affairs bodies, investigative bodies, bodies of State non-budgetary funds or customs authorities or by their officials or by hired specialists or experts, except in the instances provided for in federal law.

The divulgence of tax secrets shall be understood to include, in particular, the use or impartation to another person of information constituting commercial secrets (a trade secret) of the taxpayer or the payer of insurance contributions which became known to an official of a tax authority, internal affairs body, investigative body, body of a State non-budgetary fund or customs authority or a hired specialist or expert in the course of the fulfilment of their duties.

2.1 The presentation by a tax authority to the responsible member of a consolidated group of taxpayers of information on members of that group which constitutes tax secrets, and the presentation to financial authorities of constituent entities of the Russian Federation in the territories of which members of a consolidated group of taxpayers carry on activities of information received in accordance with subsection 9 of clause 3 of Article 25.5 of this Code on projected receipts of tax on profit of organizations to the budgets of constituent entities of the Russian Federation from the consolidated group of taxpayers in the current financial year and for the ensuing financial year and planning period and on factors which affect planned receipts of tax on profit of organizations, shall not constitute the divulgence of tax secrets.

3. Information received by tax authorities, internal affairs bodies, investigative bodies, bodies of State non-budgetary funds or customs authorities which constitutes tax secrets shall be subject to a special system of storage and access.
Access to information which constitutes tax secrets shall be enjoyed by officials to be determined respectively by the federal executive body in charge of control and supervision in the area of taxes and levies, the federal executive body in charge of internal affairs, the federal State body which exercises authority in the area of criminal justice and the federal executive body in charge of the customs sphere.

4. The loss of documents which contain information which constitutes tax secrets or the divulgence of such information shall result in the liability provided for in federal laws.

5. The provisions of this Article regarding the definition of those details of taxpayers which constitute tax secrets, regarding the prohibition on the dissemination of those details, regarding requirements relating to the special conditions of storage of and access to those details and regarding liability for the loss of documents containing those details or the divulgence of such details shall apply to details of taxpayers (payers of insurance contributions) which have been received by organizations under the jurisdiction of the federal executive body in charge of control and supervision in the area of taxes and levies which carry out the input and processing of data concerning taxpayers (payers of insurance contributions) and to employees of those organizations.

6. The provisions of this Article regarding the prohibition on the divulgence of information constituting tax secrets, regarding requirements relating to the special conditions of storage of and access to such information and regarding liability for the loss of documents containing such information or for the divulgence of such information shall apply to information on the amount and sources of income of employees (spouses and minor-age children of employees) of organizations with State participation which is received by State bodies in accordance with the anti-corruption legislation of the Russian Federation.

The authority to access information constituting tax secrets within State bodies, local government bodies or organizations which have received such information in accordance with the anti-corruption legislation of the Russian Federation shall be held by the directors of those State bodies, local government bodies or organizations.

7. The provisions of this Article regarding the prohibition on the divulgence of information constituting tax secrets, requirements relating to the special conditions of storage of and access to such information and liability for the loss of documents containing such information or for the divulgence of such information shall extend to information on the amount and sources of income of employees (spouses and minor-age children of employees) of organizations with State participation which is received by State bodies in accordance with normative legal acts of the President of the Russian Federation and the Government of the Russian Federation.
Access to information constituting State secrets such as is referred to in this clause at State bodies which have received such information in accordance with normative legal acts of the President of the Russian Federation and the Government of the Russian Federation shall be permitted to officials to be designated by the directors of those State bodies.

8. Information contained in a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) accompanying documents and (or) information shall be deemed to be tax secrets with account taken of the following special considerations:

1) such information shall be deemed to be tax secrets without the exceptions established by subsections 1 to 3 and 5 to 8 of clause 1 of this Article;

2) the disclosure of such information and the loss of submitted special declarations and (or) accompanying documents and (or) information shall constitute a basis for criminal proceedings for unlawful disclosure of information constituting tax secrets to be brought in accordance with the Criminal Code of the Russian Federation;

3) a tax authority official to whom such information has become known may not be held to account for refusing to give evidence regarding circumstances which became known to him from information such as is referred to in paragraph 1 of this clause;

4) such information may be sought from a tax authority only upon the request of the declarant himself who is recognised as such in accordance with the Federal Law referred to in paragraph 1 of this clause;

5) where confirmation is needed of the submission to a tax authority of a special declaration and (or) documents and (or) information accompanying the declaration, and of the accuracy of information contained therein, an officer of a State government body or a bank to whom a copy of the special declaration bearing the tax authority’s acknowledgement of acceptance has been presented as a basis for the provision of guarantees such as are provided for in the Federal Law referred to in paragraph 1 of this clause shall have the right to send it to the federal executive body in charge of control and supervision in the area of taxes and levies in order for it to be compared with the original of the centrally stored special declaration. Within five days after receiving such a copy of a special declaration, the federal executive body in charge of control and supervision in the area of taxes and levies shall send a reply notification stating whether or not the received copy of the special declaration matches the original.

9. The provisions of this Article regarding the prohibition on the divulgence of information constituting tax secrets, requirements relating to the special
conditions of storage of and access to that information and liability for the loss
of documents containing that information or for the divulgence of that
information shall apply to information received by financial authorities of
constituent entities of the Russian Federation in the territories of which
members of a consolidated group of taxpayers carry on activities as part of
information on projected receipts of tax on profit of organizations to the
budgets of constituent entities of the Russian Federation from members of the
consolidated group of taxpayers in the current financial year and for the
ensuing financial year and planning period and on factors affecting planned
receipts of tax on profit of organizations.

Access to information constituting tax secrets which is referred to in this
clause at financial authorities of constituent entities of the Russian Federation
shall be granted to officials designated by the directors of those financial
authorities.

Article 103  Inadmissibility of Inflicting Improper Damage in Exercising Tax Control

1. It shall not be permitted to inflict improper damage on audited persons or
representatives thereof or on property which is possessed, used or disposed of
by them when exercising tax control.

2. Losses which are caused by the improper actions of tax authorities or their
officials in exercising control, including lost profit (unreceived income), shall
be fully reimbursable.

3. Tax authorities and officials thereof who cause losses to audited persons or
representatives thereof as a result of improper actions shall be called to
account in accordance with federal laws.

4. Losses which are caused to audited persons or representatives thereof by
legitimate actions of officials of tax authorities shall not be reimbursable
except in the instances provided for in federal laws.

Article 104  Petition for the Recovery of a Tax Sanction

1. After the issuance of a decision on the imposition of sanctions for the
commission of a tax offence on a physical person who is not a private
entrepreneur or in other cases where the extrajudicial recovery of tax sanctions
is not permitted, the tax authority in question shall file a petition with a court
for the recovery of the tax sanction which is established by this Code from the
person who is called to account for the commission of a tax offence.

Before presenting a claim to a court the tax authority must request the person
who is called to account for the commission of a tax offence to pay the due
amount of the tax sanction voluntarily.
In the event that the person who is called to account for the commission of a tax offence refuses to pay the amount of the tax sanction voluntarily or misses the payment deadline which is indicated in the demand, the tax authority shall present a petition to a court for the recovery from the person concerned of the tax sanction which is prescribed by this Code for the commission of the tax offence in question.

2. A petition for the recovery of a tax sanction from an organization or a private entrepreneur shall be presented to an arbitration court, and a petition for the recovery of a tax sanction from a physical person who is not a private entrepreneur shall be presented to a court of general jurisdiction.

The tax authority’s decision and other case materials obtained in the course of the tax audit shall be attached to the petition.

3. Where necessary, at the same time as it presents a petition for the recovery of a tax sanction from a person who is called to account for the commission of a tax offence, the tax authority may petition the court for the claim to be secured in accordance with the procedure which is stipulated by administrative judicial proceedings legislation and the arbitration procedure legislation of the Russian Federation.

4. The rules which are set forth in this Article shall also apply in the case of the imposition of sanctions for a violation of tax and levy legislation which was committed in connection with the transportation of goods across the customs border of the Customs Union.

Article 105 Examination of Cases and Enforcement of Decisions on the Recovery of Tax Sanctions

1. Cases involving the recovery of tax sanctions on the basis of petitions filed by tax authorities against organizations and private entrepreneurs shall be examined by arbitration courts and the Supreme Court of the Russian Federation in accordance with the arbitration procedure legislation of the Russian Federation.

2. Cases involving the recovery of tax sanctions on the basis of petitions filed by tax authorities against physical persons who are not private entrepreneurs shall be examined by courts of general jurisdiction and the Supreme Court of the Russian Federation in accordance with administrative judicial proceedings legislation.

3. Court decisions concerning the recovery of tax sanctions which have entered into legal force shall be enforced in accordance with the procedure which is established by the legislation of the Russian Federation concerning enforcement procedures.
Court decisions which have entered into legal force concerning the recovery of tax sanctions from organizations for which ledger accounts have been opened shall be enforced in accordance with the procedure which is established by the budget legislation of the Russian Federation.
SECTION V.1. INTERDEPENDENT PERSONS AND MULTINATIONAL GROUPS OF COMPANIES. GENERAL PROVISIONS CONCERNING PRICES AND TAXATION. TAX CONTROL IN CONNECTION WITH THE CONCLUSION OF TRANSACTIONS BETWEEN INTERDEPENDENT PERSONS. PRICING AGREEMENT. DOCUMENTATION FOR MULTINATIONAL GROUPS OF COMPANIES

CHAPTER 14.1. INTERDEPENDENT PERSONS. PROCEDURE FOR DETERMINING THE PARTICIPATING INTEREST HELD BY ONE ORGANIZATION IN ANOTHER ORGANIZATION OR HELD BY A PHYSICAL PERSON IN AN ORGANIZATION

Article 105.1 Interdependent Persons

1. Where specific factors in relations between particular persons may exert an influence on the conditions and (or) results of transactions concluded by those persons and (or) the economic results of activities of those persons or activities of persons represented by them, the persons referred to in this clause shall be deemed to be interdependent for taxation purposes (hereinafter referred to as “interdependent persons”).

For the purpose of recognising persons as interdependent, account shall be taken of the influence which is able to be exerted by virtue of the participation of one person in the capital of other persons, in accordance with an agreement concluded between the persons concerned or by reason of other means by which one person is able to influence decisions made by other persons. In this respect, such influence shall be taken into account irrespective of whether it is able to be exerted by one person directly and independently or in conjunction with interdependent persons of that person who are recognised as such in accordance with this Article.

2. Due regard being had to clause 1 of this Article, the following shall be deemed to be interdependent persons for the purposes of this Code:

1) organizations, where one organization holds a direct and (or) indirect participating interest in another organization and that participating interest amounts to more than 25 per cent;

2) a physical person and an organization, where the physical person holds a direct and (or) indirect participating interest in that organization and that participating interest amounts to more than 25 per cent;

3) organizations, where one and the same person holds a direct and (or) indirect participating interest in those organizations and the size of the participating interest in each organization is greater than 25 per cent;
4) an organization and a person (including a physical person jointly with interdependent persons of that person such as are referred to in subsection 11 of this clause) who has the authority to appoint (elect) the individual executive body of that organization or to appoint (elect) not less than 50 per cent of the members of the collegiate executive body or board of directors (supervisory board) of the organization;

5) organizations whose individual executive bodies or not less than 50 per cent of the members of whose collegiate executive body or board of directors (supervisory board) have been appointed or elected by decision of one and the same person (a physical person jointly with interdependent persons of that person such as are referred to in subsection 11 of this clause);

6) organizations in which the same physical persons jointly with interdependent persons such as are referred to in subsection 11 of this clause make up more than 50 per cent of the members of the collegiate executive body or board of directors (supervisory board);

7) an organization and the person who exercises the powers of its individual executive body;

8) organizations in which the powers of the individual executive body are exercised by one and the same person;

9) organizations and (or) physical persons where the direct participating interest held by each preceding person in each successive organization is more than 50 per cent;

10) physical persons where one physical person is subordinate to another by reason of job position;

11) a physical person and his (her) spouse, parents (including adoptive parents), children (including adopted children) and full and half siblings; a guardian (custodian) and his ward.

3. For the purposes of this Article, the participating interest of a physical person in an organization shall be taken to mean the aggregate participating interest which the physical person and persons interdependent with him such as are referred to in subsection 11 of clause 2 of this Article have in that organization.

4. Where influence on the conditions and (or) results of transactions concluded by particular persons and (or) the economic results of their activities is exerted by one or more other persons by virtue of their dominant position on the market or by virtue of other similar circumstances attributable to particular characteristics of transactions concluded, that influence shall not constitute a basis for those persons to be recognised as interdependent for taxation purposes.
5. The direct and (or) indirect participation of the Russian Federation, constituent entities of the Russian Federation or municipalities in Russian organizations shall not in and of itself constitute a basis for those organizations to be deemed interdependent.

Organizations such as are referred to in this clause may be deemed interdependent on other grounds provided for in this Article.

6. Where the circumstances referred to in clause 1 of this Article exist, organizations and (or) physical persons which are parties to a transaction may independently declare themselves to be interdependent persons for taxation purposes on grounds not provided for in clause 2 of this Article.

7. A court may deem persons to be interdependent on other grounds not provided for in clause 2 of this Article if the relationship between those persons has the attributes referred to in clause 1 of this Article.

Article 105.2 Procedure for Determining the Participating Interest of a Person in an Organization

1. For the purposes of this Code, the participating interest of a person in an organization shall be determined as the sum of the percentages of direct and indirect interest held by that person in the organization.

2. The direct participating interest of a person in an organization shall be the proportion of voting shares directly held by the person concerned in that organization or the interest directly held by the person concerned in the charter (pooled) capital (fund) of that organization, or, where it is impossible to determine that proportion or that interest, the interest directly held by the person concerned, as a participant in that organization, which is determined in proportion to the total number of participants in that organization.

Where shares in (interests in the charter (pooled) capital (fund) of) an organization form part of the assets of an investment fund or a non-State pension fund established in accordance with the legislation of the Russian Federation, a direct participating interest in the organization concerned shall be determined in proportion to the participating interest (share of invested property) of persons in that investment fund (non-State pension fund) or, if that participating interest cannot be determined, in proportion to the number of persons.

3. The indirect participating interest of a person in another organization shall be deemed to be an interest which is determined as follows:
all the chains of participation of the person in an organization through the
direct participation of each preceding organization (other person) in each
successive organization within a particular chain are determined;

2) the direct participating interests of each preceding organization (other person)
in each successive organization within a particular chain are determined;

3) the indirect participating interests of one organization (other person) in
another organization within each chain are determined, an indirect
participating interest being determined as the product of the direct
participating interests of the first two organizations (other persons) in a chain
and, if there is subsequent participation, by means of multiplying the product
obtained by the next direct participating interest in the chain and each ensuing
product by each ensuing direct participating interest up to the last organization
in the chain;

4) if there are multiple chains of interest, all the indirect participating interests
held by a person in an organization which are determined in accordance with
clause 3 of this clause shall be added together.

4. In determining the participating interest of a person in an organization,
account shall not be taken of participation which is exercised by means of the
possession of securities acquired through a repo contract concluded in
accordance with the Federal Law “Concerning the Securities Market” or an
operation which is deemed to be a repo operation in accordance with the
legislation of a foreign state. In this respect, for the purposes of determining a
direct and (or) indirect participating interest such securities shall be taken into
account for the person who is the seller of the securities in the first leg of the
repo, except in cases where securities sold by the seller in the first leg of a
repo were received by that seller through another repo operation or a securities
lending operation.

In the event that the second leg of a repo is not performed or is not performed
in full, the participating interest of a person in an organization shall be
determined without taking into account the special considerations which are
established by this clause.

5. In determining the participating interest of a person in an organization,
account shall not be taken of participation which is exercised by means of the
possession of securities acquired through a securities lending contract
concluded in accordance with the legislation of the Russian Federation or the
legislation of a foreign state. In this respect, for the purposes of determining a
direct and (or) indirect participating interest such securities shall be taken into
account for the person who is the creditor (lends securities), except in cases
where securities transferred under a securities lending contract were received
by the creditor through another securities lending operation or through a repo
operation.
In the event that obligations to return securities in the context of securities lending operations are not fulfilled or are not fulfilled in full, the participating interest of a person in an organization shall be determined without taking into account the special considerations which are established by this clause.

6. In determining the participating interest of a person in an organization, account shall also be taken of interest which is exercised using a foreign structure without the formation of a legal entity where the person concerned is deemed to be a controlling person of that structure. In this respect, such a participating interest using a foreign structure without the formation of a legal entity shall be determined in accordance with a procedure similar to the procedure established by clause 3 of this Article for the determination of an indirect participating interest of a person in an organization which is exercised using another organization, subject to the special considerations established by paragraph 2 of this clause.

For the purpose of determining the indirect participating interest of a person in an organization where there is more than one controlling person of a foreign structure without the formation of a legal entity, the interest of each of the controlling persons in the organization concerned shall be determined in proportion to the contribution made by each controlling person to the property transferred to that structure. Where the amount of the contribution made to property transferred to such a structure cannot be determined, the interests of all the controlling persons shall be deemed equal for the purposes of determining their participating interest in the organization, and the size of those interests shall be determined on the basis of the number of controlling persons of the structure concerned.

The rules laid down in this clause shall also apply in determining a participating interest in an organization which is exercised using a foreign legal entity whose personal law does not provide for participation (there is no charter capital or fund).

7. Additional circumstances in the determination of the participating interest of a person in an organization shall be taken into account by judicial process.
Chapter 14.2. General Provisions Concerning Prices and Taxation. Information to Be Used in Comparing the Conditions of Transactions Between Interdependent Persons with the Conditions of Transactions Between Non-Interdependent Persons

Article 105.3 General Provisions Concerning Taxation in Transactions Between Interdependent Persons

1. Where, in transactions between interdependent persons, commercial or financial conditions are made or imposed which differ from those which would apply in transactions recognised as comparable in accordance with this Section between non-interdependent persons, any income, profit or receipts which might have been received by one of those persons, but by reason of that difference was not received, shall be recognised for taxation purposes for the person concerned.

Income (profit, receipts) shall be recognised for taxation purposes in accordance with this clause as long as this does not cause the amount of tax payable to the budget system of the Russian Federation to be reduced or the amount of losses determined in accordance with Chapter 25 of this Code to be increased. The provisions of this paragraph shall not apply in cases where a taxpayer applies a symmetrical adjustment in accordance with Section V.1 of this Code and in cases provided for in a pricing agreement for taxation purposes concluded in accordance with clause 2 or paragraph 1 of clause 3 of Article 105.20 of this Code.

For the purposes of this Code the prices used in transactions whose parties are persons who are not deemed to be interdependent and income (profit, receipts) received by persons who are parties to such transactions shall be deemed to be at market level.

2. Income (profit, receipts) of interdependent persons who are parties to a transaction which might have been received by those persons but was not received by reason of differences between the commercial and (or) financial conditions of that transaction and the commercial and (or) financial conditions of an identical transaction whose parties are persons who are not deemed to be interdependent shall be determined by the federal executive body in charge of control and supervision in the area of taxes and levies using the methods established by Chapter 14.3 of this Code.

3. Where the tax base is determined on the basis of the price for a good (work or service) which was used by the parties to a transaction for taxation purposes (hereafter in this Section referred to as “price used in a transaction”), that price shall be deemed to be the market price until the federal executive body in charge of control and supervision in the area of taxes and levies proves
otherwise or the taxpayer independently adjusts amounts of tax (losses) in accordance with clause 6 of this Article.

A taxpayer may use a price other than the price used in the above-mentioned transaction of its own accord for taxation purposes if the price actually used in that transaction does not conform to the market price.

4. In exercising tax control in the manner laid down by Chapter 14.5 of this Code, the federal executive body in charge of control and supervision in the area of taxes and levies shall check the proper calculation and payment of the following taxes:

1) tax on profit of organizations, with the exception of the part of tax on profit of organizations which is calculated in relation to profit of controlled foreign companies;

2) tax on income of physical persons which is payable in accordance with Article 227 of this Code;

3) tax on the extraction of commercial minerals (where one of the parties to a transaction is a taxpayer of that tax and the subject of the transaction is an extracted commercial mineral which is recognised for the taxpayer concerned as an object of assessment to tax on the extraction of commercial minerals for which tax on extraction is levied at a tax rate established as a percentage);

4) value added tax (where one of the parties to a transaction is an organization (private entrepreneur) which (who) is not a taxpayer of value added tax or is exempt from performing the duties of a taxpayer of value added tax);

5) tax on additional income from hydrocarbon extraction.

5. Where amounts of taxes referred to in clause 4 of this Article are found to have been understated or the amount of losses determined in accordance with Chapter 25 of this Code is found to have been overstated, the federal executive body in charge of control and supervision in the area of taxes and levies shall make adjustments to the corresponding tax bases.

6. Where, in a transaction between interdependent persons, a taxpayer uses prices for goods (work and services) which are not consistent with market prices and that discrepancy has caused amounts of one or more of the taxes (advance payments) referred to in clause 4 of this Article to be understated or the amount of losses determined in accordance with Chapter 25 of this Code to be overstated, the taxpayer shall have the right independently to adjust the tax base and amounts of relevant taxes (losses) after the end of the calendar year which includes the tax period (tax periods) for the taxes for which amounts are to be adjusted. Information which enables the identification of a transaction in relation to which a taxpayer has independently adjusted the tax
base and the amount of tax shall be given in explanations accompanying a revised tax declaration such as is referred to in this clause.

In this respect, the adjustments referred to in this clause may be made:

- by organizations at the same time as submitting a tax declaration for tax on profit of organizations for the relevant tax period (or, where an organization is not a payer of tax on profit of organizations, within the time limits established for the submission of a tax declaration for tax on profit of organizations);

- by physical persons at the same time as submitting a tax declaration for tax on income of physical persons.

Adjustments for value added tax and tax on the extraction of commercial minerals in cases provided for in clause 4 of this Article shall be reflected in revised tax declarations for each tax period in which price deviation occurred, to be submitted together with the tax declaration for tax on profit of organizations (tax on income of physical persons).

In the event that a taxpayer applies prices (interest rates) which are not consistent with market prices (interest rates) under an agreement such as is referred to in clause 11 of Article 261 of this Code and this has caused the amount of tax on profit of organizations to be understated or the amount of a loss determined in accordance with Chapter 25 of this Code to be overstated, the taxpayer shall have the right to adjust the tax base and the amount of tax (loss) independently after the end of the calendar year in which income from the transaction concerned was recognised as income in accordance with paragraphs 5 to 16 of clause 6 of Article 271 of this Code.

An amount of arrears which has been discovered by a taxpayer independently on the basis of an adjustment made in accordance with this clause must be settled not later than the date of payment of tax on profit of organizations (tax on income of physical persons) for the relevant tax period. In this respect, penalties shall not be charged on the amount of arrears for the period from the date on which the arrears arose up to the date of expiry of the established time limit for settlement of the arrears.

7. For the purposes of calculating taxes (advance payments) for tax periods (accounting periods) which end during a calendar year, a taxpayer shall have the right to use the prices of transactions whose parties are interdependent persons which were actually used in those transactions.

8. Where prices are used in transactions in accordance with instructions issued by an anti-monopoly body, those prices shall be recognised as market prices for taxation purposes with account taken of the special considerations laid down in Article 105.4 of this Code for transactions in which regulated prices are used.
Where a transaction was concluded on the basis of exchange trading conducted in accordance with the legislation of the Russian Federation or legislation of a foreign state, that price shall be recognised as the market price for taxation purposes.

Where the legislation of the Russian Federation makes it compulsory for a valuation to be performed when a particular transaction is concluded, the value of the subject of valuation which is determined by the appraiser in accordance with the legislation of the Russian Federation concerning valuation activities shall form the basis for determining the market price for taxation purposes.

Where the price used in a transaction has been determined in accordance with a pricing agreement concluded in accordance with Chapter 14.6 of this Code, that price shall be deemed to be at market level for taxation purposes.

Where chapters of Part Two of this Code governing the calculation and payment of particular taxes lay down different rules for determining the market price of a good (work or service) for taxation purposes, the rules of Part Two of this Code shall apply.

The rules laid down in this Section shall apply to transactions which give rise to the need for at least one of the parties to those transactions to record income, expenses and (or) the value of extracted commercial minerals, resulting in an increase and (or) decrease in the tax base for taxes specified in clause 4 of this Article.

**Article 105.4  Special Considerations Relating to the Recognition of Prices as Market-Conforming for Taxation Purposes Where Regulated Prices Are Used**

Where taxpayers conclude transactions in relation to which price regulation is applicable by means of the setting of a price or the negotiation of a price formula with an authorized executive body or the setting of maximum and (or) minimum prices, price increments or price discounts or by means of other limitations on profit margins or profit in such transactions, the prices of such transactions shall be recognised as market-conforming for taxation purposes with account taken of the special considerations established by this Article.

The above-mentioned special considerations shall be taken into account where price regulation is carried out in accordance with the legislation of the Russian Federation, acts of the Government of the Russian Federation, the legislation of constituent entities of the Russian Federation, municipal legal acts, normative legal acts of authorized bodies, normative legal acts of foreign states or authorized bodies and international agreements of the Russian Federation.
2. Where a minimum price has been set, that price shall not be taken into account in determining the market price if the lowest value of the market price range determined in accordance with Chapter 14.3 of this Code without taking that minimum price into account exceeds that minimum price. Otherwise, the market price range shall be a range whose lowest value is equal to that minimum price and whose highest value is taken to be equal to the highest value thereof determined in accordance with Chapter 14.3 of this Code.

Where a maximum price has been set, that price shall not be taken into account in determining the market price if that maximum price exceeds the highest value of the market price range determined in accordance with Chapter 14.3 of this Code without taking that maximum price into account. Otherwise, the market price range shall be a range whose highest value is equal to that maximum price and whose lowest value is taken to be equal to the lowest value thereof determined in accordance with Chapter 14.3 of this Code.

3. Where both minimum and maximum prices have been set, those prices shall not be taken into account in determining the market price if the lowest value of the market price range determined in accordance with Chapter 14.3 of this Code without taking those minimum and maximum prices into account exceeds that minimum price and the maximum price set exceeds the highest value of that market price range. Otherwise, the highest and (or) lowest value respectively of the market price range shall be adjusted in the manner provided for in clause 2 of this Article.

4. Where, in relation to a transaction, minimum and (or) maximum price increments or price discounts have been established or other limitations have been imposed on the level of profit margin or profit, the market price ranges (profit margin ranges) determined in accordance with Chapter 14.3 of this Code must be adjusted in a manner similar to that laid down in clauses 2 and 3 of this Article.

Article 105.5 Comparability of Commercial and (or) Financial Conditions of Transactions and Functional Analysis

1. In determining income (profit, receipts) in transactions whose parties are interdependent persons, the federal executive body in charge of control and supervision in the area of taxes and levies shall, for the purposes of applying the methods provided for in Article 105.7 of this Code, compare the transactions or class of transactions in question (hereafter in this Code referred to as “tested transaction”) with one or more transactions whose parties are not interdependent persons (hereinafter in this Code referred to as “compared transactions”).
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2. For the purposes of this Code, compared transactions shall be deemed to be comparable with a tested transaction if they are concluded under the same commercial and (or) financial conditions as the tested transaction.

3. Where the commercial and (or) financial conditions of compared transactions differ from the commercial and (or) financial conditions of a tested transaction, the transactions in question may be deemed to be comparable with the tested transaction if the differences between those conditions of the tested transaction and the compared transactions do not have a significant bearing on the results of the transactions or if the differences may be taken into account with the aid of the use for taxation purposes of appropriate adjustments to the conditions and (or) results of the compared transactions or the tested transaction.

4. In determining the comparability of transactions and for the purpose of making adjustments to commercial and (or) financial conditions, an analysis shall be made of the following characteristics of the tested transaction and compared transactions which may have a significant bearing on the commercial and (or) financial conditions of transactions whose parties are not interdependent persons:

1) characteristics of goods (work and services) which are the subject of a transaction;

2) characteristics of the functions performed by the parties to a transaction in accordance with customary business practices, including the characteristics of assets used by the parties to the transaction, risks assumed by them, the allocation of responsibility between the parties to the transaction and other conditions of the transaction (hereafter in this Code referred to as “functional analysis”);

3) the conditions of agreements (contracts) concluded between the parties to a transaction which affect the prices of goods (work and services);

4) characteristics of the economic conditions of the activities of the parties to a transaction, including characteristics of relevant markets for goods (work and services) which affect the prices of goods (work and services);

5) characteristics of the market (commercial) strategies of the parties to a transaction which affect the prices of goods (work and services).

5. In determining the comparability of the commercial and (or) financial conditions of compared transactions with the conditions of the tested transaction, account may be taken in particular of the following conditions:

1) the quantity of goods and the volume of work performed (services rendered);

2) the time limits for the fulfilment of transaction obligations;
the conditions of payment which are applicable in such transactions;

the exchange rate of the foreign currency used in the transaction to the rouble or to another currency, and changes therein;

other conditions of the allocation of rights and responsibilities between the parties to the transaction (on the basis of the results of a functional analysis).

6. In determining the comparability of the commercial and (or) financial conditions of compared transactions with the conditions of a tested transaction, consideration of the functions performed by the parties to a transaction shall include consideration of tangible and intangible assets available to the parties to the transaction. In this respect, for the purposes of this Chapter assets shall be understood to mean resources (assets, including monetary resources, and property rights, including intellectual rights) which a person owns, uses or has available for the purpose of receiving income. The principal functions of the parties to a transaction which are to be taken into account in determining the comparability of the commercial and (or) financial conditions of compared transactions with the conditions of a tested transaction include, in particular:

1) product design and engineering;

2) manufacturing of goods;

3) assembly of goods or components thereof;

4) erection and (or) installation of equipment;

5) performance of research and development work;

6) acquisition of goods and materials;

7) conduct of wholesale or retail trade in goods;

8) repair and warranty maintenance functions;

9) promotion of goods (work and services) to new markets, marketing and advertising;

10) storage of goods;

11) transportation of goods;

12) insurance;

13) consulting and information services;
14) accounting work;
15) provision of legal support;
16) employee (personnel) secondment;
17) performance of agency functions and mediation;
18) financing and performance of miscellaneous financial operations;
19) quality control;
20) strategic management, including determination of pricing policy, strategies for the production and sale of goods (work and services), sales volumes, the range of goods (work and services offered) and their consumer attributes, and operational management;
21) training and advanced training of employees;
22) organization of the sale and (or) production of goods with the involvement of other persons possessing the required facilities.

7. The following risks which are assumed by each of the parties to a transaction in carrying out their activities and have a bearing on the conditions of the transaction shall also be taken into account in determining the comparability of the commercial and (or) financial conditions of compared transactions with the conditions of a tested transaction:

1) production risks, including the risk of under-utilization of production capacity;
2) the risk of changes in market prices for materials acquired and products manufactured as a result of changes in the economic situation, and the risk of changes in other market conditions;
3) the risk of the depreciation of inventory and the loss by goods of their quality and other consumer attributes;
4) risks associated with the loss of property and property rights;
5) risks associated with changes in the exchange rate of foreign currency to the rouble or another currency or changes in interest rates, and credit risks;
6) the risk that research and development work may not yield any result;
7) investment risks associated with possible financial losses as a result of errors made in making investments, including the selection of investment targets;
8) the risk of damage to the environment;

9) entrepreneurial (commercial) risks associated with strategic management, including price policy and strategies for the sale of goods (work and services);

10) the risk of absence of demand for goods (inventory risk, stocking risk).

8. In determining the comparability of the commercial and (or) financial conditions of compared transactions with the conditions of a tested transaction, account must be taken of the characteristics of the markets for goods (work and services) on which comparable transactions and the tested transaction are concluded. In this respect, differences in the characteristics of markets for goods (work and services) on which compared transactions and the tested transaction are concluded should not have a material effect on the commercial and (or) financial conditions of transactions concluded on those markets, or it should be possible to eliminate the effect of any such differences by means of making appropriate adjustments.

The market for goods (work and services) shall be deemed to be the sphere of circulation of those goods (work and services), which is determined by the extent to which it is possible for a purchaser (seller) to acquire (sell) a good (work or service) in the area of the Russian Federation which is closest to the purchaser (seller) or outside the Russian Federation without incurring significant additional expense.

9. The following factors shall be taken into account in the determining the comparability of the characteristics of markets for goods (work and services):

1) the geographical location and size of markets;

2) the existence of competition on markets and the relative competitiveness of sellers and purchasers on a market;

3) the existence of similar goods (work and services) on a market;

4) demand and supply on a market, and the purchasing power of consumers;

5) the level of State interference in market processes;

6) the level of development of the production and transport infrastructure;

7) other characteristics of a market which affect the price of a transaction.

10. In determining the comparability of the commercial and (or) financial conditions of compared transactions with the conditions of the tested transaction, account shall be taken of the commercial strategies of the parties to the compared transactions and the tested transaction, which shall include, in
particular, strategies aimed at updating and improving manufactured products and entering new sales markets.

11. Where, for the purpose of determining the comparability of the commercial and (or) financial conditions of transactions, it is necessary to determine the comparability of the conditions of a loan agreement, a credit agreement, a surety agreement or a bank guarantee, when comparing the conditions of those agreements account shall also be taken of the credit history and solvency of, respectively, the recipient of the loan or credit or the person whose obligations are secured by the surety bond or bank guarantee, the nature and market value of security provided for an obligation, the period for which a loan or credit is granted, the currency which is the subject of the loan or credit agreement, the procedure for determining the interest rate (fixed or floating) and other conditions which affect the level of the interest rate (commission) for the agreement concerned.

12. Taking into account the analysis of the conditions of compared transactions in accordance with clause 4 of this Article, adjustments aimed at ensuring that the conditions of compared transactions are adequately comparable with the conditions of the tested transaction shall be made by the federal executive body in charge of control and supervision in the area of taxes and levies on the basis of the following principles:

1) income (profit, receipts) of the parties to an uncontrolled transaction is determined with account taken of assets used and economic (commercial) risks assumed under the economic conditions prevailing on the market for goods (work and services) and reflects the functions performed by each party to the transaction in accordance with the conditions of the agreement and customary business practices;

2) the performance of additional functions, the use of assets which materially affect the amount of income (profit, receipts) and the assumption of additional commercial (economic) risks by the parties to a transaction in accordance with a market (commercial) strategy is accompanied, all other things being equal, by an increase in expected income (profit, receipts) from the transaction.

Article 105.6 Information to be Used in Comparing the Conditions of Transactions Between Interdependent Persons with the Conditions of Transactions Between Non-Interdependent Persons

1. In exercising tax control in connection with the occurrence of transactions in which the parties are interdependent (including when comparing the commercial and (or) financial conditions of a tested transaction with the commercial and (or) financial conditions of comparable transactions), the federal executive body in charge of control and supervision in the area of taxes and levies shall use the following information:
1) information on prices and quotations on Russian and foreign exchanges;

2) customs statistics relating to foreign trade of the Russian Federation which are published or presented on request by the federal executive body in charge of the customs sphere;

3) information on prices (price fluctuation limits) and exchange quotations which is contained in official information sources of authorized State government bodies and local government bodies in accordance with the legislation of the Russian Federation, the legislation of constituent entities of the Russian Federation and municipal legal acts (including, in particular, in the area of pricing regulation and statistics), in official information sources of foreign states or international organizations or in other published and (or) publicly available publications and information systems;

4) data produced by price information agencies;

5) information on transactions concluded by the taxpayer.

2. Where information such as is referred to in clause 1 of this Article does not exist (or is not sufficient), the federal executive body in charge of control and supervision in the area of taxes and levies shall use the following information:

1) information on prices (price fluctuation limits) and quotations which is contained in published and publicly available publications and information systems;

2) information obtained from accounting (financial) statements and statistical reports of organizations, including where that information is published in publicly available Russian or foreign publications and (or) is contained in publicly available information systems and on the official Internet sites of Russian and (or) foreign organizations.

Information obtained from accounting (financial) statements of foreign organizations may be used in determining the profit margin range for Russian organizations (foreign organizations whose activities in the territory of the Russian Federation give rise to a permanent establishment) only if it is not possible for that profit margin range to be calculated on the basis of data in the accounting (financial) statements of Russian organizations which have performed comparable transactions;

3) information on the market value of subjects of valuation which has been determined in accordance with legislation of the Russian Federation or foreign states concerning valuation activities;

4) other information which is used in accordance with Chapter 14.3 of this Code.
3. Information constituting tax secrets and other information which is subject to restricted access in accordance with the legislation of the Russian Federation may not be used for the purposes of comparing the conditions of transactions between interdependent persons with the conditions of transactions between non-interdependent persons for taxation purposes.

The restriction established by this clause shall not apply to information concerning a taxpayer in relation to whom the federal executive body in charge of control and supervision in the area of taxes and levies is carrying out an audit of the proper calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons.

4. Only publicly available information sources and information concerning a taxpayer shall be used for the purpose of comparing transactions between interdependent persons with the conditions of transactions between non-interdependent persons for taxation purposes.

5. A taxpayer may use any publicly available sources of information, in addition to information concerning its own activities, for the purpose of comparing transactions between interdependent persons with the conditions of transactions between non-interdependent persons for taxation purposes and in preparing and presenting documentation in accordance with Article 105.15 of this Code.

6. Where, when carrying out an audit of the proper calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons, the federal executive body in charge of control and supervision in the area of taxes and levies has information concerning comparable transactions concluded by the taxpayer in relation to whom the audit is being performed in which the other parties are persons who are not deemed to be interdependent with that taxpayer, in assessing the comparability of such transactions with a tested transaction the federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to use other information for the purpose of determining the market price (profit margin) range.
CHAPTER 14.3. METHODS TO BE USED IN DETERMINING FOR TAXATION PURPOSES INCOME (PROFIT, RECEIPTS) IN TRANSACTIONS IN WHICH THE PARTIES ARE INTERDEPENDENT PERSONS

Article 105.7 General Provisions Concerning Methods to be Used in Determining for Taxation Purposes Income (Profit, Receipts) in Transactions in Which the Parties Are Interdependent Persons

1. The federal executive body in charge of control and supervision in the area of taxes and levies shall use the following methods in accordance with the procedure established by this Chapter in exercising tax control in connection with the conclusion of transactions between interdependent persons (including when comparing the commercial and (or) financial conditions of a tested transaction and the results thereof with the commercial and (or) financial conditions of comparable transactions and the results thereof):

1) the comparable market price method;
2) the resale price method;
3) the cost plus method;
4) the comparable profits method;
5) the profit split method.

2. It shall be permissible to use a combination of two or more of the methods provided for in clause 1 of this Article.

3. The comparable market price method shall be used on a priority basis for the purpose of determining the conformity of prices used in transactions to market prices, except as otherwise provided by clause 2 of Article 105.10 of this Code. The use of the other methods which are specified in subsections 2 to 5 of clause 1 of this Article shall be permitted where the comparable market price method cannot be used or where the use of that method would not enable a conclusion to be drawn on whether or not prices used in transactions conform to market prices for taxation purposes.

The comparable market price method shall be used to determine the conformity of the price used in a controlled transaction to the market price in accordance with the procedure established by Article 105.9 of this Code where there has been at least one comparable transaction on the relevant market for goods (work and services) which involved identical (or, if these do not exist, similar) goods (work and services) and provided that sufficient information is available concerning that transaction.
In this respect, for the purpose of applying the comparable market price method to determine the conformity of a price used by a taxpayer in a controlled transaction, a transaction concluded by that taxpayer with persons who are not interdependent with the taxpayer may be used as a compared transaction provided that the transaction in question is comparable with the tested transaction.

4. Where there is no publicly available information on prices in comparable transactions involving identical (similar) goods (work and services) for the purpose of determining the proper calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons, one of the methods referred to in subsections 2 to 5 of clause 1 of this Article shall be used.

Except as otherwise provided in this Chapter, the method to be used shall be that which, taking into account the actual circumstances and conditions of a controlled transaction, best enables a reasoned conclusion to be drawn as to whether or not the price used in a transaction conforms to market prices.

5. The methods referred to in subsections 2 to 5 of clause 1 of this Article may also be used in determining income (profit, receipts) for taxation purposes for a group of homogeneous transactions in which the parties are interdependent persons.

For the purposes of Chapters 14.2 of this Code, this Chapter and Chapters 14.4 to 14.6 of this Code, homogeneous transactions shall be transactions which may involve identical (similar) goods (work and services) and which have been concluded under comparable commercial and (or) financial conditions.

6. In selecting the method to be used in determining for taxation purposes income (profit, receipts) in transactions in which the parties are interdependent persons, account must be taken of the completeness and reliability of source data and of the appropriateness of adjustments made for the purpose of rendering compared transactions comparable with the tested transaction.

7. For the purposes of applying the methods provided for in clause 1 of this Article, besides information on specific transactions publicly available information on the prevailing level of market prices and (or) exchange quotations and data produced by price information agencies on prices (price ranges) for identical (similar) goods (work and services) on the relevant markets for those goods (work and services) may also be used. The sources of information on market prices which are referred to in this clause may be used in applying the methods provided for in clause 1 of this Article provided that it is ensured that the transactions for which data are contained in those information sources are comparable with the tested transaction.
8. For the purposes of applying the methods referred to in subsections 2 and 3 of clause 1 of this Article, data in accounting (financial) statements on the basis of which the profit margin range is calculated must be put into a comparable form which ensures that differences in the treatment of expenses have no material effect on profit margin values and the profit margin range which are calculated in accordance with the methods referred to in subsections 2 and 3 of clause 1 of this Article.

Where it is impossible to guarantee the comparability of data in accounting statements, the methods referred to in subsections 4 and 5 of clause 1 of this Article shall be used for the purpose of calculating the profit margin range and determining for taxation purposes income (profit, receipts) in transactions in which the parties are interdependent persons.

9. Where the methods referred to in clause 1 of this Article do not make it possible to determine whether the price of a good (work or service) which was used in a one-time transaction conforms to the market price, the conformity of the price used in that transaction to the market price may be determined on the basis of the market value of the subject of the transaction which is established as a result of an independent valuation in accordance with the legislation of the Russian Federation or foreign states concerning valuation activities.

In this respect, for the purposes of this Article a one-time transaction shall be understood to mean a transaction whose economic essence differs from the organization’s main activity and which takes place on a one-time basis.

10. The methods referred to in subsections 4 and 5 of clause 1 of this Article may be applied without direct calculation of market price values. When using these methods the federal executive body in charge of control and supervision in the area of taxes and levies shall compare the financial indicators (results) of the tested transaction (or a group of homogeneous tested transactions) with the profit margin range (financial indicators calculated on the basis of the profit margin range) for comparable transactions, and on that basis shall calculate the amount of income (profit, receipts) which would have been received if the parties to the transaction had been non-interdependent persons.

11. A court may take into account other circumstances which are relevant to the determination of the conformity of the price used in a transaction to the market price without being subject to the limitations provided for in Chapter 14.2 of this Code and this Chapter.

12. Taxpayers shall not be obliged, when concluding transactions, to adhere to the methods referred to in clause 1 of this Article in justifying their pricing policies for purposes other than those provided for in this Code.
Article 105.8  Financial Indicators and Profit Margin Range

1. The following profit margin indicators may be used in the manner prescribed by Articles 105.10 to 105.13 of this Code for the purpose of determining for taxation purposes income (profit, receipts) in transactions in which the parties are interdependent persons:

1) gross profit margin, which is determined as the ratio of gross profit to receipts from sales calculated exclusive of excise duties and value added tax;

2) gross return on costs, which is determined as the ratio of gross profit to the cost of production of goods (work and services) sold;

3) return on sales, which is determined as the ratio of profit from sales to receipts from sales calculated exclusive of excise duties and value added tax;

4) return on costs, which is determined as the ratio of profit from sales to the sum of the cost of production of goods (work and services) sold and commercial and management expenses associated with the sale of goods (work and services);

5) return on commercial and management expenses, which is determined as the ratio of gross profit to commercial and management expenses associated with the sale of goods (work and services);

6) return on assets, which is determined as the ratio of profit from sales to the current market value of assets (non-circulating and circulating) which are directly or indirectly used in the tested transaction. In the absence of required information on the current market value of assets, return on assets may be determined on the basis of data in accounting (financial) statements.

2. For the purposes of this Chapter, the indicators referred to in clause 1 of this Article and other financial indicators shall be determined in the case of Russian organizations on the basis of data in accounting (financial) statements which are prepared in accordance with the accounting legislation of the Russian Federation.

In the case of foreign organizations the above-mentioned financial indicators shall be determined on the basis of data in accounting (financial) statements which are prepared in accordance with the legislation of foreign states. In this respect, adjustments shall be made to render the data comparable with data in accounting (financial) statements which are prepared in accordance with the accounting legislation of the Russian Federation.

3. The profit margin range shall be determined using profit margin values determined for no less than four comparable transactions (including transactions concluded by the taxpayer provided that those transactions were concluded with persons who are not interdependent with the taxpayer) or on
the basis of data in the accounting (financial) statements of no less than four comparable organizations.

The above-mentioned organizations shall be selected according to the sector in which they operate and the particular types of activity carried out by them under comparable economic (commercial) conditions relative to the tested transaction.

Where the sector to which a person who is a party to the tested transaction belongs does not have organizations which are not interdependent with that person, the selection of organizations for the purpose of carrying out the analysis shall be made by reference to the comparability of functions carried out by those organizations, the risks taken by them and assets used.

In the absence of information on four or more comparable transactions or in the absence of information on the accounting (financial) statements of four or more comparable organizations, the profit margin range may be determined using information on a lesser number of comparable transactions (the accounting (financial) statements of a lesser number of organizations).

4. For the purposes of applying the methods referred to in subsections 2 to 4 of clause 1 of Article 105.7, the lowest and highest values of the profit margin range must be determined, which shall be calculated in the following manner:

1) the set of profit margin values which are used to determine the profit margin range shall be arranged in ascending order, forming a sample set to be used in determining that range. In this respect, each profit margin value, starting with the lowest, shall be assigned a sequential number. In the event that a sample contains two or more identical profit margin values, all such values shall be included in the sample set. The profit margin of the tested transaction shall not be taken into account in determining the profit margin range;

2) the lowest value of the profit margin range shall be determined as follows:

- if the quotient from the division by four of the number of profit margin values in the sample set formed in accordance with subsection 1 of this clause is a whole number, the lowest value of the profit margin range shall be the arithmetic mean of the profit margin value whose sequential number in the sample set is equal to that whole number and the profit margin value which has the next sequential number in that sample set in ascending order;

- if the quotient from the division by four of the number of profit margin values in the sample set formed in accordance with subsection 1 of this clause is not a whole number, the lowest value of the profit margin range shall be the profit margin value whose sequential number in the sample set is equal to the whole part of that mixed number, plus one;

3) the highest value of the profit margin range shall be determined as follows:
- if the product of 0.75 and the number of profit margin values in the sample set formed in accordance with subsection 1 of this clause is a whole number, the highest value of the profit margin range shall be the arithmetic mean of the profit margin value whose sequential number in the sample set is equal to that whole number and the profit margin value which has the next sequential number in that sample set in ascending order;

- if the product of 0.75 and the number of profit margin values in the sample set formed in accordance with subsection 1 of this clause is not a whole number, the highest value of the profit margin range shall be the profit margin value whose sequential number in the sample set is equal to the whole part of that mixed number, plus one.

5. The profit margin based on results of activity carried out under comparable economic (commercial) conditions may be calculated on the basis of data in an organization’s accounting (financial) statements on condition that the following conditions are simultaneously met:

1) the organization carries out comparable activities and performs comparable functions related to those activities. The comparability of activities may be determined by reference to types of economic activity provided for in the All-Russian Classifier of Types of Economic Activity and international and other classifications;

2) the aggregate amount of the organization’s net assets is not a negative value according to data in accounting (financial) statements as at 31 December of the last of the years for which the profit margin is calculated;

3) the organization’s accounting (financial) statements do not show losses from sales in more than one of the years for which the profit margin is calculated;

4) the organization does not have a direct and (or) indirect participating interest amounting to more than 25 per cent in another organization (except where information on consolidated accounting statements of organizations is available which is used in calculating the profit margin range) or does not have as a participant (shareholder) another organization holding a direct participating interest of more than 25 per cent.

6. If fewer than four organizations remain as a result of applying the conditions set out in clause 5 of this Article, the participating interest criteria set out in subsection 4 of clause 5 of this Article may be raised from 25 to 50 per cent.

7. The profit margin range shall be calculated using information available as at the time of conclusion of a controlled transaction, but not later than 31 December of the calendar year in which a controlled transaction was concluded, or data in accounting (financial) statements for the three calendar years directly preceding the calendar year in which a tested transaction was
concluded (or the calendar year in which prices in the tested transaction were established).

The above-mentioned information shall include information held by the taxpayer on transactions concluded by it with persons who are not interdependent with it.

8. For the purpose of ensuring comparability when determining the market profit margin range on the basis of data in accounting (financial) statements of comparable organizations, adjustments may be made to profit margin data to allow for differences in accounts receivable, accounts payable and inventories indicated by data in accounting (financial) statements of the taxpayer and of organizations whose accounting (financial) statements contain data which are used for the purpose of determining the profit margin range.

Article 105.9 The Comparable Market Price Method

1. The comparable market price method is a method of determining the conformity of the price of goods (work and services) in a tested transaction to the market price by comparing the price used in the tested transaction with the market price range which is determined in the manner prescribed by clauses 2 to 6 of this Article.

2. Where information is available concerning only one comparable transaction involving identical (or, if these do not exist, similar) goods (work and services), the price of that transaction may be taken as both the lowest and the highest value of the market price range only on condition that the commercial and (or) financial conditions of that transaction are wholly comparable with the commercial and (or) financial conditions of the tested transaction (or those conditions are rendered fully comparable with the aid of appropriate adjustments), and provided that the seller of goods (work and services) in the comparable transaction does not hold a dominant position on the market for those identical (or, if these do not exist, similar) goods (work and services). In this respect, the existence of a dominant position shall be assessed with account taken of the provisions of Federal Law No. 135-FZ of 26 July 2006 “Concerning the Protection of Competition” or with account taken of the provisions of corresponding legislation of foreign states.

3. Where information is available concerning a number of comparable transactions (including transactions concluded by the taxpayer provided that those transactions were concluded with persons not interdependent with the taxpayer) involving identical (or, if these do not exist, similar) goods (work and services), the market price range shall be determined as follows:

1) the set of prices used in comparable transactions which are to be used in determining the market price range shall be arranged in ascending order, forming a sample set to be used in determining that range. In this respect,
each price value, starting with the lowest value, shall be assigned a sequential number. Where a sample set contains two or more identical price values, all such values shall be included in the sample set. The price used in the tested transaction shall not be taken into account in determining the market price range. Where there is a sufficient number of comparable transactions concluded by the taxpayer in which the parties are not interdependent persons, information on other transactions shall not be taken into account in determining the market price range;

2) the lowest value of the market price range shall be determined as follows:

- if the quotient from the division by four of the number of price values in the sample set formed in accordance with subsection 1 of this clause is a whole number, the lowest value of the market price range shall be the arithmetic mean of the price value whose sequential number in the sample set is equal to that whole number and the price value which has the next sequential number in that sample set in ascending order;

- if the quotient from the division by four of the number of price values in the sample set formed in accordance with subsection 1 of this clause is not a whole number, the lowest value of the market price range shall be the price value whose sequential number in the sample set is equal to the whole part of that mixed number, plus one;

3) the highest value of the market price range shall be determined as follows:

- if the product of 0.75 and the number of price values in the sample set formed in accordance with subsection 1 of this clause is a whole number, the highest value of the market price range shall be the arithmetic mean of the price value whose sequential number in the sample set is equal to that whole number and the price value which has the next sequential number in that sample set in ascending order;

- if the product of 0.75 and the number of price values in the sample set formed in accordance with subsection 1 of this clause is not a whole number, the highest value of the market price range shall be the price value whose sequential number in the sample set is equal to the whole part of that mixed number, plus one.

4. The market price range shall be determined on the basis of available information on prices used during the period examined or information as at the closest date prior to the conclusion of the controlled transaction.

5. Where exchange quotations are used, the market price range shall be determined on the basis of the prices of transactions involving identical (similar) goods which were registered by the relevant exchange on the basis of information published by or obtained upon request from that exchange. The market price range may, in particular, be taken to be the range between the
lowest and highest transaction prices registered by the exchange at the date of their conclusion. When determining the market price range on the basis of exchange quotations, allowance may be made for differences in the economic (commercial) conditions of the above-mentioned transactions, in particular by making the following adjustments:

1) reasonable expenses needed to deliver goods (work and services) to a particular market which are supported by documents and (or) information sources;

2) expenses for the payment of export customs duties;

3) conditions of payment;

4) commission (agency) fees payable to a trade broker (trader or agent) for the performance of intermediary trading functions.

6. Where data from price information agencies concerning prices (price ranges) for identical (similar) goods (work and services) are used for the purposes of applying the comparable market price method in accordance with clause 7 of Article 105.7 of this Code, the lowest and highest values of the market price range may be taken to be the published lowest and highest values respectively of prices in transactions concluded over an equivalent period of time under comparable conditions.

7. Where the price used in a tested transaction is within the market price range determined in accordance with the provisions of this Article, that price shall be deemed to conform to the market price for taxation purposes.

Where the price used in a tested transaction is less than the lowest value of the market price range determined in accordance with the provisions of this Article, the price which corresponds to the lowest value of the market price range shall be taken for taxation purposes.

Where the price used in a controlled transaction exceeds the highest value of the market price range determined in accordance with the provisions of this Article, the price which corresponds to the highest value of the market price range shall be taken for taxation purposes.

The lowest or highest value of the market price range shall be taken for taxation purposes in accordance with this clause provided that this does not cause the amount of tax payable to the budget system of the Russian Federation to be reduced or the amount of losses determined in accordance with Chapter 25 of this Code to be increased.
Article 105.10 The Resale Price Method

1. The resale price method is a method for determining the conformity of the price in a tested transaction to the market price whereby the gross profit margin obtained by the person who concluded the tested transaction upon the subsequent sale (resale) of a good which that person acquired in the tested transaction (or a group of homogeneous transactions) is compared with the market range of gross profit margins determined in the manner prescribed by clause 3 of Article 105.8 of this Code.

2. The resale price method shall be used in preference to other methods for determining the conformity to market prices of prices at which a good is acquired through a tested transaction and is resold without being processed through a transaction in which the parties are non-interdependent persons. This method shall be used where the reseller does not have intangible assets which materially influence the level of its gross profit margin. The resale price method may also be used in cases where the following operations are carried out for the purpose of reselling a good:

1) preparation of the good for resale and transportation (consignment splitting, grouping of packages, sorting, repacking);

2) mixing of goods if the characteristics of the end products (semi-finished products) do not differ substantially from the characteristics of the goods that are mixed.

3. Where, in transactions concluded under comparable commercial and (or) financial conditions between a reseller and persons (a person) not interdependent with the reseller, a good is resold at different prices, the weighted-average price of the good in all such transactions shall be used as the resale price of the good for the purpose of determining the market profit margin range.

4. Where the gross profit margin of a reseller is within the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the price at which the good was acquired in the controlled transaction shall be deemed to conform to the market price for taxation purposes.

5. Where the gross profit margin of a reseller is less than the lowest value of the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the controlled transaction price which is taken for taxation purposes shall be a price determined on the basis of the actual resale price of the good and a gross profit margin which corresponds to the lowest value of the profit margin range.

Where the gross profit margin of a reseller is greater than the highest value of the profit margin range determined according to the procedure laid down in clause 3 of Article 105.8 of this Code, the controlled transaction price which is
taken for taxation purposes shall be a price determined on the basis of the actual resale price of the good and a gross profit margin which corresponds to the highest value of the profit margin range.

6. For the purposes of applying the resale price method it shall be permissible to use data from price information agencies concerning prices (price ranges) for identical (similar) goods (work and services) and to determine the market price range for identical (similar) goods (work and services) for the purposes of applying that method in the manner laid down in clause 6 of Article 105.9 of this Code.

7. The lowest or highest value of the profit margin range shall be taken for taxation purposes in accordance with clause 5 of this Article provided that this does not cause the amount of tax payable to the budget system of the Russian Federation to be reduced or the amount of losses determined in accordance with Chapter 25 of this Code to be increased.

Article 105.11 The Cost Plus Method

1. The cost plus method is a method for determining the conformity of the price in a tested transaction to the market price whereby the gross return on costs of a person who is a party to the tested transaction (a group of homogeneous tested transactions) is compared with the market range of gross return on costs in comparable transactions which is determined according to the procedure laid down in Article 105.8 of this Code.

2. The cost plus method shall be used, in particular, in the following cases:

1) where work is performed (services are rendered) by persons who are interdependent with the seller (except where the performance of work (rendering of services) involves the use of intangible assets which materially influence the level of the seller’s return on costs);

2) in the case of the rendering of services involving the management of monetary resources, including the performance of trading operations on the securities market and (or) the currency market;

3) in the case of the rendering of services involving the performance of the functions of the individual executive body of an organization;

4) in the case of the sale of raw materials or semi-finished products to persons interdependent with the seller;

5) in the case of the sale of goods (work and services) under long-term agreements between interdependent persons.
3. Where for a seller who is a party to a tested transaction, its gross return on costs in respect of that transaction is within the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the price used in the controlled transaction shall be deemed to conform to market prices for taxation purposes.

4. Where a seller’s gross return on costs is less than the lowest value of the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the price used in the tested transaction shall be taken for taxation purposes as a price determined on the basis of the actual cost of production of goods (work and services) sold and a gross return on costs which corresponds to the lowest value of the profit margin range.

Where a seller’s gross return on costs is greater than the highest value of the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the price used in the tested transaction shall be taken for taxation purposes as a price determined on the basis of the actual cost of production of goods (work and services) sold and a gross return on costs which corresponds to the highest value of the profit margin range.

5. For the purposes of applying the cost plus method it shall be permissible to use data from price information agencies concerning prices (price ranges) for identical (similar) goods (work and services) and to determine the market price range for identical (similar) goods (work and services) for the purposes of applying that method in the manner laid down in clause 6 of Article 105.9 of this Code.

6. The lowest or highest value of the profit margin range shall be taken for taxation purposes in accordance with clause 4 of this Article provided that this does not cause the amount of tax payable to the budget system of the Russian Federation to be reduced or the amount of losses determined in accordance with Chapter 25 of this Code to be increased.

Article 105.12 The Comparable Profits Method

1. The comparable profits method consists in comparing the operating profit margin of a person who is a party to a tested transaction with the market range of operating profit margins in comparable transactions as determined in the manner laid down in Article 105.8 of this Code.

2. The comparable profits method may be used, in particular, where there is no information or insufficient information available as a basis for reaching a reasonable conclusion as to whether the commercial and (or) financial conditions of transactions taken for comparison are properly comparable or for using the methods referred to in subsections 2 to 3 of clause 1 of Article 105.7 of this Code.
The following indicators of operating profit margin which are determined in accordance with clause 1 of Article 105.8 of this Code may be used for the purposes of this Article:

1) return on sales;
2) return on costs;
3) return on commercial and management expenses;
4) return on assets;
5) another profit margin indicator reflecting the relationship between functions performed and assets used and the economic (commercial) risks assumed and level of remuneration.

The factors to be taken into account in selecting a specific profit margin indicator shall be the type of activity carried out by the party to the tested transaction, the functions which it performs, assets used and economic (commercial) risks assumed, the completeness, accuracy and comparability of data used to calculate the relevant profit margin and the economic justification for the indicator in question.

For the purposes of applying this Article, profit margin indicators shall be used with account taken of the following considerations:

1) return on sales shall be used where goods acquired from persons who are interdependent with the reseller are subsequently resold to persons who are not interdependent with the reseller, and where goods acquired from persons who are not interdependent with the reseller are subsequently resold to persons who are interdependent with the reseller;
2) gross return on commercial and management expenses shall be used in cases provided for in subsection 1 of this clause where the reseller bears minor economic (commercial) risks in connection with the acquisition and subsequent resale of goods within a short period, and in this respect there is a direct relationship between the amount of the reseller’s gross profit from sales and the amount of commercial and management expenses incurred;
3) return on costs shall be used with respect to the performance of work, the rendering of services and the sale of property rights, and with respect to the production of goods;
4) return on assets shall be used with respect to the production of goods (in particular, where transactions being examined are concluded by persons who carry out capital-intensive activities).
6. The use of the comparable profits method shall involve making a comparison between the market profit margin range and the profit margin of a party to a tested transaction which meets the following requirements:

1) the party to the tested transaction carries out functions whose contribution to profit earned from transactions consecutively concluded with one and the same good is less than the contribution of the other party to the tested transaction;

2) the party to the tested transaction assumes lesser economic (commercial) risks than the other party to the tested transaction;

3) the party to the tested transaction does not possess intangible assets which materially influence the level of the profit margin.

7. Where a party to a tested transaction does not meet the requirements laid down in subsections 1 to 3 of clause 6 of this Article, the party to the tested transaction which comes closest to meeting those requirements shall be taken for the purpose of comparison with the market profit margin range.

8. Where the profit margin for a controlled transaction is within the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the price used in that transaction shall be deemed to conform to market prices for taxation purposes.

9. Where the profit margin for a controlled transaction is less than the lowest value of the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the lowest value of the profit margin range shall be recognised for taxation purposes.

Should the profit margin be greater than the highest value of the profit margin range determined according to the procedure laid down in Article 105.8 of this Code, the highest value of the profit margin range shall be recognised for taxation purposes.

On the basis of the lowest or highest value of a profit margin range which is recognised in accordance with this clause, profit (income, receipts) from the controlled transaction shall be adjusted for taxation purposes.

10. The lowest or highest value of the profit margin range shall be taken for taxation purposes in accordance with clause 9 of this Article provided that this does not cause the amount of tax payable to the budget system of the Russian Federation to be reduced or the amount of losses determined in accordance with Chapter 25 of this Code to be increased.
Article 105.13 The Profit Split Method

1. The profit split method consists in comparing the actual division among the parties to a transaction of the aggregate profits received by all the parties to that transaction with the division of profit among parties to comparable transactions.

2. Where the parties to a tested transaction (a group of homogeneous tested transactions) are at the same time parties to homogeneous transactions involving persons interdependent with them and the prices of those homogeneous transactions are assessed together with the tested transaction for taxation purposes, aggregate profits from the tested transaction and the above-mentioned homogeneous transactions shall, for taxation purposes, be allocated in the same manner as profit from the tested transaction.

3. Where organizations whose aggregate profits are to be divided with account taken of the provisions of this Article maintain accounting records on the basis of different accounting requirements, for the purposes of applying the profit split method the accounting (financial) statements in question must be adapted to conform to common accounting requirements.

4. The profit split method may be used, in particular, in the following cases:

1) where it is impossible to use the methods provided for in subsections 1 to 4 of clause 1 of Article 105.7 of this Code and the activities carried out by the parties to a tested transaction (a group of homogeneous tested transactions) are substantially interrelated;

2) where the parties to a tested transaction have ownership (use) of rights in intangible assets which substantially influence the level of the profit margin (in the absence of homogeneous transactions involving intangible assets concluded with non-interdependent persons).

5. The division of the amount of profits (losses) from a tested transaction among the parties to the tested transaction shall be carried out for the purpose of enabling the application of clause 1 of Article 105.3 of this Code. The choice of principles of profit division shall depend on the circumstances of the tested transaction (group of homogeneous tested transactions) and must result in a division of profits from the tested transaction which corresponds to the division of profits among persons who carry out similar activities under comparable commercial and (or) financial conditions. In this respect, the division of profits among the parties to a tested transaction (group of homogeneous tested transactions) in accordance with the profit split method shall take place by assessing the respective contributions of the parties to the tested transaction (group of homogeneous tested transactions) to the aggregate profits from the tested transaction (group of homogeneous tested transactions) in accordance with the following criteria or combinations thereof:
1) in proportion to the contribution to aggregate profit from the tested transaction by virtue of functions performed by the parties to the tested transaction, assets used by them and economic (commercial) risks assumed;

2) in proportion to the division among the parties to the tested transaction of return on invested capital which is used in the tested transaction;

3) in proportion to the division of profit among the parties to a comparable transaction.

6. The profit split method involves dividing among the parties to a tested transaction the aggregate profit or residual profit of all the parties to that transaction.

7. For the purposes of this Article, the aggregate profit of all the parties to a tested transaction shall be understood to be the sum of the operating profits of all the parties to the tested transaction for the period examined.

8. For the purposes of this Article, residual profit (loss) shall be determined as follows:

1) the methods referred to in subsections 1 to 4 of clause 1 of Article 105.7 of this Code are used to determine for each person who is a party to a tested transaction (group of homogeneous tested transactions), on the basis of the market price range, the attributed profit (loss) for that party, which is calculated with account taken of functions carried out and assets used by the person concerned and economic and commercial risks assumed;

2) residual profit (loss) from a tested transaction is determined as the difference between aggregate profit (loss) earned (incurred) as a result of the tested transaction and the sum of attributed profits (losses) from sales for all parties to the tested transaction.

9. For the purpose of dividing the residual profit of all the parties to a tested transaction among the parties to that transaction, the total amount of the profit (loss) of each person who is a party to the tested transaction (group of homogeneous tested transactions) shall be determined by means of adding together the respective imputed profit (loss) and residual profit (loss).

10. For the purpose of dividing the aggregate or residual profit (loss) of all the parties to a tested transaction among the parties to that transaction, the following indicators, inter alia, may be taken into account:

1) the amount of costs incurred by a person who is a party to the tested transaction for the creation of intangible assets the use of which directly influences the amount of profit (loss) actually made on the tested transaction;
characteristics of personnel employed by a person who is a party to the tested transaction, including the number and qualification level of personnel (time spent by personnel, labour payment expenses), which influence the amount of actual profit (loss) from sales resulting from the tested transaction;

3) the market value of assets which are used (controlled) by a person who is a party to the tested transaction and the use of which influences the amount of actual profit (loss) from sales resulting from the tested transaction;

4) other indicators reflecting the relationship between functions carried out, assets used and economic (commercial) risks assumed and actual profit (loss) from sales resulting from the tested transaction.

11. The division of profit among the parties to a tested transaction (a group of homogeneous tested transactions) in accordance with the criterion laid down in subsection 3 of clause 5 of this Article shall be made subject to the availability of information on the division of profits (losses) from sales in relation to homogeneous transactions concluded between non-interdependent persons. The procedure set out in this clause for the division of profits (losses) from a tested transaction may be used as long as the following conditions are simultaneously met:

1) the accounting data of the parties to the tested transaction must be comparable with the accounting data of the parties to the comparable transactions or must be rendered comparable by means of appropriate adjustments;

2) the aggregate return on assets of the parties to the tested transaction must not differ substantially from the aggregate return on assets of the parties to the comparable transactions or must be rendered comparable by means of appropriate adjustments.

12. Should profit earned by a party to a tested transaction be equal to or greater than the profit calculated for that party in accordance with the profit split method, or should the loss incurred by such party be equal to or less than the loss calculated for that party in accordance with the profit split method, the profit actually earned or loss actually incurred respectively shall be recognised for taxation purposes.

13. Should profit earned by a taxpayer which is a party to a tested transaction be less than profit calculated for that party in accordance with the profit split method, the profit calculated for it in accordance with the profit split method shall be recognised for taxation purposes.

Should the loss incurred by a taxpayer which is a party to a tested transaction be greater than the loss calculated for that party in accordance with the profit split method, the loss calculated for it in accordance with the profit split method shall be recognised for taxation purposes.
On the basis of a comparison of profit or loss recognised for taxation purposes in accordance with this clause and the profit actually earned or loss actually incurred by a taxpayer, an adjustment shall be made to the taxpayer’s profit for the purposes of tax on profit of organizations.

14. Profit or loss calculated in accordance with the profit split method shall be recognised for taxation purposes on the basis of clauses 12 and 13 of this Article provided that this does not cause the amount of tax payable to the budget system of the Russian Federation to be reduced or the amount of losses determined in accordance with Chapter 25 of this Code to be increased.

CHAPTER 14.4. CONTROLLED TRANSACTIONS. PREPARATION AND PRESENTATION OF DOCUMENTATION FOR TAX CONTROL PURPOSES. NOTIFICATION OF CONTROLLED TRANSACTIONS

Article 105.14 Controlled Transactions

1. For the purposes of this Code controlled transactions shall be understood to mean transactions between interdependent persons (with account taken of the special considerations laid down in this Article). The following transactions shall be equated with transactions between interdependent persons for the purposes of this Code:

   1) a set of transactions involving the sale (resale) of goods (performance of work, rendering of services) which are concluded with the involvement (mediation) of persons who are not interdependent (with account taken of the special considerations laid down in this subsection). A set of transactions such as is referred to in this subsection shall be equated with a transaction between interdependent persons notwithstanding the existence of third parties with whose involvement (mediation) the set of transactions is concluded provided that such third parties, who are not deemed interdependent and take part in the set of transactions:

      - do not perform within that set of transactions any additional functions other than organizing the sale (resale) of goods (performance of work, rendering of services) by one person to (for) another person who is deemed to be interdependent with that person;

      - do not assume any risks or use any assets in organizing the sale (resale) of goods (performance of work, rendering of services) by one person to (for) another person who is deemed to be interdependent with that party;

   2) transactions in the area of foreign trade in goods traded in global exchange trading;
3) transactions in which one of the parties is a person whose place of registration, place of residence or place of tax residence is a state or territory included in the list of states and territories which is approved by the Ministry of Finance of the Russian Federation in accordance with subsection 1 of clause 3 of Article 284 of this Code. For the purposes of this subsection, where the activities of a Russian organization create a permanent establishment in a state or territory included in the list referred to in this subsection and a tested transaction is connected with those activities, the organization in question shall be regarded, insofar as that tested transaction is concerned, as a person whose place of registration is a state or territory included in the above-mentioned list.

2. A transaction between interdependent persons in which the place of registration, place of residence or place of tax residence of all parties and beneficiaries is the Russian Federation shall be deemed to be controlled (except as otherwise provided by clauses 3, 4 and 6 of this Article) if any of the following circumstances exists:

1) the parties to the transaction apply different rates of tax on profit of organizations (with the exception of the rates provided for in clauses 2 to 4 of Article 284 of this Code) to profit from the activities in connection with which the transaction was concluded;

2) one of the parties to the transaction is a taxpayer of tax on the extraction of commercial minerals calculated at a tax rate established as a percentage and the subject of the transaction is an extracted commercial mineral which is recognised for that party to the transaction as an object of assessment to tax on the extraction of commercial minerals for which tax on extraction is levied at a tax rate established as a percentage;

3) at least one of the parties to the transaction is a taxpayer which applies one of the following special tax regimes: the taxation system for agricultural goods producers (the unified agricultural tax) or the taxation system in the form of the unified tax on imputed income for certain types of activity (if the transaction in question has been concluded within the context of such activities), while there is among the other persons who are parties to that transaction a person who does not apply those special tax regimes;

4) one of the parties to the transaction is exempt from the obligations of a taxpayer of tax on profit of organizations;

8) at least one of the parties to the transaction is a corporate research centre such as is referred to in the Federal Law “Concerning the “Skolkovo” Innovation Centre” (hereafter in this Code referred to as “corporate research centre”) or a project participant in accordance with Federal Law No. 216-FZ of 29 July 2017 “Concerning Science and Technology Innovation Centres and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” which applies an exemption from the performance of...
the duties of a taxpayer of value added tax in accordance with Article 145.1 of Part Two of the Tax Code of the Russian Federation;

9) at least one of the parties to the transaction applies the investment tax deduction for tax on profit of organizations which is provided for in Article 286.1 of this Code during the tax period;

10) one or more of the parties to the transaction is a taxpayer of tax on additional income from hydrocarbon extraction and income (expenses) associated with the transaction is (are) taken into account in determining the tax base for tax on additional income from hydrocarbon extraction.

3. The transactions provided for in clause 1 of this Article shall be deemed to be controlled if the amount of income from transactions between the persons concerned for the relevant calendar year exceeds 60 million roubles.

The transactions provided for in clause 2 of this Article shall be deemed to be controlled if the amount of income from transactions between the persons concerned for the relevant calendar year exceeds 1 billion roubles.

4. The following transactions shall not be deemed to be controlled irrespective of whether the transactions meet the conditions laid down in clauses 1 to 3 of this Article:

1) transactions in which the parties are members of one and the same consolidated group of taxpayers formed in accordance with this Code (with the exception of transactions the subject of which is an extracted commercial mineral which is recognised as an object of assessment to tax on the extraction of commercial minerals for which tax is levied on extraction at a tax rate established as a percentage, and transactions for which associated income (expenses) is (are) taken into account in determining the tax base for tax on additional income from hydrocarbon extraction);

2) transactions in which the parties are persons who simultaneously meet the following requirements:

   - the persons concerned are registered in one constituent entity of the Russian Federation;

   - the persons concerned do not have economically autonomous subdivisions in the territory of other constituent entities of the Russian Federation or outside the Russian Federation;

   - the persons concerned do not pay tax on profit of organizations to the budgets of other constituent entities of the Russian Federation;
- the persons concerned do not have losses (including prior period losses to be carried forward to future periods) which are taken into account in calculating tax on profit of organizations;

- there are no grounds for transactions concluded by such persons to be recognised as controlled in accordance with subsections 2 to 7 of clause 2 of this Article;

3) transactions between taxpayers such as are referred to in clause 1 of Article 275.2 of this Code which are concluded by them in the course of carrying out hydrocarbon extraction activities at a new offshore hydrocarbon deposit in relation to one and the same deposit (subsurface site – until the first new offshore hydrocarbon deposit has been designated at the site in question);

4) interbank credits (deposits) with a term of up to seven calendar days (inclusively);


6) transactions involving the provision of surety bonds (guarantees) where all the parties to the transaction in question are Russian organizations which are not banks;

7) transactions involving the provision of interest-free loans between interdependent persons where the place of registration of the transactions or the place of residence of all the parties to and beneficiaries of the transactions is the Russian Federation.

5. Transactions such as are provided for in subsection 2 of clause 1 of this Article shall be deemed to be controlled if the subject of the transactions is goods falling within one or more of the following commodity groups:

1) oil and goods manufactured from oil;

2) ferrous metals;

3) non-ferrous metals;

4) mineral fertilizers;

5) precious metals and precious stones.

6. The codes of the goods enumerated in clause 5 of this Article under the Goods Nomenclature for Foreign Economic Activities shall be determined by the
federal executive body which carries out functions involving the formulation of State policy and normative legal regulation in the area of foreign trade.

7. Transactions such as are provided for in subsections 2 and 3 of clause 1 of this Article shall be deemed to be controlled if the amount of income from such transactions concluded with one person over a particular calendar year exceeds 60 million roubles.

8. For the purposes of this Chapter the concept of “foreign trade in goods” shall be used within the meaning defined by the legislation of the Russian Federation concerning foreign trade activities.

9. For the purposes of this Article the amount of income from transactions with one person (interdependent persons) for a calendar year shall be determined by means of adding together the amounts of income received from such transactions with one person (interdependent persons) over the calendar year, taking into account the rules for the recognition of income and expenses which are established by Chapter 25 of this Code. In determining the amount of income from transactions, the federal executive body in charge of control and supervision in the area of taxes and levies may, for the purposes of this Article, assess whether amounts of income received from transactions are consistent with the market level, taking into account the provisions of Chapter 14.2 and Chapter 14.3 of this Code.

10. On the petition of the federal executive body in charge of control and supervision in the area of taxes and levies, a court may deem a transaction to be controlled where there are sufficient grounds to consider that the transaction forms part of a group of homogeneous transactions concluded with the object of creating conditions whereby the transaction in question would not meet the controlled transaction criteria established by this Article.

11. Transactions shall be recognised as controlled with account taken of the provisions of clause 13 of Article 105.3 of this Code.

Article 105.15 Preparation and Presentation of Documentation for Tax Control Purposes

1. Except as otherwise provided in clause 7 of this Article, upon the request of the federal executive body in charge of control and supervision in the area of taxes and levies, a taxpayer shall present documentation regarding a particular transaction (group of homogeneous transactions) indicated in the request. Documentation shall be understood to mean a set of documents or a single document prepared in arbitrary form (unless the legislation of the Russian Federation prescribes a set form for the preparation of such documents) and containing the following information:
1) Information on the activities of the taxpayer (persons) who concluded a controlled transaction (group of homogeneous transactions) related to that transaction:

- a list of persons (indicating the states and territories of which they are residents) with whom the controlled transaction was concluded, a description of the controlled transaction and the conditions thereof, including a description of pricing methods (if any) and the conditions and timing of payments in respect of that transaction and other information on the transaction;

- information concerning the functions of the persons who are parties to the transaction (where the taxpayer carries out a functional analysis), concerning assets used by them in connection with the controlled transaction and concerning the economic (commercial) risks assumed by them which the taxpayer took into consideration when concluding the transaction;

2) Where the taxpayer has used the methods provided for in Chapter 14.3 of this Code, the following information on the methods used:

- an explanation of the reasons for the choice of method used and the manner in which it was applied;

- an indication of information sources used;

- a computation of the market price range (profit margin range) for the controlled transaction with a description of the approach used to the selection of comparable transactions;

- the amount of income (profit) received and (or) the amount of expenses (losses) incurred as a result of the controlled transaction, and the profit margin obtained;

- information on the economic gain received from the controlled transaction by a person who concluded that transaction as a result of the acquisition of information, results of intellectual activity, rights in symbols which distinguish an enterprise and its products, work and services (company name, trademarks, service marks) and other exclusive rights (where applicable);

- information on other factors which influenced the price (profit margin) used in a controlled transaction, including information on the market strategy of the person who concluded the controlled transaction if that market strategy influenced the price (profit margin) used in the controlled transaction (where applicable);

- adjustments which the taxpayer made to the tax base and amounts of tax (losses) in accordance with clause 6 of Article 105.3 of this Code (if any were made);
3) where a taxpayer which is a member of a multinational group of companies whose total income (revenue) does not meet the condition stipulated by subsection 3 of clause 6 of Article 105.16-3 of this Code concludes a controlled transaction (group of controlled transactions) in which one of the parties and (or) the beneficiary is another member of that multinational group of companies whose place of registration or place of residence or place of tax residence is not the Russian Federation, the following information in addition to the information specified in subsections 1 and 2 of this clause:

- information on the structure of the taxpayer’s management bodies and identification details of persons to whom management reports must be presented and the states (territories) in which those persons carry on their main activities;

- information on the taxpayer’s activities and market strategy, information on the restructuring of the taxpayer’s activities within the framework of the multinational group of companies (if this took place in the tax period in which the transaction was concluded or the preceding tax period) and the transfer (receipt) of intangible assets (in the tax period in which the transaction was concluded or the preceding tax period), and explanations as to how the transaction (transactions) affected the taxpayer’s activities;

- information on the taxpayer’s main competitors;

- a description of the factors based on which it was concluded that the price applied in the controlled transaction (group of homogeneous transactions) was consistent with the market price;

- a description of adjustments to be made to render the conditions of transactions comparable (if any);

- copies of material agreements among members of the multinational group of companies which influence pricing in the controlled transaction (group of homogeneous transactions);

- copies of pricing agreements and tax rulings of competent authorities of foreign states (territories) such as are applicable in transactions between members of the multinational group of companies, which are relevant to the tested controlled transaction (group of homogeneous transactions) and in the preparation of which the federal executive body in charge of control and supervision in the area of taxes and levies did not take part;

- an auditor’s report on the taxpayer’s accounting (financial) statements for the last accounting period (if the taxpayer is subject to compulsory audit or has carried out a voluntary audit).
2. A taxpayer shall have the right to provide other information which serves to demonstrate that the commercial and (or) financial conditions of controlled transactions are consistent with those which applied in comparable transactions with account taken of adjustments made to ensure the comparability of the commercial and (or) financial conditions of comparable transactions in which the parties are non-interdependent persons with the conditions of a controlled transaction.

3. The documentation which is referred to in clause 1 of this Article may be requested from a taxpayer by the federal executive body in charge of control and supervision in the area of taxes and levies not earlier than 1 June of the year following the calendar year in which controlled transactions were concluded.

4. The provisions of clauses 1 and 2 of this Article shall not apply in the following cases:

1) where prices are used in transactions in accordance with instructions of anti-monopoly bodies in accordance with clause 8 of Article 105.3 of this Code, or the price is regulated and is applied in accordance with Article 105.4 of this Code;

2) in the case of transactions concluded by a taxpayer with persons with whom the taxpayer is not interdependent;

3) in the case of transactions involving securities and derivative financial instruments which are circulated on the organized securities market (with account taken of the provisions of Chapter 25 of this Code);

4) in the case of transactions in relation to which a pricing agreement for taxation purposes has been concluded in accordance with Chapter 14.6 of this Code.

5. A taxpayer shall have the right to present the above-mentioned documentation in relation to transactions such as are referred to in clause 4 of this Article on a voluntary basis.

6. The level of detail and comprehensiveness of documentation presented to the tax authorities must be consistent with the complexity of a transaction and the manner in which the transaction price is determined (the profit margin of the parties to the transaction).

7. Taxpayers, other than foreign organizations which receive only the types of income referred to in Article 309 of this Code, which are members of a multinational group of companies shall, in addition to the documentation provided for in this Article, be obliged to submit to the federal executive body in charge of control and supervision in the area of taxes and levies, in the cases, in accordance with the procedure and within the time limits which are
established by Chapter 14.4-1 of this Code, the documentation provided for in clause 4 of Article 105.16-1 of this Code.

**Article 105.16 Notification of Controlled Transactions**

1. Taxpayers shall be obliged to notify tax authorities of controlled transactions such as are referred to in Article 105.14 of this Code which they concluded in a calendar year.

2. Information on controlled transactions shall be given in notifications of controlled transactions which shall be sent by a taxpayer to the tax authority for its location (place of residence) not later than May 20 of the year following the calendar year in which controlled transactions were concluded. Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall present the notifications referred to in this clause to the tax authority where they are registered as major taxpayers.

At the option of taxpayers notifications of controlled transactions may be presented to a tax authority using a standard paper form or using prescribed formats in electronic form.

The form (formats) of a notification of controlled transactions, the procedure for completing a form and the procedure for presenting a notification of controlled transactions in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies in consultation with the Ministry of Finance of the Russian Federation.

In the event that it is discovered that information was not entered fully or inaccuracies or errors were made when completing a submitted notification of controlled transactions, the taxpayer shall have the right to submit a revised notification.

In the event that a revised notification is submitted before the taxpayer becomes aware that the tax authority has discovered the entry in a notification of inaccurate information concerning controlled transactions, the taxpayer shall be released from the liability provided for in Article 129.4 of this Code.

3. Information on controlled transactions must include the following:

1) the calendar year for which information on controlled transactions concluded by the taxpayer is provided;

2) the subject of transactions;

3) details of the parties to the transactions:
- the full name of an organization and its taxpayer identification number (if the organization is registered with tax authorities in the Russian Federation);

- the surname, first name and patronymic of a private entrepreneur and his taxpayer identification number;

- the surname, first name and patronymic and citizenship of a physical person who is not a private entrepreneur;

4) the amount of income received and (or) the amount of expenses (losses incurred) in connection with controlled transactions with a separate indication of amounts of income and (or) expenses attributable to transactions for which prices are subject to regulation in accordance with legislation.

4. The information referred to in this clause may be prepared in relation to a group of homogeneous transactions.

5. A tax authority which has received a notification of controlled transactions shall, within 10 days after receiving that notification, forward it in electronic form to the federal executive body in charge of control and supervision in the area of taxes and levies.

6. Should a tax authority conducting a tax audit or tax monitoring discover evidence of the conclusion of controlled transactions regarding which information has not been presented in accordance with clause 2 of this Article, that tax authority shall independently give notice to the federal executive body in charge of control and supervision in the area of taxes and levies of the discovery of controlled transactions and send the information which it has obtained concerning those transactions.

A tax authority conducting a tax audit or tax monitoring shall be obliged to notify the taxpayer of the sending of a notice and relevant information to the federal executive body in charge of control and supervision in the area of taxes and levies not later than 10 days from the date on which notice is sent.

The form of the notice and the procedure for sending it shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

7. The sending by a tax authority which is performing a tax audit of information received by it concerning controlled transactions to the federal executive body in charge of control and supervision in the area of taxes and levies shall not prevent the audit from being continued and (or) completed or a decision from being issued on the basis of the audit materials in accordance with the established procedure.
CHAPTER 14.4-1. SUBMISSION OF DOCUMENTATION FOR MULTINATIONAL GROUPS OF COMPANIES

Article 105.16-1 General Provisions Concerning Documentation for Multinational Groups of Companies

1. For the purposes of this Code, a multinational group of companies shall be understood to be a set of organizations and (or) foreign structures without the formation of a legal entity which are connected with each other through participation in capital and (or) the exercise of control and for which all of the following conditions are met:

1) consolidated financial statements are prepared in relation to the set of organizations and (or) foreign structures without the formation of a legal entity which is referred to in paragraph 1 of this clause in accordance with the requirements of the accounting legislation of the Russian Federation or the requirements of stock exchanges, including foreign stock exchanges, when a decision is made on the admission for trading of securities of any of those organizations and (or) foreign structures without the formation of a legal entity;

2) the set of organizations and (or) foreign structures without the formation of a legal entity which is referred to in paragraph 1 of this clause includes at least one organization (foreign structure without the formation of a legal entity) which is deemed to be a tax resident of the Russian Federation or an organization or foreign structure without the formation of a legal entity which, while not deemed a tax resident of the Russian Federation, is subject to taxation in respect of entrepreneurial activities carried on in the territory of the Russian Federation via a permanent establishment, and at least one organization (foreign structure without the formation of a legal entity) which is not deemed to be a tax resident of the Russian Federation, or an organization or foreign structure without the formation of a legal entity which, while deemed a tax resident of the Russian Federation, is subject to taxation in respect of entrepreneurial activities carried on in the territory of a foreign state (territory) via a permanent establishment.

2. The following shall be deemed to be a member of a multinational group of companies for the purposes of this Code:

1) a person forming part of a set of organizations and (or) foreign structures without the formation of a legal entity which are recognised as a multinational group of companies;

2) a person which falls within the category of organizations and (or) foreign structures without the formation of a legal entity which are referred to in clause 1 of this Article as at the end of the financial year and whose financial statements are not taken into account in preparing the consolidated financial
3) permanent establishments of persons such as are referred to in subsections 1 and 2 of this clause.

3. The Central Bank of the Russian Federation and State government bodies and local government bodies shall not be deemed to be members of a multinational group of companies for the purposes of this Code.

4. Documentation submitted by taxpayers which are members of multinational groups of companies (other than foreign organizations which receive only the types of income referred to in Article 309 of this Code) on the basis of clause 7 of Article 105.15 of this Code shall include the following documents:

1) a notification of participation in a multinational group of companies;

2) country-by-country information on the multinational group of companies of which the taxpayer is a member.

5. Country-by-country information on a multinational group of companies (hereinafter referred to as “country-by-country information”) shall, for the purposes of this Code, be understood to mean information which is submitted by members of a multinational group of companies on income (expenses) and profit (losses) received (incurred) in connection with activities of members of the multinational group of companies in the Russian Federation and (or) a foreign state (territory), on key indicators reflecting the activities of members of the multinational group of companies in the Russian Federation and (or) a foreign state (territory) and on amounts of taxes calculated and (or) paid to the budget system of the Russian Federation and (or) a foreign state (territory).

6. Country-by-country information shall include the following documents:

1) global documentation for a multinational group of companies (hereinafter referred to as “global documentation”);

2) national documentation of a member of a multinational group of companies (hereinafter referred to as “national documentation”);

3) a country-by-country report of a multinational group of companies for states (territories) of which members of the multinational group of companies are tax residents (hereinafter referred to as “country-by-country report”).

7. The following concepts and terms are used for the purposes of this Chapter:

1) parent company of a multinational group of companies – a member of a multinational group of companies which directly and (or) indirectly participates in or otherwise exercises control over the remaining members of
that multinational group and whose participating interest (control) is sufficient for the financial statements of other members to be included in the consolidated financial statements of that member of the multinational group of companies or sufficient that they would be included in those consolidated financial statements if the securities of the member in question were admitted for trading on a stock exchange, including a foreign stock exchange (except in cases where the financial statements of the member in question are required to be included in the consolidated financial statements of another member of that multinational group);

2) authorized member of a multinational group of companies – the member of a multinational group of companies to which the parent company of the multinational group of companies has assigned responsibility for submitting a country-by-country report on behalf of that multinational group of companies to the competent authorities of the foreign state (territory) of which that member is a tax resident or in which its activities give rise to a permanent establishment;

3) financial year – the period for which the consolidated financial statements of a multinational group of companies are or should have been prepared;

4) reporting period – the financial year following the financial year in which the total amount of income (revenue) of a multinational group of companies in accordance with the consolidated financial statements exceeds the total amount of income (revenue) which is stated in subsection 3 of clause 6 of Article 105.16-3 of this Code;

5) consolidated financial statements – financial statements of a multinational group of companies which are prepared in accordance with the legislation of the Russian Federation, International Financial Reporting Standards or other internationally recognised standards for the preparation of financial reports which are accepted by stock exchanges, including foreign stock exchanges, for the purpose of adopting a decision on the admission of its securities for trading, in which assets, obligations, capital, income, expenses and cash flows of the parent company of the multinational group of companies and members of the multinational group of companies are presented as assets, obligations, capital, income, expenses and cash flows of a single economic entity.

Article 105.16-2 Submission of Notifications of Participation in a Multinational Group of Companies

1. Taxpayers (other than foreign organizations which receive only the types of income specified in Article 309 of this Code) which are members of a multinational group of companies shall, in the cases, in accordance with the procedure and within the time limits which are established by this Article, submit notifications of participation in a multinational group of companies to
the federal executive body in charge of control and supervision in the area of
taxes and levies.

2. Taxpayers which are members of a multinational group of companies shall be
exempt from the obligation to submit a notification of participation in a
multinational group of companies in the following cases:

1) the parent company of the multinational group of companies or the authorized
member of the multinational group of companies is a Russian organization or
a foreign organization (a foreign structure without the formation of a legal
entity) which has voluntarily declared itself a tax resident of the Russian
Federation and has submitted a notification of participation in the
multinational group of companies giving information on all members of that
group which are deemed to be taxpayers in accordance with this Code (with
the exception of foreign organizations which receive only the types of income
specified in Article 309 of this Code);

2) a notification of participation in the multinational group of companies has
been submitted by a member of the multinational group of companies, which
is a Russian organization or a foreign organization (a foreign structure without
the formation of a legal entity) which has voluntarily declared itself a tax
resident of the Russian Federation, to which the parent company or the
authorized member of that multinational group of companies, which are not
tax residents of the Russian Federation, assigned responsibility for submitting
a notification of participation in the multinational group of companies, giving
information on all members of that multinational group of companies which
are deemed to be taxpayers in accordance with this Code (with the exception
of foreign organizations which receive only the types of income specified in
Article 309 of this Code).

3. The exemption which is provided for in clause 2 of this Article shall apply to
taxpayers which are members of a multinational group of companies and
concerning which information has been presented in an appropriate
notification of participation in a multinational group of companies within the
established time limit.

4. A notification of participation in a multinational group of companies shall be
submitted in the prescribed format only in electronic form not later than eight
months from the end date of the reporting period for the parent company of
that multinational group of companies.

The format of a notification of participation in a multinational group of
companies and the procedure for completing it and submitting it in electronic
form shall be approved by the federal executive body in charge of control and
supervision in the area of taxes and levies.

5. A notification of participation in a multinational group of companies must
contain the following information as at the end date of a reporting period:
1) the name, main State registration number, taxpayer identification number and code of reason for registration of each taxpayer which is a member of the multinational group of companies;

2) information on whether the taxpayer submitting the notification is the parent company of the multinational group of companies or the authorized member of the multinational group of companies;

3) information on whether or not the taxpayer submitting the notification is on the list of strategic enterprises and strategic joint stock companies or whether the taxpayer is a subsidiary company of an enterprise or joint stock company which is on that list;

4) information on the federal executive body authorized by the Government of the Russian Federation to provide the prior consent which is provided for in paragraph 2 of clause 5 of Article 105.16-3 of this Code;

5) the name of the member which is the parent company of the multinational group of companies, its state (territory) of tax residence, the registration number (numbers) assigned to the parent company of the multinational group of companies in its state (territory) of registration (incorporation), the code (codes) of the parent company of the multinational group of companies as a taxpayer in its state (territory) of registration (incorporation) (or equivalents thereof) and the address in the state (territory) of registration (incorporation) of the parent company of the multinational group of companies;

6) the name of the member which is the authorized member of the multinational group of companies, its state (territory) of tax residence, the registration number (numbers) assigned to the authorized member of the multinational group of companies in its state (territory) of registration (incorporation), the code (codes) of the authorized member of the multinational group of companies as a taxpayer in its state (territory) of registration (incorporation) (or equivalents thereof) and the address in the state (territory) of registration (incorporation) of the authorized member of the multinational group of companies;

7) grounds supporting the right of a member of a multinational group of companies to submit a country-by-country report and (or) a notification of participation in a multinational group of companies in relation to all members of that group which are deemed to be taxpayers in accordance with this Code (with the exception of foreign organizations which receive only the types of income specified in Article 309 of this Code);

8) the date which is the last day of the reporting period.

6. In the event that a taxpayer discovers omissions or inaccuracies in a notification of participation in a multinational group of companies or errors
made in completing it, the taxpayer shall have the right to submit a revised notification of participation in a multinational group of companies.

In the event that the above-mentioned revised notification is submitted before the taxpayer became aware that the federal executive body in charge of control and supervision in the area of taxes and levies or a territorial tax authority had found the notification to contain incorrect information, the taxpayer shall be exempt from the liability provided for in Article 129.9 of this Code.

7. The provisions of this Article shall not apply to taxpayers which are members of a multinational group of companies whose total income (revenue) meets the condition stipulated by subsection 3 of clause 6 of Article 105.16-3 of this Code.

Article 105.16-3 General Provisions Concerning the Submission of Country-by-Country Information

1. Taxpayers (with the exception of foreign organizations which receive only the types of income specified in Article 309 of this Code) which are members of a multinational group of companies shall submit country-by-country information in the cases, in accordance with the procedure and within the time limits which are established by this Code.

2. A country-by-country report shall be submitted by the parent company of a multinational group of companies or the authorized member of a multinational group of companies if the parent company of the multinational group of companies or the authorized member of the multinational group of companies is a Russian organization or a foreign organization (foreign structure without the formation of a legal entity) which has voluntarily declared itself a tax resident of the Russian Federation.

A country-by-country report shall be submitted by a member of a multinational group of companies which is a taxpayer in accordance with this Code (with the exception of foreign organizations which receive only the types of income specified in Article 309 of this Code) upon the request of the federal executive body in charge of control and supervision in the area of taxes and levies, except in cases provided for in clause 6 of this Article.

A country-by-country report shall be submitted by the parent company of a multinational group of companies or the authorized member of a multinational group of companies not later than twelve months from the end date of the reporting period.

3. Global documentation and national documentation shall be submitted by a member of a multinational group of companies which is a taxpayer in accordance with this Code (with the exception of foreign organizations which receive only the types of income specified in Article 309 of this Code).
Global documentation shall be submitted upon the request of the federal executive body in charge of control and supervision in the area of taxes and levies within three months from the day on which that request is received. Global documentation may be requested from a member of a multinational group of companies which is a taxpayer in accordance with this Code (with the exception of foreign organizations which receive only the types of income specified in Article 309 of this Code) not earlier than upon the lapse of twelve months and not later than upon the lapse of thirty six months from the end date of the reporting period specified in the request. In the event that the above-mentioned request is sent in connection with a request from a competent authority of a foreign state (territory) which was received in accordance with this Code and the provisions of international agreements of the Russian Federation, it shall be accompanied by a copy of that request.

The federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to require a taxpayer which is a member of a multinational group of companies to present global documentation which was previously submitted on the request of the federal executive body in charge of control and supervision in the area of taxes and levies by another member of that multinational group of companies for the reporting period concerned. This restriction shall not apply to cases where global documentation submitted by a taxpayer was lost as a result of circumstances of force majeure.

National documentation shall be submitted upon the request of the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with the procedure and within the time limits which are established by Articles 105.15 and 105.17 of this Code.

4. A country-by-country report shall be submitted in the prescribed format only in electronic form.

The format of a country-by-country report and the procedure for completing it and submitting it in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

Country-by-country information shall be presented in Russian with amounts stated in the currency of the Russian Federation, except as otherwise provided in this clause. In this respect, a taxpayer shall retain the right to present country-by-country information in a foreign language at the same time.

A country-by-country report for a financial year in which the parent company of the multinational group of companies for which country-by-country information is submitted was not deemed to be a tax resident of the Russian Federation may be submitted in a foreign language.
The values of value indicators in global documentation and a country-by-country report may be stated in the currency in which the parent company of the multinational group of companies prepares consolidated financial statements.

The values of value indicators for controlled transactions in relation to which national documentation is prepared may be stated in the currency in which those transactions are denominated.

For the purposes of calculating the values of value indicators in global documentation and a country-by-country report, the reporting currency of members of a multinational group of companies may, where it differs from the reporting currency of the parent company of the multinational group of companies, be translated according to the rules for the preparation of the consolidated financial statements of the parent company of that multinational group of companies. Information on the exchange rate used shall be provided in the explanatory notes to the global documentation and the country-by-country report.

A country-by-country report and global documentation containing information which constitutes State secrets and (or) information which is directly and (or) indirectly indicative of military-industrial co-operation with foreign states which is carried on in accordance with Federal Law No. 114-FZ of 19 July 1998 “Concerning Military-Industrial Co-Operation of the Russian Federation with Foreign States” shall be submitted without the inclusion of information which constitutes State secrets and (or) information which is directly and (or) indirectly indicative of military-industrial co-operation with foreign states.

Where a country-by-country report contains information regarding members of multinational group of companies which have been included in the list of strategic enterprises and strategic joint stock companies in accordance with the legislation of the Russian Federation and regarding subsidiary companies thereof, information concerning the activities of those members shall be transmitted to the competent authorities of foreign states (territories) in accordance with Article 142.5 of this Code only on condition that the taxpayer submitting the country-by-country report presents in relation to those members the appropriate prior consent of a federal executive body authorized by the Government of the Russian Federation to the submission of that information.

A taxpayer which is a member of a multinational group of companies and has submitted a notification of participation in that group to the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with this Code (or in relation to which such a notification has been submitted) shall have the right not to submit a country-by-country report in the following cases:
the taxpayer is a member of a multinational group of companies with respect to which the parent company of the multinational group of companies or the authorized member of the multinational group of companies submits a country-by-country report in accordance with clause 2 of this Article;

2) the taxpayer is a member of a multinational group of companies with respect to which the parent company of the multinational group of companies or the authorized member of the multinational group of companies is deemed to be a tax resident of a foreign state (territory) in relation to which all of the following conditions are met:

- the legislation of the state (territory) in question requires the submission to the competent authorities of a country-by-country report containing information similar to the information provided for in clause 1 of Article 105.16-6 of this Code;

- the state (territory) in question is a party to an international agreement of the Russian Federation on the international automatic exchange of country-by-country reports as at the end of the period specified in paragraph 3 of clause 2 of this Article for the submission of a country-by-country report for the relevant reporting period;

- the state (territory) in question is not on the list of states (territories) which systematically fail to fulfil obligations associated with the automatic exchange of country-by-country reports, as approved by the federal executive body in charge of control and supervision in the area of taxes and levies;

- the state (territory) in question has been notified by the appropriate member of the multinational group of companies of the member of the multinational group of companies which is responsible for submitting the country-by-country report (if the legislation of the state (territory) in question contains a requirement for such notification);

3) the taxpayer is a member of a multinational group of companies whose total income (revenue) in accordance with consolidated financial statements for the financial year comprising the twelve consecutive calendar months immediately preceding the accounting period amounts or may amount (if consolidated financial statements were prepared) to:

- less than 50 billion roubles – if the parent company of the multinational group of companies is deemed to be a tax resident of the Russian Federation;

- less than the amount of total income (revenue) which is established by the legislation of a foreign state (territory) as giving rise to an obligation to submit to the competent authority of that foreign state (territory) a country-by-country report containing information similar to the information specified by clause 1 of Article 105.16-6 of this Code – if the parent company of the multinational group of companies is deemed to be a tax resident of the foreign state
Territory) in question. If the parent company of the multinational group of companies or the authorized body of the multinational group of companies prepares consolidated financial statements in a currency other than the currency of the Russian Federation, whether the condition of the amount of total income (revenue) which is specified in this subsection is met shall be determined using the average exchange rate of the currency of the consolidated financial statements to the rouble of the Russian Federation which was established by the Central Bank of the Russian Federation for the financial year preceding the reporting period.

7. The federal executive body in charge of control and supervision in the area of taxes and levies shall send to a taxpayer which is a member of a multinational group of companies such as is referred to in subsection 2 of clause 6 of this Article a request to provide a country-by-country report within the time limit established by the federal executive body in charge of control and supervision in the area of taxes and levies, which may not be less than three months from the date on which the taxpayer receives that request, in the following cases:

1) if the federal executive body in charge of control and supervision in the area of taxes and levies possesses information received from competent authorities of foreign states (territories) to the effect that the parent company of the multinational group of companies or the authorized member of the multinational group of companies failed to fulfil the obligation established by the legislation of a foreign state (territory) to submit a country-by-country report to a competent authority;

2) the state (territory) of which the parent company of a multinational group of companies or the authorized member of a multinational group of companies is a tax resident has been included in the list of states (territories) which systematically fail to fulfil obligations associated with the automatic exchange of country-by-country reports, as approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

8. A state (territory) shall be included in the list of states (territories) which systematically fail to fulfil obligations associated with the automatic exchange of country-by-country reports if the competent authority of that state (territory) fails to fulfil (suspends the fulfilment of) obligations laid down in an international agreement of the Russian Federation on the automatic exchange of country-by-country reports or if for other reasons the automatic exchange of country-by-country reports with the Russian Federation is not maintained.

9. A taxpayer which is a member of a multinational group of companies for which an obligation to submit a country-by-country report arose on the basis of a request of the federal executive body in charge of control and supervision in the area of taxes and levies which was sent in accordance with clause 7 of this Article shall be exempt from the liability provided for in Article 129.10 of this Code for failure to submit a country-by-country report within the time...
limit established by clause 3 of this Article if a country-by-country report is submitted within the time limit established by the federal executive body in charge of control and supervision in the area of taxes and levies.

**Article 105.16-4 Global Documentation**

1. Global documentation for a reporting period shall be prepared in any form and must contain:

1) information on the structure of participation in the capital and the exercise of control of the multinational group of companies and information on the markets for goods (work and services) on which members of the multinational group of companies carry on their activities (in the form of charts);

2) information on the activities of the multinational group of companies:

   - a description of the main factors affecting the financial performance of the multinational group of companies;

   - a description of the supply chain for the five largest goods (work, services) in terms of income (revenue) of the multinational group of companies and the supply chain for other goods (work, services) and other activities which account for more than 5 per cent of the income (revenue) of the multinational group of companies for the reporting period, and the main geographical locations of the markets for goods (work and services) on which those goods (work, services) are sold (performed, rendered);

   - a list and brief description of material service contracts concluded among members of the multinational group of companies (other than contracts for research and development work), including a description of the capabilities of the principal members of the multinational group of companies involved in providing the services in question and approaches to pricing for services provided within the multinational group of companies;

   - a brief functional analysis of the members of the multinational group of companies which influence the group’s financial performance, including a description of key functions performed, assets used and economic (commercial) risks assumed;

   - information on material transactions involving the restructuring of activities within the multinational group of companies and the acquisition and alienation of assets in the reporting period;

3) information on intangible assets of the multinational group of companies:

   - a description of the development strategy of the multinational group of companies with respect to the development, ownership and use of intangible
4) Information on financial activities in the multinational group of companies:

- A brief description of the system of financing of the multinational group of companies (including information on financing obtained from persons which are not members of the multinational group of companies);

- An indication of members of the multinational group of companies which perform the main financing functions in the multinational group of companies, including the states (territories) in which those members are registered and (or) their place of management;

- A general description of pricing methodologies applied among members of the multinational group of companies for transactions relating to the financing of members of the multinational group of companies;

5) Other information:

- Consolidated financial statements for the last reporting period or, if these are not available, other consolidated reports for the last reporting period prepared for management, tax and other purposes;

- A list and brief description of pricing agreements and tax rulings of competent authorities of foreign states (territories) in the preparation of which the federal executive body in charge of control and supervision in the area of taxes and levies did not participate, which are applicable in transactions among members of the multinational group of companies and relate to the allocation of income among states (territories).
2. If a taxpayer discovers omissions or inaccuracies in global documentation which has been submitted or errors made in completing it, the taxpayer shall have the right to submit revised global documentation.

3. The provisions of this Article shall not apply to taxpayers which are members of a multinational group of companies whose total income (revenue) meets the condition stipulated by subsection 3 of clause 6 of Article 105.16-3 of this Code.

**Article 105.16-5 National Documentation**

1. National documentation shall be documentation prepared in any form by a member of a multinational group of companies in relation to a controlled transaction (a group of homogeneous transactions) one of the parties to which and (or) the beneficiary of which is another member of that multinational group of companies whose place of registration, place of residence or place of tax residence is not the Russian Federation and containing the information provided for in clause 1 of Article 105.15 of this Code.

2. Where information to be disclosed in national documentation was presented for the same reporting period in accordance with Article 105.16-4 of this Code as part of global documentation, the information needed not be presented again provided that reference is made in the national documentation to the sections of the global documentation which contain the required information.

3. A taxpayer shall have the right to present other information confirming that the commercial and (or) financial conditions of controlled transactions correspond to those which occurred in comparable transactions, with adjustments made to render the commercial and (or) financial conditions of comparable transactions involving non-related parties comparable with the conditions of the controlled transaction.

4. If a taxpayer discovers omissions or inaccuracies in national documentation which has been submitted or errors made in completing it, the taxpayer shall have the right to submit revised national documentation.

5. The provisions of this Article shall not apply to taxpayers which are members of a multinational group of companies whose total income (revenue) meets the condition stipulated by subsection 3 of clause 6 of Article 105.16-3 of this Code.

**Article 105.16-6 Country-by-Country Report**

1. A country-by-country report must contain information:
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1) on the total amount of income (revenue) from transactions for a reporting period, including a breakdown into the amount of income (revenue) from transactions with members of that multinational group of companies and the amount of income (revenue) from transactions with other persons, including associated organizations;

2) on the amount of pre-tax profit (loss) for the reporting period;

3) on the amount of tax on profit of organizations (income (profits) tax or equivalent) calculated for the reporting period;

4) on the amount of tax on profit of organizations (income (profits) tax or equivalent) paid in the reporting period;

5) on the amount of capital as at the end date of the reporting period;

6) on the amount of accrued profit as at the end date of the reporting period;

7) on the number of employees for the reporting period;

8) on the amount of tangible assets as at the end date of the reporting period;

9) identification details for each member of the multinational group, including the state (territory) under whose laws the member was founded and the state (territory) of tax residence and the main activities of each member of the multinational group of companies.

2. Requirements relating to the composition of information which is provided for in clause 1 of this Article shall be determined by the federal executive body in charge of control and supervision in the area of taxes and levies in the procedure for completing the country-by-country report which is provided for in clause 4 of Article 105.16-3 of this Code.

3. The information provided for in subsections 1 to 8 of clause 1 of this Article shall be stated in aggregated form in relation to the activities of members of a multinational group of companies which are tax residents and (or) permanent establishments in one state (territory), without the information being broken down by individual member of the multinational group of companies.

The information provided for in subsections 1 to 8 of clause 1 of this Article shall be stated on the basis of data in consolidated financial statements prepared by the parent company of a multinational group of companies in accordance with International Financial Reporting Standards or other internationally recognised standards for the preparation of financial statements, or on the basis of data in accounting and (or) tax records maintained in accordance with the rules in force in the state (territory) of tax residence of a member of a multinational group of companies, or on the basis of other information which ensures the completeness and accuracy of
A taxpayer which is a member of a multinational group of companies shall have the right to disclose the methodology and principles for the preparation of the country-by-country report and to present other additional information which elaborates on information compulsorily presented in accordance with clause 1 of this Article.

4. If a taxpayer discovers omissions or inaccuracies in the country-by-country report or errors made in completing it, the taxpayer shall have the right to submit a revised country-by-country report.

If the above-mentioned revised country-by-country report is submitted before the taxpayer became aware that the federal executive body in charge of control and supervision in the area of taxes and levies or a territorial tax authority had found the country-by-country report to contain incorrect information, the taxpayer shall be exempt from the liability provided for in Article 129.10 of this Code.

CHAPTER 14.5. TAX CONTROL IN CONNECTION WITH THE CONCLUSION OF TRANSACTIONS BETWEEN INTERDEPENDENT PERSONS

Article 105.17 Audit by the Federal Executive Body in Charge of Control and Supervision in the Area of Taxes and Levies of the Proper Calculation and Payment of Taxes in Connection with the Conclusion of Transactions Between Interdependent Persons

1. An audit of the proper calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons (hereinafter referred to as “audit”) shall be performed by the federal executive body in charge of control and supervision in the area of taxes and levies at its location.

A tax audit or tax monitoring shall be carried out on the basis of a notification of controlled transactions or a notice from a territorial tax authority performing an on-site or in-house tax audit of a taxpayer, sent in accordance with Article 105.16 of this Code, or when a controlled transaction is discovered as a result of the performance by the federal executive body in charge of control and supervision in the area of taxes and levies of a repeat on-site tax audit by way of reviewing the activities of a tax authority which performed an audit.
When performing audits the federal executive body in charge of control and supervision in the area of taxes and levies shall have the right to perform the tax control measures established by Articles 95 to 97 of this Code. In this respect, the conformity of prices used in controlled transactions to market prices may not be inspected in the context of on-site and in-house tax audits.

2. An audit shall be carried out by officials of the federal executive body in charge of control and supervision in the area of taxes and levies on the basis of a decision of the director (deputy director) of that body concerning the performance of an audit. Such a decision may be issued not later than two years after the receipt of a notification or notice such as are referred to in clause 1 of this Article, except as otherwise provided in this Article.

In the event that a taxpayer submits a revised tax declaration in which the amount of tax calculated in accordance with clause 6 of Article 105.3 of this Code is stated as a lesser amount (the amount of losses is stated as a greater amount) than was previously declared, a decision to perform an audit may be issued not later than two years after the submission of that revised tax declaration. In this respect, the audit shall be performed only in relation to the controlled transaction for which an adjustment has been made in accordance with clause 6 of Article 105.3 of this Code.

The federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to perform two or more audits in relation to one controlled transaction (group of homogeneous transactions) for one and the same calendar year, except as otherwise provided in this clause.

The federal executive body in charge of control and supervision in the area of taxes and levies shall have the right to perform repeat audits in relation to one controlled transaction (group of homogeneous transactions) in the event that a taxpayer submits a revised tax declaration in which the stated amount of tax is less (the stated amount of losses is greater) than was previously declared in a tax declaration submitted in accordance with clause 6 of Article 105.3 of this Code.

Where a taxpayer which is a party to a controlled transaction (a group of homogeneous transactions) has been subjected to an audit in accordance with this Article in relation to that transaction (group of homogeneous transactions) for a calendar year and the conditions of the controlled transaction (group of homogeneous transactions) were found to conform to the conditions of transactions between non-interdependent persons, taxpayers which are other parties to that transaction (group of homogeneous transactions) may not be subjected to audits in relation to that transaction (group of homogeneous transactions).

In this respect, the performance of an audit in relation to a transaction concluded in a tax period shall not affect the performance of on-site and (or) in-house tax audits or tax monitoring for that tax period.
2.1 A decision to conduct an audit may not be issued and (or) a notice of a territorial tax authority such as is referred to in clause 1 of this Article may be sent on the basis of a special declaration submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation” and (or) accompanying documents and (or) information, or on the basis of information contained in such special declaration and (or) documents.

3. The period of performance of an audit shall be measured from the date of issuance of the decision ordering the audit to the day on which the statement of performance of the audit is drawn up.

The federal executive body in charge of control and supervision in the area of taxes and levies shall notify the taxpayer of the adoption of the above-mentioned decision within three days from the date of its adoption.

4. An audit shall be carried out within a period not exceeding six months. In exceptional cases that period may be extended to 12 months by decision of the director (deputy director) of the federal executive body in charge of control and supervision in the area of taxes and levies.

The grounds and procedure for extending the time period for the performance of an audit shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

Should the need arise for information to be obtained from foreign State bodies, for expert examinations to be performed and (or) for documents presented by the taxpayer in a foreign language to be translated into Russian, the time period for the performance of an audit may be extended for a further period not exceeding six months, and where an audit was extended for the purpose of obtaining information from foreign State bodies and the federal executive body in charge of control and supervision in the area of taxes and levies has been unable to obtain the requested information within a period of six months, the extension period the audit may be increased by three months.

A copy of the decision on the extension of the time period for the performance of an audit shall be sent to the taxpayer within three days from the day on which it was adopted.

5. An audit may cover controlled transactions concluded over a period not exceeding the three calendar years preceding the calendar year in which the decision ordering the audit was issued.

Where a taxpayer has used the methods or a combination of the methods referred to in clause 1 of Article 105.7 of this Code to assess the comparability of the commercial and (or) financial conditions of controlled transactions with
the conditions of compared transactions between non-interdependent persons, the federal executive body in charge of control and supervision in the area of taxes and levies shall, in exercising tax control in connection with the performance of transactions between interdependent persons, apply the method (combination of methods) used by the taxpayer.

A different method (combination of methods) may be applied in the event that the federal executive body in charge of control and supervision in the area of taxes and levies is able to prove that, by reason of the conditions under which a controlled transaction was concluded, the method (combination of methods) used by the taxpayer does not make it possible to assess the comparability of the commercial and (or) financial conditions of controlled transactions with the conditions of compared transactions between non-interdependent persons.

The federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to use other methods not provided for in this Section in exercising tax control in connection with the performance of transactions.

6. The federal executive body in charge of control and supervision in the area of taxes and levies shall have the right to send to a taxpayer in the manner prescribed by clauses 1, 2 and 5 of Article 93 of this Code a request for the presentation of documentation such as is provided for in Article 105.15 of this Code in relation to a transaction (group of homogeneous transactions) being inspected. Documentation requested in accordance with this clause shall be presented by a taxpayer within 30 days from the date of receipt of the relevant request, except as otherwise provided in Chapter 14.4-1 of this Code.

7. An official of the federal executive body in charge of control and supervision in the area of taxes and levies who is conducting an audit shall have the right to request documents (information) from participants in transactions being inspected who possess documents (information) relating to those transactions.

The requesting of documents in accordance with this clause shall take place according to a procedure similar to the procedure for the requesting of documents which is established by Article 93.1 of this Code.

8. On the last day of an audit the inspector shall be obliged to draw up a certificate of audit completion, specifying the subject-matter and dates of the audit.

The certificate of audit completion shall be handed to the person in relation to whom the audit was performed or that person’s representative against receipt or shall be transmitted by another means which provides evidence of the date of receipt of the certificate.
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In the event that the taxpayer (the taxpayer’s representative) evades receipt of the certificate of audit completion, that certificate shall be sent to the taxpayer by registered mail.

Where a certificate of audit completion is sent by registered mail, the date of delivery shall be considered to be the sixth day counting from the date on which the registered letter was sent.

9. Where an audit has revealed deviations in the price used in a transaction from the market price which have caused the amount of tax to be understated (the amount of losses to be overstated), within two months from the date of preparation of the certificate of audit completion the authorized officials who carried out the audit must draw up an audit report in the prescribed form.

The form of an audit report and requirements relating to the preparation of a report shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

10. The audit report shall be signed by the officials who carried out the audit and the person in relation to whom the audit was carried out (or a representative of that person).

A refusal by the person in relation to whom the audit was carried out or a representative of that person to sign the audit report shall be noted in that report.

11. An audit report shall be prepared with account taken of the requirements set out in clause 3 of Article 100 of this Code. The audit report must also indicate documented instances in which the price used in a transaction deviated from the market price by being above the highest price or below the lowest price (profit margin) with account taken of applicable price increments or price discounts, and present evidence that the deviation caused the amount of tax to be understated (the amount of losses to be overstated) and a computation of the amount of that understatement (overstatement).

12. An audit report must be handed within five days of the date of the report to the person in relation to whom the audit was performed or a representative of that person against receipt, or must be transmitted by another means which provides evidence of the date of receipt of the report by that person (the person’s representative).

Should the person in relation to whom an audit was performed or a representative of that person evade receipt of the audit report, that fact shall be noted in the audit report, and the audit report shall be sent by registered mail to the location of the organization concerned or the place of residence of the physical person concerned.
Where an audit report is sent by registered mail, the date of delivery of the report shall be considered to be the sixth day from the date on which the registered letter was sent.

13. A person in relation to whom an audit has been performed or a representative of that person shall have the right, in the event that he disagrees with statements made in the audit report or with the conclusions and recommendations of the inspectors and within 20 days of receiving the report, to present to the federal executive body in charge of control and supervision in the area of taxes and levies written objections in relation to that report as a whole or in relation to individual points therein. In this respect, the person in question shall have the right to attach to the written objections, or to transmit to the federal executive body in charge of control and supervision in the area of taxes and levies within an agreed time limit, documents (certified copies of documents) substantiating the objections.

14. The examination of a report, other audit materials and written objections presented by a taxpayer in relation to a report and the adoption of a decision based on the results of an audit shall take place in a similar manner as is provided for in Article 101 of this Code for the examination of materials relating to a tax audit.

15. Materials and information obtained by the federal executive body in charge of control and supervision in the area of taxes and levies in carrying out tax control measures in connection with the conclusion of a transaction between interdependent persons may be used in auditing other persons who are participants in the same controlled transaction.

**Article 105.18 Symmetrical Adjustments**

1. Russian taxpayer organizations which are other parties to a controlled transaction (hereinafter referred to as “other party to a transaction”) may, in calculating the taxes referred to in clause 4 of Article 105.3 of this Code, use prices on the basis of which the federal executive body in charge of control and supervision in the area of taxes and levies has adjusted the tax base and the amount of tax (where additional tax is charged, following an inspection by the federal executive body in charge of control and supervision in the area of taxes and levies of the full calculation and payment of taxes in connection with the conclusion of transactions between interdependent persons, by assessing the results of the transaction with reference to market prices) or on the basis of which taxpayers have adjusted the tax base and the amount of tax (losses) (in the case provided for in clause 6 of Article 105.3 of this Code).

The use of such prices shall be deemed to be a symmetrical adjustment for the purposes of this Code.
Symmetrical adjustments shall be made in accordance with the procedure established by this Article.

2. The other party to a transaction shall have the right to apply a symmetrical adjustment where:

1) a decision of the federal executive body in charge of control and supervision in the area of taxes and levies to impose (not to impose) sanctions for the commission of a tax offence which provides for additional tax to be charged or the amount of losses to be reduced has been fulfilled by the taxpayer in relation to which that decision was issued. The right to symmetrical adjustments in this case shall arise from the day of the receipt of a notification of the possibility of symmetrical adjustments which is issued (sent) by the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with the procedure laid down in clauses 5 to 9 of this Article;

2) a taxpayer which independently adjusted the tax base and the amount of tax (losses) in accordance with clause 6 of Article 105.3 of this Code has submitted a tax declaration in which the relevant adjustment is reflected and has settled the amount of arrears which arose as a result of that adjustment (if any).

3. Adjustments shall not be made to tax ledgers or primary documents for the purposes of applying symmetrical adjustments. Symmetrical adjustments shall be reflected:

1) where the right to such adjustments arose for the other party to a transaction in accordance with subsection 1 of clause 2 of this Article - in tax declarations for the taxes referred to in clause 4 of Article 105.3 of this Code which were submitted for the tax period in which the other party to the transaction has received a notification of the possibility of symmetrical adjustments;

2) where the right to such adjustments arose for the other party to a transaction in accordance with subsection 2 of clause 2 of this Article - in tax declarations for the taxes referred to in clause 4 of Article 105.3 of this Code which were submitted for the tax period for which the taxpayer independently adjusted the tax base and the amount of tax (losses) in accordance with clause 6 of Article 105.3 of this Code.

4. Where, as a result of a symmetrical adjustment, the other party to a transaction receives the right to a credit or refund of tax, the rules established by this Code in relation to the crediting and refund of overpaid amounts of tax shall apply.

5. Symmetrical adjustments such as are provided for in subsection 1 of clause 2 of this Article shall be made by the other party to a transaction on the basis of information contained in a notification of the possibility of symmetrical
adjustments which is sent to it by the federal executive body in charge of
control and supervision in the area of taxes and levies.

The standard form of a notification of the possibility of symmetrical
adjustments and the procedure for the issue thereof shall be approved by the
federal executive body in charge of control and supervision in the area of
taxes and levies.

In the event that the federal executive body in charge of control and
supervision in the area of taxes and levies, after inspecting the full calculation
and payment of taxes in connection with the conclusion of transactions
between interdependent persons, adopts a decision to impose (not to impose)
sanctions for the commission of a tax offence which provides for additional
tax to be charged or the amount of losses to be reduced, it shall notify the
other party to a transaction of the possibility of symmetrical adjustments by
means of issuing an appropriate notification or sending such a notification by
registered mail or in electronic form via telecommunications channels within
one month from the day on which that decision is complied with.

The running of the time limit for the issue or sending to the other party to a
transaction of a notification of the possibility of symmetrical adjustments shall
be suspended in the event that the federal executive body in charge of control
and supervision in the area of taxes and levies receives notice of the lodging of
a judicial appeal against the decision to impose (not to impose) sanctions for
the commission of a tax offence which provides for additional tax to be
charged or the amount of losses to be reduced and on the basis of which
symmetrical adjustments are made. That suspension shall continue in effect
until the day on which a relevant judicial act enters into force.

In the event that the federal executive body in charge of control and
supervision in the area of taxes and levies fails to comply with the time limit
stipulated by this clause for the issue or sending to the other party to a
transaction of a notification of the possibility of symmetrical adjustments,
interest payable to the taxpayer concerned shall be charged on the amount of
overpaid tax which is required to be credited or refunded to that taxpayer as a
result of a symmetrical adjustment for each calendar day commencing from
the last day of the time limit established by this clause for the issue or sending
of the relevant notification to the taxpayer.

The interest rate shall be taken to be equal to the refinancing rate of the
Central Bank of the Russian Federation which was effect in the period in
which the federal executive body in charge of control and supervision in the
area of taxes and levies violated the time limit for sending a relevant
notification.

6. In the case provided for in subsection 1 of clause 2 of this Article (where a
notification of the possibility of symmetrical adjustments is not received
within the time limits specified in clause 5 of this Article), the other party to a
transaction shall have the right to file an application with the federal executive body in charge of control and supervision in the area of taxes and levies for the issue of a notification of the possibility of symmetrical adjustments.

An application for the issue of a notification of the possibility of symmetrical adjustments must be accompanied by copies of documents confirming information on the decision to impose (not to impose) sanctions for the commission of a tax offence which was issued in relation to the taxpayer and which provides for additional tax to be charged or the amount of losses to be reduced, and confirming that the decision has been complied with.

7. The federal executive body in charge of control and supervision in the area of taxes and levies, after considering an application for the issue of a notification of the possibility of symmetrical adjustments, shall, within 15 days from the day on which the other party to a transaction submitted the application for the issue of a notification of the possibility of symmetrical adjustments, adopt one of the following decisions:

1) to issue a notification of the possibility of symmetrical adjustments;
2) to refuse to issue a notification of the possibility of symmetrical adjustments;
3) to give notice of the suspension of the time limit for the issue of a notification of the possibility of symmetrical adjustments in the event of the contesting of the decision to impose (not to impose) sanctions for the commission of a tax offence which provides for additional tax to be charged or the amount of losses to be reduced and on the basis of which symmetrical adjustments are made.

8. The issue of a notification of the possibility of symmetrical adjustments may be refused:

1) in the event of a failure to comply with the procedure for submitting an application for the issue of a notification of the possibility of symmetrical adjustments;
2) in the event that information given in the application is not confirmed;
3) in the event that, while the application for the issue of a notification of the possibility of symmetrical adjustments is being considered, the taxpayer submits a revised tax declaration in which the tax base and the amount of tax (losses) have changed.

9. Where the federal executive body in charge of control and supervision in the area of taxes and levies has adopted a decision to issue a notification of the possibility of symmetrical adjustments, a notification of the possibility of symmetrical adjustments shall be issued to the other party to a transaction or sent to that party by registered mail or in electronic form via
telecommunications channels not later than one day from the day on which that decision is adopted.

The other party to a transaction which has applied for the issue of a notification of the possibility of symmetrical adjustments shall be notified of the adoption of a decision such as is provided for in subsection 2 or 3 of clause 7 of this Article not later than one day from the day on which the decision in question is adopted.

The standard form of the decisions referred to in clause 7 of this Article and the procedure for adopting them shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

10. Symmetrical adjustments such as are provided for in subsection 2 of clause 2 of this Article shall be made by the other party to a transaction on the basis of information sent to it by a taxpayer which has adjusted the tax base and the amount of tax (losses) on the basis of clause 6 of Article 105.3 of this Code, accompanied by documents (information) confirming the fulfilment of the tax payment obligation which arose as a result of that adjustment.

11. In the event that a tax declaration such as is provided for in subsection 2 of clause 3 of this Article is submitted to a tax authority after the deadline for the submission of a notification of controlled transactions, the other party to a transaction shall present, at the same time as that declaration, documents (information) received from the taxpayer in accordance with clause 10 of this Article.

In the event that the other party to a transaction has not presented the documents (information) referred to in this clause (or has presented documents containing inaccurate information), and (or) the conditions referred to in subsection 2 of clause 2 of this Article have not been fulfilled, the amount of tax (losses) must be restored, and in this respect the amount of tax shall be payable to the budget in accordance with the established procedure with appropriate amounts of tax sanctions and penalties being recovered from the other party to the transaction.

The amount by which the amount of the tax base (losses) has changed as a result of a symmetrical adjustment made on the grounds provided for in subsections 1 and 2 of clause 2 of this Article must correspond to the amount by which the amount of the tax base (losses) has changed in the cases provided for in clauses 5 and 6 of Article 105.3 of this Code.

12. In the event that a taxpayer which is the other party to a controlled transaction made an adjustment in accordance with a notification of the possibility of symmetrical adjustments, and the decision to impose (not to impose) sanctions for the commission of a tax offence which provided for additional tax to be charged or the amount of losses to be reduced was subsequently amended
(rescinded) or invalidated through the courts, the taxpayer in question must make an appropriate reverse adjustment.

In the event that a taxpayer which is the other party to a controlled transaction made an adjustment in accordance with a tax declaration submitted by a taxpayer in accordance with clause 6 of Article 105.3 of this Code, and that taxpayer subsequently submitted a revised tax declaration indicating a lower tax base and (or) amount of tax, the taxpayer which is the other party to a controlled transaction must make an appropriate reverse adjustment.

Reverse adjustments shall be made by the other party to a transaction on the basis of a notification of the need to make reverse adjustments received from the tax authority with which the other party to the transaction is registered, within one month from the date on which that notification is received. In this respect, penalties shall not be charged on amounts of tax payable which have increased on the basis of reverse adjustments such as are referred to in paragraph 1 of this clause.

The standard form of and procedure for the issue of a notification of the need to make reverse adjustments shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

A notification of the need to make reverse adjustments in connection with the amendment (rescission) or invalidation of a decision to impose (not to impose) sanctions for the commission of a tax offence which provides for additional tax to be charged or the amount of losses to be reduced shall be accompanied by a computation of reverse adjustments prepared in any form, and by a copy of the relevant judicial act which rescinds (amends) or invalidates the decision in question or relevant judicial acts.

A notification of the need to make reverse adjustments in connection with the making of independent adjustments by a taxpayer in accordance with clause 6 of Article 105.3 of this Code shall be accompanied by a computation of reverse adjustments prepared in any form. The notification shall indicate the date of submission of the revised tax declaration.

The tax authority shall credit or refund overpaid tax to a taxpayer which is the other party to a controlled transaction and in relation to which a decision to impose (not to impose) sanctions for the commission of a tax offence was issued providing for additional tax to be charged or the amount of losses to be reduced, and which independently made an adjustment in accordance with clause 6 of Article 105.3 of this Code, only after reverse adjustments have been made and tax has been paid by the taxpayer which is the other party to the controlled transaction.

The federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to cite the absence of documents or the expiry of the retention period for documents for the purposes of crediting
(refunding) amounts of tax shown in a tax declaration (a revised tax declaration) which is submitted by a taxpayer as a result of symmetrical or reverse adjustments made on the basis of an appropriate notification.

CHAPTER 14.6. PRICING AGREEMENT FOR TAXATION PURPOSES

Article 105.19 General Provisions Concerning a Pricing Agreement for Taxation Purposes

1. A Russian organization which is a taxpayer classified as a major taxpayer in accordance with Article 83 of this Code (hereafter in this Chapter referred to as “taxpayer”) shall have the right to file an application with the federal executive body in charge of control and supervision in the area of taxes and levies for the conclusion of an agreement on pricing for taxation purposes (hereinafter referred to also as “pricing agreement”).

2. A pricing agreement shall constitute an agreement made between a taxpayer and the federal executive body in charge of control and supervision in the area of taxes and levies regarding the manner in which prices are to be determined and (or) pricing methods are to be applied in controlled transactions for taxation purposes during the term of the agreement with a view to ensuring compliance with the provision of clause 1 of Article 105.3 of this Code.

3. The subject of a pricing agreement shall include:

1) the types and (or) lists of controlled transactions and goods (work and services) in relation to which an agreement is concluded;

2) the procedure for determining prices and (or) a description of and the procedure for applying pricing methods (formulae) for taxation purposes;

3) a list of information sources to be used in determining the conformity of prices used in transactions to the conditions of the agreement;

4) the term of the agreement;

5) a list of and the procedure and time limits for presenting documents confirming fulfilment of the conditions of the pricing agreement.

4. Other conditions of a pricing agreement besides those set out in clause 3 of this Article may be established by arrangement between the parties.
Article 105.20 Parties to a Pricing Agreement

1. The parties to a pricing agreement shall be the taxpayer and the federal executive body in charge of control and supervision in the area of taxes and levies in the person of the director (deputy director) of that body, except as otherwise provided in clause 2 of this Article.

2. Where a pricing agreement is to be concluded in relation to a foreign trade transaction and at least one of the parties to that transaction is a tax resident of a foreign state with which a double taxation agreement (treaty) has been concluded, the taxpayer may file an application with the federal executive body in charge of control and supervision in the area of taxes and levies for such a pricing agreement to be concluded with the participation of the competent executive body of the relevant foreign state. The procedure for the conclusion of such a pricing agreement shall be established by the Ministry of Finance of the Russian Federation.

3. Where homogeneous controlled transactions are concluded between a number of Russian interdependent organizations (a group of taxpayers), a multilateral pricing agreement may be concluded with those organizations. In this respect, the conditions of that agreement shall apply to the entire group of taxpayers who concluded it.

In the process of the conclusion of a pricing agreement, the amendment of the conditions and the performance of an inspection of the fulfilment of the conditions of a pricing agreement in accordance with the procedures established by Articles 105.22 and 105.23 of this Chapter respectively, the common interests of a group of taxpayers may be represented by one organization from the group of taxpayers, whose authority shall be confirmed by powers of attorney issued in accordance with the procedure established by the legislation of the Russian Federation.

4. A taxpayer who has concluded a pricing agreement shall have the right to notify persons with whom transactions are concluded of the conclusion of such an agreement and of the procedure established therein for the determination of the price to be used for taxation purposes.

Article 105.21 Term of a Pricing Agreement

1. A pricing agreement may be concluded in relation to one or more transactions (a group of homogeneous transactions) having one and the same subject for a period not exceeding three years.

In this respect, the validity of a pricing agreement may be extended to include the period which elapsed from the first day of the calendar year in which the taxpayer submitted the application to conclude the agreement to the federal
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executive body in charge of control and supervision in the area of taxes and levies up to the date of entry into force of that agreement.

2. Provided that it has complied with all the conditions of a pricing agreement, a taxpayer shall have the right to file an application with the federal executive body in charge of control and supervision in the area of taxes and levies for the term of the pricing agreement to be extended.

3. A pricing agreement may be extended by agreement between the parties by not more than two years in accordance with the procedure laid down in Article 105.22 of this Code.

4. A pricing agreement shall enter into force from 1 January of the calendar year following the year in which it was signed except as otherwise provided by that agreement.

Article 105.22 Procedure for the Conclusion of a Pricing Agreement

1. A taxpayer’s application for the conclusion of a pricing agreement which is submitted by the taxpayer to the federal executive body in charge of control and supervision in the area of taxes and levies shall be accompanied by:

   1) a draft of the pricing agreement;

   2) documents relating to activities of the taxpayer which are connected with controlled transactions and relating to controlled transactions in relation to which the taxpayer proposes the conclusion of a pricing agreement;

   3) copies of the taxpayer’s foundation documents;

   4) a copy of the taxpayer’s certificate of State registration;

   5) a copy of the taxpayer’s certificate of registration with the tax authority for its location in the territory of the Russian Federation;

   6) the taxpayer’s accounting (financial) statements for the last accounting period;

   7) a document confirming that the applicant has paid State duty for the consideration by the federal executive body in charge of control and supervision in the area of taxes and levies of the application for the conclusion of a pricing agreement;

   8) other documents containing information relevant to the conclusion of the pricing agreement.

2. The information and documents enumerated in this clause shall be presented to the federal executive body in charge of control and supervision in the area
of taxes and levies in arbitrary form, unless a different form is prescribed by
the legislation of the Russian Federation.

3. The federal executive body in charge of control and supervision in the area of
taxes and levies shall have the right to make a request to a taxpayer to supply
other documents not provided for in clause 1 of this Article which are needed
for the purposes of a pricing agreement.

4. The federal executive body in charge of control and supervision in the area of
taxes and levies shall consider the application and other documents presented
by the taxpayer in accordance with clauses 1 to 3 of this Article within a
period of not more than six months from the day on which they are received.
That period may be extended to nine months.

The grounds and procedure for the extension of the time period for the
consideration of documents presented by a taxpayer shall be established by the
federal executive body in charge of control and supervision in the area of
taxes and levies.

5. Following consideration of the documents presented by the taxpayer in
accordance with clauses 1 to 3 of this Article, the federal executive body in
charge of control and supervision in the area of taxes and levies shall adopt
one of the following decisions:

1) a decision consenting to the conclusion of a pricing agreement;

2) a substantiated decision to refuse the conclusion of such an agreement;

3) a decision requiring modification of the draft agreement in which the federal
executive body in charge of control and supervision in the area of taxes and
levies requests the taxpayer to modify in accordance with the requirements of
this Code and re-submit the draft pricing agreement and the documents
referred to in subsection 2 of clause 1 of this Article.

6. The relevant decision consenting to the conclusion (refusing the conclusion or
requiring modification) of a pricing agreement (indicating the place, date and
time of signing of the pricing agreement where is a decision is adopted
consenting to the conclusion of a pricing agreement) shall be sent to the
taxpayer (the taxpayer’s authorized representative) within five days from the
date of adoption of the decision.

7. Where a draft pricing agreement and documents are re-submitted on the basis
of a decision such as is provided for in subsection 3 of clause 5 of this Article:

1) the State duty provided for in subsection 7 of clause 1 of this Article shall not
be levied;
2) the federal executive body in charge of control and supervision in the area of taxes and levies shall adopt a decision within three months.

8. The grounds for the adoption of a decision refusing the conclusion of a pricing agreement shall include, in particular:

1) the non-submission or incomplete submission of the documents specified in clause 1 of this Article;

2) the non-payment of State duty, or failure to pay it in full;

3) a substantiated conclusion to the effect that applying the price determination procedure and (or) pricing methods proposed by the taxpayer in the draft pricing agreement would not enable compliance with the provisions of clause 1 of Article 105.3 of this Code.

9. An appeal against a decision to refuse to conclude a pricing agreement may be lodged with a court in accordance with the legislation of the Russian Federation.

10. A copy of the pricing agreement concluded with a taxpayer shall be sent by the federal executive body in charge of control and supervision in the area of taxes and levies to the tax authority where the taxpayer is registered as a major taxpayer within three days from the day on which that agreement is signed.

11. A taxpayer’s application for the conclusion of a pricing agreement which is submitted by the taxpayer to the federal executive body in charge of control and supervision in the area of taxes and levies may be withdrawn by that taxpayer. In this respect, the amount of State duty paid in accordance with subsection 3 of clause 1 of this Article shall not be refunded.

12. A price agreement may be amended in accordance with the procedure laid down in this Article.

**Article 105.23 Inspection of Compliance with a Pricing Agreement**

1. Compliance by a taxpayer with a pricing agreement shall be inspected by the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with the procedure laid down in Chapter 14.5 of this Code.

2. Where a taxpayer has complied with the conditions of a pricing agreement (including where this is established as a result of an inspection such as is referred to in clause 1 of this Article), the federal executive body in charge of control and supervision in the area of taxes and levies shall not have the right to adopt a decision to impose (not to impose) sanctions for the commission of a tax offence which provides for additional taxes, penalties and fines to be
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charged or amounts of losses to be reduced in relation to controlled transactions for which prices (price determination methods) were agreed upon in the pricing agreement.

Article 105.24 Procedure for the Termination of a Pricing Agreement

1. A pricing agreement shall be terminated upon the expiry of its term or may be terminated before the expiry of its term in cases provided for in this Article.

2. A pricing agreement shall be terminated early by decision of the director (deputy director) of the federal executive body in charge of control and supervision in the area of taxes and levies in the event that the taxpayer has committed a violation of the pricing agreement during its effective term which has caused taxes to be underpaid and was discovered in the course of the performance of an inspection in the manner provided for in Chapter 14.5 of this Code.

A pricing agreement may also be cancelled early by agreement between the parties or by decision of a court.

3. A decision of the federal executive body in charge of control and supervision in the area of taxes to terminate a pricing agreement shall be handed to the taxpayer (a representative of the taxpayer) against receipt or transmitted by another means which provides evidence of the date of the receipt thereof by the taxpayer (the taxpayer’s representative), or shall be sent to the taxpayer by registered mail within five days from the day on which the relevant decision is adopted.

A decision to terminate a pricing agreement which has been sent to a taxpayer by registered mail shall be considered to have been received upon the lapse of six days from the date on which the registered letter was sent.

A copy of the above-mentioned decision shall be sent within the same time period to the tax authority where the taxpayer is registered as a major taxpayer.

4. A taxpayer may appeal to an arbitration court in accordance with the procedure established by the arbitration procedure legislation of the Russian Federation against a decision of the federal executive body in charge of control and supervision in the area of taxes and levies to terminate a pricing agreement.

5. Tax, penalties and fines shall be paid only where the termination of a pricing agreement by reason of the non-fulfilment (violation) of its conditions has caused the amount of tax to be understated.
Article 105.25 Stability of the Conditions of a Pricing Agreement

1. The conditions of a pricing agreement shall remain unchanged in the event that amendments are introduced to tax and levy legislation with respect to the regulation of relations arising in connection with the conclusion, amendment or termination of a pricing agreement.

2. Should any other amendments be introduced to the tax and levy legislation of the Russian Federation and customs-related legislation of the Russian Federation which affect a taxpayer’s activities, the parties to the agreement shall have the right to amend the text of the pricing agreement accordingly.
CHAPTER 14.7. TAX MONITORING. REGULATIONS ON INFORMATION EXCHANGE

Article 105.26 General Provisions Concerning Tax Monitoring

1. The objective of tax monitoring shall be to check the correct calculation (withholding) and full and timely payment (remittance) of taxes, levies and insurance contributions in relation to which responsibility for the payment (remittance) thereof is placed in accordance with this Code on the organization which is the taxpayer (levy payer, payer of insurance contributions, tax agent) (hereafter in this Section referred to as “organization”).

The objective of tax monitoring in relation to a member of a consolidated group of taxpayers shall also be to check the correct determination of income received and expenses incurred by that member for the purposes of the calculation and payment of tax on profit of organizations for the consolidated group of taxpayers.

In this respect, it shall not be an objective of tax monitoring in relation to a member of a consolidated group of taxpayers to check whether other members of the consolidated group of taxpayers have correctly determined income received and expenses incurred for the purposes of the calculation and payment of tax on profit of organizations for the consolidated group of taxpayers.

2. Tax monitoring shall be conducted by a tax authority on the basis a decision to conduct tax monitoring.

3. Except as otherwise established by this clause, an organization shall have the right to submit an application to a tax authority for tax monitoring to be conducted provided that the following conditions are simultaneously met:

1) the aggregate amount of value added tax, excise duties, tax on profit of organizations and tax on the extraction of commercial minerals payable to the budget system of the Russian Federation for the calendar year preceding the calendar year in which the application for tax monitoring to be conducted is submitted, not including taxes payable in connection with the movement of goods across the customs border of the Customs Union, is not less than 300 million roubles.
Taxes which an organization is obliged to pay both as a taxpayer and as a tax agent shall be taken into account in determining the aggregate amount of the taxes referred to in this subsection.

For an organization which is a member of a consolidated group of taxpayers (including the responsible member of that group), the aggregate amount of taxes specified in this clause shall include an amount of tax on profit of organizations determined on the basis of income received and expenses incurred by that organization which are taken into account in calculating the consolidated tax base;

2) the aggregate amount of income received according to data in the organization’s annual accounting (financial) statements for the calendar year preceding the calendar year in which the application for tax monitoring to be conducted is submitted is not less than 3 billion roubles;

3) the aggregate value of assets according to data in the organization’s accounting (financial) statements as at 31 December of the calendar year preceding the calendar year in which the application for tax monitoring to be conducted is submitted is not less than 3 billion roubles.

In the case of organizations in relation to which tax monitoring is conducted, the conditions established by this clause need not be met in order for a decision concerning the conduct of tax monitoring to be adopted in accordance with clause 4 or 7 of Article 105.27 of this Code.

4. The period for which tax monitoring is conducted shall be the calendar year.

5. The time period of the conduct of tax monitoring for the period specified in clause 4 of this Article shall commence from 1 January of the year of that period and shall end on 1 October of the year following that period.

6. Regulations on information exchange shall set out the procedure for the submission to a tax authority of documents (information) pertaining to the calculation (withholding) and payment (remittance) of taxes, levies and insurance contributions in electronic form and (or) for access to information systems of an organization which contain the above-mentioned documents (information), at the organization’s option. Regulations on information exchange shall also indicate the manner in which the tax authority may, if necessary, inspect the originals of such documents.

Regulations on information exchange shall set out the manner in which an organization records income and expenses, objects of taxation and the tax base in accounting and tax ledgers and provide details of accounting ledgers and analytical tax ledgers and information on the organization’s system of internal control over economic events and the correct calculation (withholding) and full and timely payment (remittance) of taxes, levies and insurance contributions.
The form of and requirements relating to regulations on information exchange shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

7. For the purposes of conducting tax monitoring, the system of internal control over economic events and the correct calculation (withholding) and full and timely payment (remittance) of taxes, levies and insurance contributions (hereafter in this Chapter referred to as “internal control system”) shall be understood to mean the totality of the organizational structure, methods and procedures approved by the organization for the ordered and efficient conduct of financial and economic activities (including the achievement of financial and operating targets and the preservation of assets), the detection, correction and prevention of errors and misstatements in the calculation (withholding) of taxes, levies and insurance contributions and the full and timely payment (remittance) thereof and for the timely preparation of accounting (financial), tax and other reports of the organization.

The internal control system used by an organization must meet the requirements established by the federal executive body in charge of control and supervision in the area of taxes and levies for the organization of an internal control system.

**Article 105.27 The Procedure for the Submission of an Application for Tax Monitoring to be Conducted and the Adoption of a Decision to Conduct (to Refuse to Conduct) Tax Monitoring**

1. An application for tax monitoring to be conducted shall be submitted by an organization in relation to which tax monitoring is not conducted to the tax authority for that organization’s location not later than 1 July of the year preceding the year for which tax monitoring is to be conducted.

An organization which is classified as a major taxpayer in accordance with Article 83 of this Code shall submit an application for tax control to be conducted to the tax authority with which it is registered as a major taxpayer.

The form of an application for tax control to be conducted shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

1.1 While tax monitoring is being conducted, an organization shall have the right to submit an application for the conduct of tax monitoring for the following period not later than 1 September of the last tax monitoring period, on which the tax authority may adopt a decision in accordance with clause 7 of this Article.
2. The following shall be submitted together with an application for tax control to be conducted:

1) regulations on information exchange;

2) information on organizations and physical persons who/which have a direct and (or) indirect participating interest in the organization which is submitting the application for tax control to be conducted where that participating interest amounts to more than 25 per cent;

3) the organization’s accounting policies for taxation purposes as effective in the calendar year in which the application for tax control to be conducted is submitted;

4) internal documents regulating the internal control system of an organization.

3. An organization which has submitted an application for tax control to be conducted may, before the tax authority has adopted a decision to conduct tax monitoring or to refuse to conduct tax monitoring, withdraw it on the basis of a written application.

In the event that an application for tax monitoring to be conducted is withdrawn, that application shall not be considered to have been submitted.

3.1 Where submitted regulations on information exchange do not contain all the information specified by clause 6 of Article 105.26 of this Code, the tax authority shall, not later than one month after receiving an application for tax monitoring to be conducted, notify the organization of this and request that necessary explanations (additional documents and information) be presented and (or) that appropriate amendments (additions) be made to the regulations on information exchange within 10 days.

4. After considering an application for tax control to be conducted and documents (information) submitted by an organization in accordance with clauses 2 and 3.1 of this Article, the director (deputy director) of a tax authority shall, by 1 November of the year in which the application for tax control to be conducted has been submitted, adopt one of the following decisions:

1) a decision to conduct tax monitoring;

2) a decision to refuse to conduct tax monitoring.

5. A decision to refuse to conduct tax monitoring must be substantiated. The grounds for adopting a decision to refuse to conduct tax monitoring shall be:

1) failure by an organization to present all or some of the documents (information) required in accordance with clause 2 of this Article;
failure by an organization to satisfy the conditions stipulated by clause 3 of Article 105.26 of this Code;

non-conformity of the regulations on information exchange to the prescribed form and requirements for regulations on information exchange;

the non-conformity of the internal control system used by an organization to the established requirements for the organization of an internal control system.

6. A decision to conduct tax monitoring (a decision to refuse to conduct tax monitoring) shall be sent to the organization within five days from the day of its adoption.

7. During the two tax periods following a period in which tax monitoring is conducted on the basis of a decision adopted in accordance with clause 4 of this Article, tax monitoring shall be conducted on the basis of a decision of a tax authority adopted in relation to each of those periods. The tax authority shall adopt such a decision unless an application for the discontinuation of tax monitoring is submitted by the organization concerned before 1 December of the year preceding the next tax monitoring period.

A decision on the conduct of tax monitoring for an ensuing period shall be sent to the organization concerned before that period begins.

Article 105.28 The Procedure for the Early Termination of Tax Monitoring

1. Tax monitoring shall be terminated early in the following cases:

1) a failure by the organization to comply with the regulations on information exchange, where this has become an impediment to the conduct of tax monitoring;

2) the discovery by the tax authority that the organization has presented inaccurate information in the course of the conduct of tax monitoring;

3) systematic (on two or more occasions) failure to present documents (information) and explanations in the manner prescribed by Article 105.29 of this Code in the course of the conduct of tax monitoring.

2. A tax authority shall notify an organization in writing of the early termination of tax monitoring within ten days from the day on which circumstances specified in clause 1 of this Article are established, but not later than 1 September of the year following the period for which tax monitoring is conducted.
CHAPTER 14.8. PROCEDURE FOR THE CONDUCT OF TAX MONITORING.
REASONED OPINION OF A TAX AUTHORITY

Article 105.29 The Procedure for the Conduct of Tax Monitoring

1. Tax monitoring shall be conducted by authorized officials of a tax authority in accordance with their official duties at the location of the tax authority.

2. Where, in the process of conducting tax monitoring, inconsistencies are found in details contained in documents (information) submitted or inconsistencies are found between information submitted by the organization and information contained in documents in the possession of the tax authorities, the tax authority shall notify the organization of this with a request to present necessary explanations within five days or to make appropriate adjustments within ten days.

In the event that, after examining explanations presented by an organization or where none are presented, a tax authority finds evidence that taxes, levies and insurance contributions have been incorrectly calculated (withheld) or have not been paid (remitted) in full or on time, the tax authority shall be obliged to prepare a reasoned opinion in accordance with the procedure laid down in Article 105.30 of this Code.

3. When conducting tax monitoring a tax authority shall have the right to request an organization to present necessary documents (information) and explanations associated with the correct calculation (withholding) and timely payment (remittance) of taxes, levies and insurance contributions and to engage an expert and a specialist in accordance with the procedure established by Articles 95 and 96 of this Code.

4. Requested documents (information) and explanations may be presented to a tax authority in person or through a representative, sent by registered mail or transmitted electronically via telecommunications channels.

Documents in paper form shall be presented in the form of copies certified by the organization. It shall not be permitted to require notarial certification of copies of documents presented to a tax authority (to an official) unless otherwise provided by the legislation of the Russian Federation.

Where documents requested from an organization have been prepared in electronic form in formats prescribed by the federal executive body in charge of control and supervision in the area of taxes and levies, the organization shall have the right to send them to the tax authority in electronic form via telecommunications channels.

The procedure for sending a request to present documents and for presenting documents at the request of a tax authority in electronic form via
telecommunications channels shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.

5. Documents (information) and explanations which have been requested in accordance with clause 3 of this Article in the course of the conduct of tax monitoring shall be presented by an organization within ten days from the day on which the relevant request was received.

Where an organization is unable to present requested documents (information) and explanations within the time period established by this clause, that organization shall, within a day following the day on which it received the request to present documents (information) and explanations, notify tax authority officials who are conducting tax monitoring in writing of its inability to present documents (information) and explanations within the specified time period and of the time period within which the organization is able to present the requested documents (information) and explanations.

The notification referred to in paragraph 1 of this clause shall be submitted in accordance with the procedure prescribed by clause 3 of Article 93 of this Code.

On the basis of the above-mentioned notification the director (deputy director) of the tax authority may, within two days from the day of receiving it, extend the time period for the presentation of documents (information) and explanations by the organization or refuse to extend that time period, and a separate decision shall be issued accordingly.

6. A tax authority shall not have the right, in the course of conducting tax monitoring, to request an organization to present documents which were previously presented to the tax authority in the form of copies certified by the organization.

**Article 105.30 Reasoned Opinion of a Tax Authority**

1. A reasoned opinion of a tax authority (hereafter in this Chapter referred to as “reasoned opinion”) shall reflect the tax authority’s position regarding the correct calculation (withholding) and full and timely payment (remittance) of taxes, levies and insurance contributions. A reasoned opinion shall be sent to an organization in the course of the conduct of tax monitoring.

A reasoned opinion shall be signed by the director (deputy director) of a tax authority.

The form of and requirements relating to the preparation of a reasoned opinion shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies.
2. A tax authority shall prepare a reasoned opinion on its own initiative or at the request of an organization.

3. A reasoned opinion shall be prepared on the initiative of a tax authority in the event that the tax authority establishes in the course of conducting tax monitoring that taxes, levies and insurance contributions have been incorrectly calculated (withheld) or have not been paid (remitted) in full or on time by the organization. The reasoned opinion shall be sent to the organization within five days from the day on which it is prepared.

The above-mentioned reasoned opinion may be prepared not later than three months before the period of the conduct of tax monitoring ends.

4. A request to provide a reasoned opinion shall be sent by an organization to a tax authority which is conducting tax monitoring where the organization has doubts or where there is uncertainty over matters pertaining to the correct calculation (withholding) and full and timely payment (remittance) of taxes, levies and insurance contributions in relation to a completed or planned transaction (operation) or group of interrelated transactions (operations) or in relation to other completed economic events of the organization.

4.1 A request to provide a reasoned opinion must contain:

1) a description of the business objective and main conditions, including rights and obligations of the parties and time limits and conditions for making payments, for a completed or planned transaction (operation) or group of interrelated transactions (operations) and for other completed economic events of the organization;

2) information on activities of contract parties and other persons and functions performed by them with respect to a completed or planned transaction (operation) or group of interrelated transactions (operations) and with respect to other completed economic events of the organization, indicating the states and territories of which they are tax residents, and other information relating to a completed or planned transaction (operation) or group of interrelated transactions (operations) and relating to other completed economic events of the organization which is relevant to the procedure for the calculation (withholding) and payment (remittance) of taxes and levies;

3) the organization’s position in regard to the procedure for the calculation (withholding) and payment (remittance) of taxes and levies in relation to a completed or planned transaction (operation) or group of interrelated transactions (operations) and with respect to other completed economic events of the organization.

4.2 A request to provide a reasoned opinion may be accompanied by copies of documents confirming the information stated in the request.
A request to provide a reasoned opinion in relation to a transaction (operation) or group of interrelated transactions (operations) and other economic events of an organization may be sent by an organization not later than 1 July of the year following the period in which they occurred.

When considering a request to provide a reasoned opinion, a tax authority shall have the right to request the organization which sent the request to provide documents (information) needed for the preparation of a reasoned opinion in accordance with the procedure established by Article 105.29 of this Code.

5. A reasoned opinion at the request of an organization must be sent to that organization by the tax authority which has received the request within one month from the day on which that request was received.

The time period for sending a reasoned opinion at the request of an organization may be extended by a tax authority by one month for the purpose of obtaining from that organization or from other parties documents (information) which are needed for the preparation of the reasoned opinion.

The tax authority shall notify the organization of the extension of the period for sending a reasoned opinion within three days from the day on which the relevant decision is adopted.

6. An organization shall notify a tax authority which has prepared a reasoned opinion of its agreement with that reasoned opinion within one month from the day on which it is received, attaching documents confirming implementation of that reasoned opinion (if available).

An organization shall notify a tax authority which prepared a reasoned opinion regarding planned transactions (operations) or a group of interrelated transactions (operations) of the commencement of those transactions (operations) not later than a month from the day on which they begin to take place. The notification shall be accompanied by documents (if available) confirming compliance with that reasoned opinion.

7. A reasoned opinion shall be binding on the tax authorities and on an organization during the course of tax monitoring, except where that reasoned opinion is based on incomplete or inaccurate information presented by the organization, or the fundamental conditions of a transaction (operation) or group of interrelated transactions (operations) or of another economic event do not correspond to the information presented by the organization, or at the time of the performance of the transaction (operation) or group of interrelated transactions (operations) or the occurrence of another economic event the provisions of legislation and normative legal acts on the basis of which the reasoned opinion was prepared have lost force (have been amended).
An organization shall implement a reasoned opinion by means of taking the position of the tax authority which is expressed therein into account in tax records and tax declarations (computations) (revised tax declarations (computations)) or by other means.

8. In the event that an organization disagrees with a reasoned opinion, it shall, within one month from the day of receiving it, present disagreements to the tax authority which prepared that reasoned opinion.

A tax authority which has received disagreements shall be obliged, within three days from the day of receiving them, to send those disagreements together with all materials in its possession to the federal executive body in charge of control and supervision in the area of taxes and levies for the purpose of initiating the conduct of a mutual agreement procedure.

9. A tax authority shall, not later than 1 December of the year following a period for which tax monitoring was conducted, notify the organization of the existence (non-existence) of outstanding reasoned opinions which were sent to the organization in the course of the conduct of tax monitoring.

10. When conducting tax monitoring a tax authority shall not have the right to send to an organization a reasoned opinion on matters relating to the checking of prices used by the organization in controlled transactions for conformity to market prices.

Article 105.31 Mutual Agreement Procedure

1. The federal executive body in charge of control and supervision in the area of taxes and levies shall, after receiving disagreements and materials presented by a tax authority in accordance with clause 8 of Article 105.30 of this Code, initiate the conduct of a mutual agreement procedure.

2. A mutual agreement procedure shall be conducted by the director (deputy director) of the federal executive body in charge of control and supervision in the area of taxes and levies within one month from the day of the receipt of disagreements and materials presented by a tax authority and with the participation of the tax authority which prepared the reasoned opinion and the organization (or a representative of the organization) which presented the disagreements.

3. Upon completion of the mutual agreement procedure the federal executive body in charge of control and supervision in the area of taxes and levies shall notify the organization of the modification of the reasoned opinion or of the upholding of the reasoned opinion.

4. The notification of the modification of a reasoned opinion or of the upholding of a reasoned opinion shall be signed by the director (deputy director) of the
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federal executive body in charge of control and supervision in the area of taxes and levies.

The notification shall be handed over or sent to the organization within three days from the day on which it was prepared.

5. An organization shall, within one month from the day on which a notification of the modification of a reasoned opinion or of the upholding of a reasoned opinion is received, notify the tax authority which prepared the reasoned opinion of its agreement (disagreement) with the reasoned opinion, attaching documents confirming implementation of the reasoned opinion (if available).
SECTION VI. TAX OFFENCES AND LIABILITY FOR THE COMMISSION THEREOF

CHAPTER 15. GENERAL PROVISIONS CONCERNING LIABILITY FOR THE COMMISSION OF TAX OFFENCES

Article 106  Definition of a Tax Offence

A tax offence shall be understood to be a wrongfully committed unlawful (in violation of tax and levy legislation) act (action or inaction) of a taxpayer, a payer of insurance contributions, a tax agent or other persons for which liability is established by this Code.

Article 107  The Bearers of Liability for the Commission of Tax Offences

1. Liability for the commission of tax offences shall be borne by organizations and physical persons in the instances provided for in Chapters 16 and 18 of this Code.

2. A physical person may be called to account for the commission of tax offences from the age of sixteen years.

Article 108  General Conditions of Amenability for the Commission of Tax Offences

1. No one may be called to account for the commission of a tax offence other than on the grounds and in accordance with the procedure which are stipulated by this Code.

2. No one may be called to account more than once for the commission of one and the same tax offence.

3. The basis for the calling of a person to account for violations of tax and levy legislation shall be the ascertainment of the fact that a particular violation has been committed in a tax authority decision which has entered into force.

4. The fact that an organization has been called to account for the commission of a tax offence shall not exempt it from administrative, criminal or other liability provided for in the laws of the Russian Federation where the appropriate grounds exist.

5. The fact that a person has been called to account for the commission of a tax offence shall not exempt it from the obligation to pay (remit) amounts of tax (a levy, insurance contributions) and penalties due.
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6. A person shall be deemed innocent of committing a tax offence until his guilt has been proven in accordance with the procedure prescribed by federal law. A person who is called to account shall not be obliged to prove his innocence of committing a tax offence. The obligation to prove the existence of circumstances which show that a tax offence has occurred and that the person is guilty of committing it shall rest with the tax authorities. Any insurmountable doubts as to the guilt of the person who is called to account shall be interpreted in that person’s favour.

7. Liability for violations of tax and levy legislation committed in connection with the performance of an investment partnership agreement shall be borne by the managing partner responsible for the maintenance of tax records.

Liability for the non-fulfilment of obligations relating to the payment of tax on profit of organizations and tax on income of physical persons on profit (income) attributable to a participant in an investment partnership agreement shall be borne by that participant in the agreement, except as otherwise established by this Code.

Article 109 Circumstances Which Prevent a Person from Being Called to Account for the Commission of a Tax Offence

1. A person may not be called to account for the commission of a tax offence if any of the following circumstances exist:

1) no tax offence has occurred;

2) the person concerned is not guilty of committing a tax offence;

3) an act which contains the elements of a tax offence was committed by a person who was under sixteen years of age at the time when the act was committed;

4) the period of limitation for calling a person to account for the commission of a tax offence has expired.

2. In addition to the circumstances referred to in clause 1 of this Article, a person may not be called to account for the commission of a tax offence if the offence in question was committed in connection with the acquisition (creation of sources for the acquisition), use or disposal of assets and (or) controlled foreign companies and accounts (deposits) regarding which information is contained in a special declaration and (or) accompanying documents and (or) information submitted in accordance with the Federal Law “Concerning the Voluntary Declaration of Assets and Bank Accounts (Deposits) by Physical Persons and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”.
In the case referred to in this clause, the basis for the non-imposition of sanctions for the commission of a tax offence on a person shall be the submission of a copy of the special declaration and copies of the accompanying documents and (or) information bearing a tax authority’s acknowledgement of acceptance.

Article 110 Forms of Guilt with Respect to the Commission of a Tax Offence

1. A person who has committed an unlawful act deliberately or through negligence shall be deemed guilty of committing a tax offence.

2. A tax offence shall be deemed to have been committed deliberately if the person who committed it was aware of the unlawful nature of his actions (inaction) and desired or knowingly allowed the occurrence of the injurious consequences of such actions (inaction).

3. A tax offence shall be deemed to have been committed through negligence if the person who committed it was not aware of the unlawful nature of his actions (inaction) or of the injurious nature of the consequences of those actions (inaction), although he should and could have been aware of this.

4. The guilt of an organization with respect to the commission of a tax offence shall be determined according to the guilt of its officers or representatives whose actions (inaction) caused the tax offence to be committed.

Article 111 Circumstances in Which a Person May Not be Found Guilty of Committing a Tax Offence

1. Circumstances in which a person may not be found guilty of committing a tax offence shall include:

1) the commission of an act which contains elements of a tax offence as a result of a natural disaster or other emergencies and insurmountable circumstances (such circumstances shall be established by the existence of generally known facts and of publications in the mass media and by other means not requiring special proof);

2) the commission of an act which contains elements of a tax offence by a physical person who, at the time of committing the act, was in a condition in which that person could not have been aware of or able to control his own actions as a result of an illness (such circumstances shall be proved by the provision to the tax authority of documents which, by virtue of their meaning, content and date, relate to the tax (computation) period in which the tax offence was committed);
3) observance by a taxpayer (levy payer, payer of insurance contributions, tax agent) of written explanations concerning the procedure for the calculation and payment of a tax (levy, insurance contributions) or on other issues relating to the application of tax and levy legislation which were given to that taxpayer (levy payer, payer of insurance contributions, tax agent) or to the public by a financial or tax authority or another authorized State government body (an authorized official of such a body) within the limits of its competence (these circumstances shall be established by the existence of a relevant document of such a body which, in terms of its meaning and content, relates to the tax (computation) periods in which a tax offence was committed, irrespective of the date of publication of that document), and (or) the implementation by a taxpayer (levy payer, payer of insurance contributions, tax agent) of a reasoned opinion of a tax authority which was sent to it in the course of the conduct of tax monitoring.

The provision of this subsection shall not apply where such written explanations or reasoned opinion of a tax authority are based on incomplete or inaccurate information provided by a taxpayer (levy payer, payer of insurance contributions, tax agent);

4) other circumstances which may be regarded by the court or tax authority which is examining the case as eliminating culpability for the commission of a tax offence.

2. Where the circumstances referred to in clause 1 of this Article exist, the person concerned shall not be called to account for the commission of a tax offence.

Article 112 Circumstances Which Mitigate or Increase Liability for the Commission of a Tax Offence

1. Circumstances which mitigate liability for the commission of a tax offence shall include:

1) the commission of an offence as a result of a confluence of difficult personal or family circumstances;

2) the commission of an offence under the influence of threat or force or by reason of material, professional or other dependence;

2.1) the fact that a physical person who is called to account for the commission of a tax offence has serious financial difficulties;

3) other circumstances which may be regarded by the court or tax authority which is examining the case as mitigating liability.
2. A circumstance which increases liability shall be the commission of a tax offence by a person previously called to account for a similar offence.

3. A person from whom a tax sanction has been recovered shall be deemed to have been subjected to that sanction for 12 months after the entry into legal force of the decision of the court or tax authority.

4. Circumstances which mitigate or increase liability for the commission of a tax offence shall be established by the court or tax authority which is examining the case and shall be taken into account when imposing tax sanctions.

Article 113 Period of Limitation on Amenability for the Commission of a Tax Offence

1. A person may not be called to account for the commission of a tax offence if a period of three years (the limitation period) has elapsed from the day on which it was committed or from the day following the end of the tax (computation) period during which the offence was committed up to the moment when the decision on the imposition of sanctions is issued.

The measurement of the limitation period from the day on which the tax offence was committed shall apply for all tax offences other than those provided for in Articles 120 and 122 of this Code.

The measurement of the limitation period from the day following the end of the tax period during which the offence was committed shall apply for the tax offences provided for in Articles 120 and 122 of this Code.

1.1 The running of the period of limitation for the imposition of sanctions shall be suspended if a person who is called to account for a tax offence has actively obstructed the performance of an on-site tax audit and this has become an insurmountable obstacle to the performance of that audit and to the determination by tax authorities of the amounts of taxes (insurance contributions) payable to the budget system of the Russian Federation.

The running of the period of limitation for the imposition of sanctions shall be considered to have been suspended from the day of the preparation of the report which is provided for in clause 3 of Article 91 of this Code. In this case, the running of the period of limitation for the imposition of sanctions shall be resumed from the day on which the circumstances obstructing the performance of the on-site tax audit have ceased to exist and a decision to resume the on-site tax audit has been issued.

Article 114 Tax Sanctions

1. A tax sanction shall be a punishment for the commission of a tax offence.
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2. Tax sanctions shall be prescribed and imposed in the form of monetary penalties (fines) in the amounts prescribed by Chapters 16 and 18 of this Code.

3. Where any mitigating circumstance exists the amount of the fine must be reduced by at least half against the level which is prescribed by the relevant article of this Code.

4. Where the circumstance which is provided for in clause 2 of Article 112 exists, the amount of the fine shall be increased by 100 per cent.

5. Where one person commits two or more tax offences, tax sanctions shall be recovered for each offence separately without less severe sanctions being absorbed by those of greater severity.

6. The amount of a fine which is recovered from a taxpayer, levy payer, payer of insurance contributions or tax agent for a tax offence which has resulted in indebtedness in respect of a tax (levy, insurance contributions) shall be transferred from the accounts of the taxpayer, levy payer, payer of insurance contributions or tax agent respectively only after the full amount of that indebtedness and applicable penalties have been transferred according to the order of priority which is established by the civil legislation of the Russian Federation.

Article 115 Period of Limitation for the Recovery of Fines

1. Tax authorities may file a petition with a court for the recovery of fines from an organization or a private entrepreneur according to the procedure and time limits which are provided for in Articles 46 and 47 of this Code, and may file a petition with a court for the recovery of fines from a physical person according to the procedure and time limits which are provided for in Article 48 of this Code.

A petition for the recovery of a fine from an organization or a private entrepreneur in the cases provided for in subsections 1 to 3 of clause 2 of Article 45 of this Code may be filed by a tax authority within six months after the expiry of the time limit for the fulfilment of a demand for the payment of a fine. Where the time limit for the filing of such a petition has been missed for a valid reason, that time limit may be restored by a court.

2. Where the institution or termination of criminal proceedings is refused but a tax offence has occurred, the time limit for the submission of a petition shall be measured from the day on which the tax authority receives an order refusing to institute or terminate criminal proceedings.
CHAPTER 16. TYPES OF TAX OFFENCES AND LIABILITY FOR THE COMMISSION THEREOF

Article 116  Violation of the Procedure for Registration with a Tax Authority

1. A violation by a taxpayer of the time limit which is established by this Code for the submission of an application for registration with a tax authority on grounds provided for in this Code shall result in the recovery of a fine of 10,000 roubles.

2. The carrying-on of activities by an organization or a private entrepreneur without registering with a tax authority on grounds provided for in this Code shall result in the recovery of a fine equal to 10 per cent of income received during that time as a result of such activities, but not less than 40,000 roubles.

Article 119  Failure to Submit a Tax Declaration (a Computation of the Financial Result of an Investment Partnership, and Insurance Contribution Computation)

1. A failure to submit a tax declaration (insurance contribution computation) within the time limit established by tax and levy legislation to the tax authority with which the person concerned is registered shall result in the recovery of a fine equal to 5 per cent of the amount of tax (insurance contributions) payable (additionally payable) on the basis of that declaration (insurance contribution computation) which is not paid within the time limit established by tax and levy legislation for each full or partial month from the day established as the deadline for its submission, but not more than 30 per cent of that amount and not less than 1,000 roubles.

2. A failure by a managing partner responsible for the maintenance of tax records to submit a computation of the financial result of an investment partnership to the tax authority where it is registered within the time limit established by tax and levy legislation shall result in the recovery a fine equal to 1,000 roubles for each full or partial month from the date established for its submission.
Article 119.1  Violation of the Established Method for the Submission of a Tax Declaration (Computation)

A failure to comply with the procedure for the submission of a tax declaration (computation) in electronic form in cases specified in this Code

shall result in the recovery of a fine of 200 roubles.

Article 119.2  Submission to a Tax Authority by a Managing Partner Responsible for the Maintenance of Tax Records of a Computation of the Financial Result of an Investment Partnership Containing Inaccurate Information

1. The submission to a tax authority by a managing partner responsible for the maintenance of tax records of a computation of the financial result of an investment partnership containing inaccurate information

shall result in the recovery of a fine equal to forty thousand roubles.

2. The same acts, when committed deliberately

shall result in the recovery of a fine equal to eighty thousand roubles.

Article 120  Gross Violation of the Rules for Accounting for Income and Expenses and Objects of Taxation (the Base for the Calculation of Insurance Contributions)

1. A gross violation of the rules for accounting for income and (or) expenses and (or) objects of taxation, where such acts were committed during one tax period, in the absence of the elements of the tax offence which is provided for in clause 2 of this Article,

shall result in the recovery of a fine in the amount of ten thousand roubles.

2. The same acts, if they were committed during more than one tax period,

shall result in the recovery of a fine in the amount of thirty thousand roubles.

3. The same acts, if they resulted in an understatement of the tax base (the base for the calculation of insurance contributions),

shall result in the recovery of a fine in the amount of twenty per cent of the amount of unpaid tax (insurance contributions), but not less than forty thousand roubles.
A gross violation of the rules for accounting for income and expenses and objects of taxation for the purposes of this article shall be understood to mean the absence of source documents or the absence of VAT invoices, books of account or tax ledgers or the systematic (two or more times within a calendar year) late or incorrect recording in accounting records, in tax ledgers and in reports of economic operations, monetary resources, tangible assets, intangible assets and financial investments.

Article 122 The Non-Payment or Incomplete Payment of a Tax (Levy, Insurance Contributions)

1. The non-payment or underpayment of amounts of a tax (levy, insurance contributions) as a result of the understatement of the tax base (base for the calculation of insurance contributions), other incorrect calculation of the tax (levy, insurance contributions) or other unlawful actions (inaction), where such act does not bear the elements of the tax offences provided for in Articles 129.3 and 129.5 of this Code,

   shall result in the recovery of a fine in the amount of 20 per cent of the unpaid amount of the tax (levy, insurance contributions).

3. The acts provided for in clause 1 of this Article, when committed deliberately,

   shall result in the recovery of a fine in the amount of 40 per cent of the unpaid amount of the tax (levy, insurance contributions).

4. The non-payment or incomplete payment by the responsible member of a consolidated group of taxpayers of amounts of tax on profit of organizations for the consolidated group of taxpayers as a result of the understatement of the tax base or the incorrect calculation of tax on profit of organizations for the consolidated group of taxpayers or other unlawful actions (inaction) shall not be regarded as an offence if these occurred as a result of data affecting the proper payment of tax being reported inaccurately (or not being reported) by another member of the consolidated group of taxpayers which has been sanctioned in accordance with Article 122.1 of this Code.

Article 122.1 Reporting of Inaccurate Data (Non-Reporting of Data) by a Member of a Consolidated Group of Taxpayers to the Responsible Member of That Group Resulting in the Non-Payment or Incomplete Payment of Tax on Profit of Organizations by the Responsible Member

1. The reporting of inaccurate data (non-reporting of data) by a member of a consolidated group of taxpayers to the responsible member of that group, where this has resulted in the non-payment or incomplete payment of tax on profit of organizations for the consolidated group of taxpayers by the
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responsible member of the group, shall result in the recovery of a fine equal to 20 per cent of the unpaid amount of tax.

2. When committed deliberately, the acts provided for in clause 1 of this Article shall result in the recovery of a fine equal to 40 per cent of the unpaid amount of tax.

Article 123 Failure by a Tax Agent to Fulfil His Obligation to Withhold and (or) Transfer Taxes

1. An unlawful failure to withhold and (or) remit (failure to withhold and (or) remit in full) within the time limit established by this Code amounts of tax which is required to be withheld and transferred by a tax agent shall result in the recovery of a fine in the amount of 20 per cent of the amount required to be withheld and (or) remitted.

2. A tax agent shall be released from the liability provided for in this Article if the following conditions are simultaneously met:

- a tax computation was submitted to the tax authority within the established time limit;

- the tax computation is free of omissions or partial omissions of information and (or) errors that cause the amount of tax to be remitted to the budget system of the Russian Federation to be understated;

- the tax agent independently remitted to the budget system of the Russian Federation the amount of tax that was not remitted within the established time limit and appropriate penalties before it became aware that the tax authority had discovered the late remittance of tax or that an on-site tax audit had been ordered in relation to the tax concerned for the relevant tax period.

Article 125 Failure to Observe the Procedure for the Possession, Use and (or) Disposal of Assets Which Have Been Attached or in Relation to Which a Tax Authority Has Taken Injunctive Measures in the Form of a Pledge

Failure to observe the procedure which is established by this Code for the possession, use and (or) disposal of assets which have been attached or in relation to which a tax authority has taken injunctive measures in the form of a pledge shall result in the recovery of a fine in the amount of 30,000 roubles.
Article 126  Failure to Present Information Required for Tax Control Purposes to a Tax Authority

1. A failure by a taxpayer (levy payer, payer of insurance contributions, tax agent) to submit documents and (or) other information specified in this Code and other acts of tax and levy legislation to the tax authorities within the prescribed time limit, where such act does not bear the elements of the tax offences provided for in Articles 119, 129.4, 129.6 and 129.9 to 129.11 of this Code and clauses 1.1 and 1.2 of this Article,

shall result in the recovery of a fine in the amount of 200 roubles for each document which is not submitted.

1.1 A failure to present documents specified in clause 5 of Article 25.15 of this Code to a tax authority, where this consists in a refusal by a controlling person to present documents in that person’s possession, and any other failure to present such documents or the presentation of documents with knowingly false information,

shall result in the recovery of a fine from the controlling person in the amount of 100,000 roubles.

1.2 A failure by a tax agent to submit a computation of amounts of tax on income of physical persons calculated and withheld by the tax agent to the tax authority where it is registered within the prescribed time limit

shall result in the recovery of a fine from the tax agent in the amount of 1,000 roubles for each full or partial month from the day prescribed for its submission.

2. A failure to present information on a taxpayer (payer of insurance contributions) to a tax authority within the established time limit, a refusal by a person to present documents in his possession such as are provided for in this Code containing information on a taxpayer (payer of insurance contributions) upon the request of a tax authority or the presentation of documents containing information which is known to be false, except where such act bears the elements of the violations of tax and levy legislation which are provided for in Articles 126.1 and 135.1 of this Code,

shall result in the recovery of a fine from an organization or a private entrepreneur in the amount of ten thousand roubles, or from a physical person who is not a private entrepreneur in the amount of one thousand roubles.
Article 126.1 Submission by a Tax Agent to a Tax Authority of Documents Containing Inaccurate Information

1. The submission by a tax agent to a tax authority of documents provided for in this Code which contain inaccurate information shall result in the recovery of a fine of 500 roubles for each submitted document containing inaccurate information.

2. A tax agent shall be exempted from the liability which is provided for in this Article in the event that the tax agent independently discovers errors and submits revised documents to the tax authority before the tax agent learns of the discovery by the tax authority of the inaccuracy of information contained in documents submitted by the tax agent.

Article 128 Liability of Witnesses

The non-appearance or failure to appear without good reason of a person who is summoned as a witness in connection with a case involving a tax offence shall result in the recovery of a fine in the amount of one thousand roubles.

An unlawful refusal by a witness to testify or the wilful giving of false testimony shall result in the recovery of a fine in the amount of three thousand roubles.

Article 129 Refusal by an Expert, Translator or Specialist to Participate in a Tax Audit, Wilful Giving of a False Report or Wilful Making of a False Translation

1. A refusal by an expert, translator or specialist to participate in a tax audit shall result in the recovery of a fine in the amount of 500 roubles.

2. The wilful giving of a false report by an expert and the wilful making of a false translation by a translator shall result in the recovery of a fine in the amount of 5,000 roubles.

Article 129.1 Unlawful Failure to Report Information to a Tax Authority

1. An unlawful failure by a person to report (delay in reporting) information which, in accordance with this Code, that person is obliged to report to a tax authority, including a failure by a person to present (delay in presenting) the explanations provided for in clause 3 of Article 88 of this Code to a tax
authority in the event of a failure to submit a revised tax declaration within the established time limit, in the absence of the elements of the tax offence which is provided for in Article 126 of this Code,

shall result in the recovery of a fine in the amount of 5,000 roubles.

2. The same acts when repeated within a calendar year

shall result in the recovery of a fine in the amount of 20,000 roubles.

2.1 The unlawful non-submission (late submission) by a taxpayer which is a foreign organization (foreign structure without the formation of a legal entity) to a tax authority of the information provided for in clause 3.2 of Article 23 of this Code shall result in the recovery of a fine equal to 100 per cent of the amount of tax on assets of organizations calculated in respect of an item of immovable property belonging to that foreign organization (foreign structure without the formation of a legal entity) which failed to submit (failed to submit on time) the information provided for in clause 3.2 of Article 23 of this Code. In this respect, the amount of the fine shall be calculated in proportion to the participating interest in the organization concerning which information was not submitted (was submitted late) or, where it is impossible to determine a person’s participating interest in an organization (a foreign structure without the formation of a legal entity), in proportion to the number of participants.

3. The unlawful non-submission (late submission) by a taxpayer-physical person of a notice such as is provided for in clause 2.1 of Article 23 of this Code

shall result in the recovery of a fine equal to 20 per cent of the unpaid amount of tax in respect of an item of immovable property and (or) a means of transport in relation to which a notice such as is provided for in clause 2.1 of Article 23 of this Code has not been submitted.

Article 129.2 Violation of the Procedure for the Registration of Gaming Facilities

1. A violation of the procedure which is established by this Code for the registration with a tax authority of an object of assessment to gaming tax, or of the procedure for the registration of changes in the number of such objects,

shall result in the recovery of a fine equal to three times the rate of gaming tax which is established for the object of taxation in question.

2. The same acts, when committed more than once,

shall result in the recovery of a fine equal to six times the rate of gaming tax which is established for the object of taxation in question.
Article 129.3 Non-Payment or Incomplete Payment of Amounts of Tax as a Result of the Application for Taxation Purposes in Controlled Transactions of Commercial and (or) Financial Conditions Which Are Not Comparable with the Commercial and (or) Financial Conditions of Transactions Between Non-Interdependent Persons

1. The non-payment or incomplete payment of amounts of tax as a result of the application for taxation purposes in controlled transactions of commercial and (or) financial conditions which are not comparable with the commercial and (or) financial conditions of transactions between non-interdependent persons shall result in the recovery of a fine equal to 40 per cent of the unpaid amount of tax, but not less than 30,000 roubles.

2. A taxpayer shall be released from the liability provided for in this Article provided that it presents to the federal executive body in charge of control and supervision in the area of taxes and levies documentation supporting the market level of prices used in controlled transactions in accordance with the procedure established by Article 105.15 of this Code or in accordance with the procedure established by a pricing agreement for taxation purposes.

Article 129.4 Unlawful Failure to Present a Notification of Controlled Transactions or Presentation of Inaccurate Information in a Notification of Controlled Transactions

The unlawful failure by a taxpayer to present to a tax authority within the prescribed time limit a notification of controlled transactions concluded in a calendar year, or the submission by a taxpayer to a tax authority of a notification of controlled transactions which contains inaccurate information,

shall result in the recovery of a fine equal to 5,000 roubles.

Article 129.5 Non-Payment or Underpayment of Amounts of Tax as a Result of the Non-Inclusion in the Tax Base of a Share in the Profit of a Controlled Foreign Company

The non-payment or underpayment of amounts of tax by a controlling person who/which is a taxable physical person or organization as a result of the non-inclusion in the tax base of a share in the profit of a controlled foreign company

shall result in the recovery of a fine equal to 20 per cent of the amount of unpaid tax on profit of the controlled foreign company which should be included in the tax base for tax on income of physical persons in the case of controlling persons who are taxable physical persons and the tax base for tax on profit of organizations in the case of controlling persons which are taxable organizations, but not less than 100,000 roubles.
Article 129.6  Unlawful Failure to Submit a Notification of Controlled Foreign Companies or a Notification of Participation in Foreign Organizations, or Submission of Inaccurate Information in a Notification of Controlled Foreign Companies or a Notification of Participation in Foreign Organizations

1. The unlawful failure by a controlling person to submit a notification of controlled foreign companies for a calendar year to a tax authority within the established time limit, or the submission by a controlling person to a tax authority of a notification of controlled foreign companies containing inaccurate information, shall result in the recovery of a fine of 100,000 roubles for each controlled foreign company in relation to which information has not been submitted.

2. The unlawful failure by a taxpayer to submit a notification of participation in foreign organizations for a calendar year to a tax authority within the established time limit, or the submission to a tax authority of a notification of participation in foreign organizations containing inaccurate information, shall result in the recovery of a fine of 50,000 roubles for each foreign organization in relation to which information has not been submitted or in relation to which inaccurate information has been submitted.

Article 129.7  Failure by a Financial Market Organization to Send (Include) Financial Information on Clients of the Financial Market Organization, Beneficiaries and (or) Persons Controlling Them

1. A failure by a financial market organization to send financial information in accordance with Chapter 20.1 of this Code within the established time limit shall result in the recovery of a fine of 500,000 roubles.

2. A failure by a financial market organization to include financial information on a client of the financial market organization, a beneficiary and (or) persons directly or indirectly controlling them in accordance Chapter 20.1 of this Code:

shall result in the recovery of a fine of 50,000 roubles for each such violation.
**Article 129.8  Violation by a Financial Market Organization of the Procedure for Establishing the Tax Residence of Clients of Financial Market Organizations, Beneficiaries and Persons Directly or Indirectly Controlling Them**

The violation by a financial market organization of the procedure for establishing the tax residence of clients of the financial market organization, beneficiaries and persons directly or indirectly controlling them by failing to take the measures established by Article 142.4 of this Code shall result in the recovery of a fine of 50,000 roubles for the failure to take measures in relation to each client, beneficiary or person directly or indirectly controlling them.

**Article 129.9  Failure to Submit a Notification of Participation in a Multinational Group of Companies and Submission of a Notification of Participation in a Multinational Group of Companies Containing Inaccurate Information**

An unlawful failure to submit a notification of participation in a multinational group of companies within the established time limit or the submission of a notification of participation in a multinational group of companies containing inaccurate information shall result in the recovery of a fine of 50,000 roubles.


An unlawful failure to submit a country-by-country report within the established time limit or the submission of a country-by-country report containing inaccurate information shall result in the recovery of a fine of 100,000 roubles.

**Article 129.11 Failure to Submit Documentation for a Multinational Group of Companies**

1. A failure by a taxpayer to submit national documentation within the established time limit shall result in the recovery of a fine of 100,000 roubles.

2. A failure by a taxpayer to submit global documentation within the established time limit shall result in the recovery of a fine of 100,000 roubles.
Article 129.12 Violation of the Time Limit for the Remittance of Tax (a Levy, Insurance Contributions, an Advance Payment, a Unified Tax Payment of a Physical Persons, Penalties, a Fine) by a Local Administration, a Federal Postal Organization or a Multifunctional Centre for the Provision of State and Municipal Services

A violation by a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services of the time limit established by this Code for the remittance (depositing with a federal postal organization or bank for remittance) to the budget system of the Russian Federation of monetary resources accepted by way of the payment (remittance) of tax (a levy, insurance contributions, an advance payment, a unified tax payment of a physical person, penalties, a fine) shall result in the recovery of a fine equal to one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation but not more than 0.2 per cent for each calendar day of the delay.

Article 129.13 Violation of the Procedure and (or) Time Limits for the Transmission by Taxpayers of Information on Settlements Made in Connection with the Sale of Goods (Work, Services, Property Rights)

1. A violation by a taxpayer of the procedure and (or) time limits established by the Federal Law “Concerning the Conduct of an Experiment Involving the Establishment of the “Tax on Professional Income” Special Tax Regime in the City of Federal Significance Moscow, in the Moscow and Kaluga Provinces and in the Republic of Tatarstan (Tatarstan)” for the transmission to a tax authority of information on a settlement connected with the receipt of income from the sale of goods (work, services, property rights) which is assessable to tax on professional income shall result in the recovery of a fine equal to 20 per cent of the amount of the settlement.

2. The same acts, if committed again within six months, shall result in the recovery of a fine equal to the amount of the settlement.

Article 129.14 Violation of the Procedure and (or) Time Limits for the Transmission of Information on Settlements by Operators of Electronic Platforms and Credit Organizations

A violation by a taxpayer of the procedure and (or) time limits established by the Federal Law “Concerning the Conduct of an Experiment Involving the Establishment of the “Tax on Professional Income” Special Tax Regime in the City of Federal Significance Moscow, in the Moscow and Kaluga Provinces and in the Republic of Tatarstan (Tatarstan)” for the
transmission by an authorized electronic platform operator or by a credit organization to a tax authority of information on a settlement connected with the receipt of income from the sale of goods (work, services, property rights) which is assessable to tax on professional income shall result in the recovery of a fine equal to 20 per cent of the amount of the settlement, but not less than 200 roubles for each settlement concerning which information was not transmitted to the tax authority.

CHAPTER 17. COSTS ASSOCIATED WITH EXERCISING TAX CONTROL

Article 131 The Payment of Amounts Due to Witnesses, Translators, Specialists, Experts and Attesting Witnesses

1. Witnesses, translators, specialists, experts and attesting witnesses shall be reimbursed for expenses incurred by them in connection with appearing at a tax authority, and specifically travel expenses, expenses for the rent of accommodation and additional expenses associated with residing away from their permanent place of residence (per diems).

2. Translators, specialists and experts shall receive a fee for work performed by them on the instructions of a tax authority unless that work is within the scope of their employment duties.

3. Employees who are summoned to a tax authority as witnesses shall retain their salary at their main place of employment for the time of their absence from work in connection with appearance at the tax authority.

4. Amounts due to witnesses, translators, specialists, experts and attesting witnesses shall be paid by the tax authority after they have fulfilled their duties.

The payment procedure and the size of the amounts payable shall be established by the Government of the Russian Federation and financed from the federal budget.

CHAPTER 18. TYPES OF VIOLATIONS BY BANKS OF OBLIGATIONS ENVISAGED BY TAX AND LEVY LEGISLATION AND LIABILITY FOR THE COMMISSION THEREOF

Article 132 Violation by a Bank of the Procedure for Opening an Account

1. The opening by a bank of an account for a Russian organization, a foreign non-commercial non-governmental organization which carries on activities in the territory of the Russian Federation through a division, an accredited
branch or representation of a foreign organization or a private entrepreneur or an account for an investment partnership where there is no information on the relevant taxpayer identification number, code of reason for registration with a tax authority or date of registration with a tax authority, the opening of an account for a foreign organization not referred to in subsection 1 of clause 1 of Article 86 of this Code, a privately practising notary or a lawyer who has founded a legal office without that person having presented a certificate (notification) of registration with a tax authority, and the opening of an account where there is a decision of a tax authority ordering the suspension of operations on the accounts of the person concerned,

shall result in the recovery of a fine in the amount of twenty thousand roubles.

2. A failure by bank to report to a tax authority within the established time limit information on the opening or closing of an account or deposit or on changes in the details of an account or deposit of an organization, a private entrepreneur, a physical person who is not a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office, or an account of an investment partnership,

shall result in the recovery of a fine in the amount of forty thousand roubles.

Article 133  Failure to Comply with the Time Limit for the Execution of an Order for the Remittance of a Tax (Levy, Insurance Contributions), an Advance Payment, a Unified Tax Payment of a Physical Person, Penalties or a Fine

A failure by a bank to comply with the time limit established by this Code for the execution of an order given by a taxpayer (levy payer, payer of insurance contributions) or a tax agent, a local administration, a federal postal organization or a multifunctional centre for the provision of State and municipal services for the remittance of a tax (levy, insurance contributions), an advance payment, a unified tax payment of a physical person, penalties or a fine shall result in the recovery of a fine equal to one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation, but not more than 0.2 per cent, for each calendar day of the delay.

Article 134  Failure by a Bank to Comply with a Tax Authority’s Decision on the Suspension of Operations on Accounts of a Taxpayer, a Levy Payer, a Payer of Insurance Contributions or a Tax Agent or an Account of an Investment Partnership

1. The execution by a bank which has received a tax authority’s decision on the suspension of operations on accounts of a taxpayer, a levy payer, a payer of insurance contributions or a tax agent or an account of an investment partnership of an order given by the entity concerned to transfer resources
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where such order is not connected with the fulfilment of obligations to pay a tax (advance payment), a levy, insurance contributions, penalties or a fine or of another payment order which, in accordance with the legislation of the Russian Federation, has priority over payments to the budget system of the Russian Federation,

shall result in the recovery of a fine in the amount of 20 per cent of the amount transferred in accordance with the order given by the taxpayer, levy payer, payer of insurance contributions or tax agent, but not more than the amount of indebtedness, or, where there is no indebtedness, in the amount of 20,000 roubles.

2/. The execution by a bank which has received a tax authority’s decision on the suspension of operations on accounts of a taxpayer, a levy payer, a payer of insurance contributions or a tax agent or an account of an investment partnership of an order from the entity concerned to perform debit operations on precious metal accounts other than in connection with the fulfilment of obligations to pay a tax (advance payment), a levy, insurance contributions, penalties or a fine or another payment order which, in accordance with the legislation of the Russian Federation, has priority over payments to the budget system of the Russian Federation,

shall result in the recovery of a fine in the amount of 20 per cent of the amount of monetary resources equivalent to the value of precious metals which were the subject of debt operations on the account in accordance with the order from the taxpayer, levy payer, payer of insurance contributions or tax agent or the account of the investment partnership, but not more than the amount of indebtedness, or, where there is no indebtedness, in the amount of 20,000 roubles.

Article 135 Failure by a Bank to Act Upon an Instruction of a Tax Authority for the Transfer of a Tax, an Advance Payment, a Levy, Insurance Contributions, Penalties or a Fine

1. An unlawful failure by a bank to act within the time limit which is established by this Code upon an instruction of a tax authority for the transfer of a tax, an advance payment, a levy, insurance contributions, penalties or a fine

shall result in the recovery of a fine in the amount of one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation, but not more than 0.2 per cent for each calendar day of the delay.

2. The taking of action by a bank to create a situation in which there are no monetary resources (precious metals) on the account of a taxpayer, a levy payer, a payer of insurance contributions or a tax agent in relation to whom an instruction has been issued by a tax authority
shall result in the recovery of a fine in the amount of 30 per cent of the amount not received as a result of such action.

**Article 135.1  Failure by a Bank to Present Notices (Statements) of Operations and Accounts (an Account of an Investment Partnership) to a Tax Authority**

Failure by a bank or by a credit organization whose licence to carry on banking operations has been revoked to present notices of accounts (an account of an investment partnership) or deposits with a bank and (or) of balances of monetary resources (precious metals) held in accounts (an account of an investment partnership) or deposits and statements of operations on accounts (an account of an investment partnership) or deposits to a tax authority in accordance with clause 2 of Article 86 of this Code, and (or) failure to provide notice in accordance with clause 5 of Article 76 of this Code of balances of monetary resources (precious metals) held in accounts on which operations have been suspended, or the presentation of notices (statements) not within the prescribed time limit or notices (statements) containing inaccurate information,

shall result in the recovery of a fine in the amount of 20,000 roubles.

**Article 135.2  Violation by a Bank of Obligations Associated with Electronic Money**

1. The granting to an organization, a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office of authorization to use a corporate electronic payment medium for transfers of electronic money without the person in question having presented a certificate (notification) of registration with a tax authority, or the granting of such authorization where the bank is in receipt of a tax authority’s decision ordering the suspension of transfers of electronic money of the person concerned,

shall result in the recovery of a fine of 20,000 roubles.

2. A failure by a bank to supply to a tax authority within the established time limit information concerning the granting (termination) of authorization to an organization, a private entrepreneur, a privately practising notary or a lawyer who has founded a legal office of authorization to use a corporate electronic payment medium for transfers of electronic money, or concerning changes in the details of a corporate electronic payment medium,

shall result in the recovery of a fine of 40,000 roubles.

3. The execution by a bank of an instruction of a taxpayer, a levy payer, a payer of insurance contributions or a tax agent for the transfer of electronic money other than in connection with the fulfilment of obligations relating to the payment of tax (advance payments), levies, insurance contributions, penalties and fines when the bank is in receipt of a tax authority’s decision on the
suspension of transfers of electronic money of that taxpayer, levy payer or tax agent

shall result in the recovery of a fine equal to 20 per cent of the amount transferred in accordance with the instruction of the taxpayer, levy payer, payer of insurance contributions or tax agent, but not more than the amount of indebtedness, or, if there is no indebtedness, a fine of 20,000 roubles.

4. An unlawful failure by a bank to execute within the time limit established by this Code a tax authority’s instruction for the remittance of tax, an advance payment, a levy, insurance contributions, penalties and a fine to the budget system of the Russian Federation from electronic monetary resources of a taxpayer, a levy payer, a payer of insurance contributions or a tax agent shall result in the recovery of a fine equal to one one-hundred-and-fiftieth of the refinancing rate of the Central Bank of the Russian Federation, but not more than 0.2 per cent for each calendar day of the delay.

5. The taking of actions by a bank to bring about the absence of an electronic payment balance of a taxpayer, a levy payer, a payer of insurance contributions or a tax agent in relation to whom the bank is in receipt of a tax authority’s instruction shall result in the recovery of a fine equal to 30 per cent of the amount not received as a result of those actions.

6. A failure by a bank to present statements of balances of electronic money and transfers of electronic money to a tax authority in accordance with clause 2 of Article 86 of this Code and (or) a failure to report in accordance with clause 5 of Article 76 of this Code balances of electronic money whose transfer has been suspended, or the presentation of statements not in compliance with the established time limit or statements containing false information, shall result in the recovery of a fine of 10,000 roubles.

Article 136  Procedure for the Recovery of Fines and Penalties from Banks

The fines referred to in Articles 132 to 135.2 shall be recovered according to a procedure similar to the procedure laid down in this Code for the recovery of sanctions for tax offences.
SECTION VII. APPEALING AGAINST THE ACTS OF TAX AUTHORITIES AND THE ACTIONS OR INACTION OF THEIR OFFICIALS

CHAPTER 19. THE PROCEDURE FOR APPEALING AGAINST THE ACTS OF TAX AUTHORITIES AND THE ACTIONS OR INACTION OF THEIR OFFICIALS

Article 137 Right of Appeal

Every person shall have the right to appeal against acts of tax authorities of a non-normative nature and the actions or inaction of their officials if, in the opinion of that person, such acts, actions or inaction violate his rights.

Appeals against normative legal acts of tax authorities may be made in accordance with the procedure prescribed by federal legislation.

Article 138 Appeal Procedure

1. Appeals against non-normative acts of tax authorities and actions or inaction of their officials may be filed with a higher tax authority and (or) with a court in accordance with the procedure laid down in this Code and relevant procedural legislation of the Russian Federation.

An appeal shall be understood to mean a representation made by a person to a tax authority with the object of contesting non-normative acts of a tax authority which have entered into force and actions or inaction of officials of a tax authority where, in the opinion of that person, the contested acts or the actions or inaction of officials of the tax authority violate his rights.

An appellate appeal shall be understood to mean a representation made by a person to a tax authority with the object of contesting a decision of a tax authority concerning the imposition of tax sanctions or a decision concerning the non-imposition of tax sanctions which was issued in accordance with Article 101 of this Code and has not entered into force where, in the opinion of that person, the contested decision violates his rights.

2. Non-normative acts of tax authorities and actions or inaction of their officials (with the exception of non-normative acts adopted following consideration of appeals and appellate appeals, non-normative acts of the federal executive body in charge of control and supervision in the area of taxes and levies and actions or inaction of officials of that body) may be contested through the courts only after they have been contested by appeal to a higher tax authority in accordance with the procedure prescribed by this Code.

In the event that a decision on an appeal (an appellate appeal) is not adopted by a higher tax authority within the time limits established by clause 6 of
Article 140 of this Code, non-normative acts of tax authorities and actions or inaction of their officials may be contested through the courts.

Non-normative acts of tax authorities which are adopted following consideration of appeals (appellate appeals) may be contested by appeal to a higher tax authority and (or) through the courts.

Non-normative acts of the federal executive body in charge of control and supervision in the area of taxes and levies and actions or inaction of its officials shall be contested through the courts.

3. Where non-normative acts of tax authorities and actions or inaction of their officials (with the exception of non-normative acts adopted following consideration of appeals and appellate appeals, non-normative acts of the federal executive body in charge of control and supervision in the area of taxes and levies and actions or inaction of officials of that body) are contested through the courts, the time period allowed for filing an appeal with a court shall be calculated from the day on which the person concerned became aware of the decision adopted by a higher tax authority on the relevant appeal, or from the date of expiry of the time limit established by clause 6 of Article 140 of this Code for the adoption of a decision on an appeal (appellate appeal).

4. The contesting by organizations and physical persons through the courts of acts (including normative acts) of tax authorities and actions or inaction of their officials shall take place in accordance with the procedure laid down in relevant procedural legislation of the Russian Federation.

Where acts of tax authorities and actions of their officials are contested through the courts, the execution of the contested acts and the performance of the contested actions may be suspended by a court in accordance with the procedure laid down in relevant procedural legislation of the Russian Federation.

5. The filing of an appeal with a higher tax authority shall not suspend the execution of a contested act of a tax authority or the performance of a contested action by an official of a tax authority, except in the case provided for in this clause.

Where an appeal is filed against a decision concerning the imposition of sanctions for the commission of a tax offence or concerning the non-imposition of sanctions for the commission of a tax offence which has entered into force, the execution of the contested decision may be suspended pending the adoption of a decision on the appeal on the basis of an application from the person who filed the appeal, provided that that person provides a bank guarantee under which the bank undertakes to pay a sum of money equal to the amount of the tax, levy, insurance contributions, penalties and fine not paid in accordance with the contested decision.
An application for the suspension of the execution of a contested decision shall be submitted at the same time as the appeal against the decision concerning the imposition of sanctions for the commission of a tax offence or concerning the non-imposition of sanctions for the commission of a tax offence which has entered into force. An application for the suspension of the execution of the contested decision shall be accompanied by a bank guarantee.

A bank guarantee such as is referred to in this clause shall be subject to the requirements established by clause 5 of Article 74.1 of this Code, with account taken of the following special considerations:

- the term of the bank guarantee must expire no earlier than six months from the day on which the person concerned submits the application for the suspension of the execution of the contested decision;

- the amount for which the bank guarantee was issued must provide for the guarantor bank to fulfil the obligation to pay a sum of money equal to the amount of the tax, levy, insurance contributions, penalties and fine not paid in accordance with the contested decision.

The higher tax authority considering an appeal shall, within five days of receiving an application for the suspension of the execution of the contested decision, adopt one of the following decisions:

- to suspend the execution of the decision concerning the imposition of sanctions for the commission of a tax offence or the decision concerning the non-imposition of sanctions for the commission of a tax offence;

- to refuse to suspend the execution of the decision concerning the imposition of sanctions for the commission of a tax offence or the decision concerning the non-imposition of sanctions for the commission of a tax offence.

A decision to refuse to suspend the execution of the decision concerning the imposition of sanctions for the commission of a tax offence or the decision concerning the non-imposition of sanctions for the commission of a tax offence may be adopted on the grounds that the bank guarantee presented by the person who filed the appeal does not meet the requirements established by this Article and (or) clause 5 of Article 74.1 of this Code.

The person who filed the appeal shall be notified in writing of the adopted decision within three days of the adoption thereof.

A decision to suspend the execution of a decision shall have effect until the day on which the higher tax authority adopts a decision on the appeal.

In the event that a tax, a levy, insurance contributions, penalties and a fine are not paid or are not paid in full within the time limit established in the tax authority’s demand by a person who filed an appeal and whose obligation to
pay the tax, levy, insurance contributions, penalties and fine is secured by a bank guarantee, the tax authority shall, not later than five days from the date of expiry of the time limit for the fulfilment of that demand and not earlier than the day on which the higher tax authority adopts a decision on the appeal, send the guarantantor bank a demand for the payment of a sum of money under the bank guarantee equal to the outstanding amount of the tax, levy, insurance contributions, penalties and fine which is payable after the adoption by the higher tax authority of the decision on the appeal.

The tax authority shall notify a bank which issued a bank guarantee of its release from obligations under that guarantee not later than five days from the day on which a person who filed an appeal fulfils the obligation to pay the amount of a tax, a levy, insurance contributions, penalties and a fine which was secured by the bank guarantee or not later than five days from the date of adoption of a decision on the appeal in accordance with which the person who filed the appeal does not have the obligation to pay the amount of a tax, a levy, insurance contributions, penalties and a fine which was secured by the bank guarantee.

6. The filing of a repeat appeal (appellate appeal) shall take place within the time limits which are established by this Chapter for the filing of the relevant appeal.

7. A person who has filed an appeal (appellate appeal) may, before a decision is adopted on the appeal (appellate appeal), withdraw it in whole or in part by means of sending a written application to the tax authority which is considering the relevant appeal.

The withdrawal of an appeal (appellate appeal) shall deprive the person who filed that appeal of the right to file a repeat appeal (appellate appeal) on the same grounds.

Article 139 Procedure and Time Limits for the Filing of an Appeal

1. An appeal shall be filed with a higher tax authority through the tax authority whose non-normative acts or the actions or inaction of whose officials are contested. A tax authority whose non-normative acts or the actions or inaction of whose officials are contested shall be obliged, within three days of receiving such an appeal, to transmit it together with all materials to a higher tax authority.

1.1 Upon receiving an appeal, a tax authority against whose non-normative act or against the actions or inaction of whose officials the appeal is filed shall be obliged to take measures to remedy the violation of the rights of the person who filed the appeal. Where the violation of the rights of a person who filed an appeal is remedied, the tax authority shall present notice of this to the
higher tax authority within three days from the day of that remediation, accompanied by supporting documents (if available).

2. Except as otherwise established by this Code, an appeal to a higher tax authority may be filed within one year from the day on which the person concerned became aware or should have become aware of the violation of his rights.

An appeal against a decision concerning the imposition of sanctions for the commission of a tax offence or a decision concerning the non-imposition of sanctions for the commission of a tax offence which has entered into force and was not the subject of an appellate appeal may be filed within one year from the date of issue of the contested decision.

An appeal to the federal executive body in charge of control and supervision in the area of taxes and levies may be filed within three months from the day on which a higher tax authority adopted a decision on an appeal (appellate appeal).

In the event that the time limit for the filing of an appeal is missed for a valid reason, that time limit may be restored by a higher tax authority at the petition of the person who files the appeal.

3. A decision of a tax authority which was issued following consideration of materials relating to a tax audit of a consolidated group of taxpayers which has entered into force and has not been the subject of an appellate appeal may be contested by the responsible member of that group or independently by another member of that group insofar as it concerns the imposition on that member of sanctions for the commission of a tax offence. Such an appeal may be filed within one year from the date of issue of the relevant decision.

Article 139.1 Procedure and Time Limits for the Filing of an Appellate Appeal

1. An appellate appeal against a decision concerning the imposition of sanctions for the commission of a tax offence or a decision concerning the non-imposition of sanctions for the commission of a tax offence shall be filed through the tax authority which issued the relevant decision. A tax authority whose decision is contested shall be obliged, within three days of receiving such an appeal, to send it together with all materials to a higher tax authority.

2. An appellate appeal to a higher tax authority against a decision concerning the imposition of sanctions for the commission of a tax offence or a decision concerning the non-imposition of sanctions for the commission of a tax offence may be filed before the date on which the contested decision enters into force.
3. An appellate appeal against a decision of a tax authority which was issued following the examination of materials relating to a tax audit of a consolidated group of taxpayers may be filed before the date of entry into force of the contested decision by the responsible member of that group or independently by another member of that group insofar as it concerns the imposition on that member of sanctions for the commission of a tax offence.

4. A decision concerning the imposition of sanctions for the commission of a tax offence and a decision concerning the non-imposition of sanctions for the commission of a tax offence which were issued by the federal executive body in charge of control and supervision in the area of taxes and levies may not be the subject of an appellate appeal.

**Article 139.2  Form and Content of an Appeal (Appellate Appeal)**

1. An appeal shall be filed in writing. An appeal shall be signed by the person who filed it or by his representative.

   An appeal may be sent in electronic form via telecommunications channels or via a taxpayer’s personal account.

   The formats and procedure for the submission of an appeal in electronic form shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. The following shall be stated in an appeal:

   1) the surname, first name and patronymic and the place of residence of the physical person filing the appeal, or the name and address of the organization filing the appeal;

   2) the non-normative act of the tax authority or the actions or inaction of its officials which are contested;

   3) the name of the tax authority whose non-normative act or the actions or inaction of whose officials are contested;

   4) the grounds on which the person filing the appeal considers that his rights have been violated;

   5) the demands of the person filing the appeal;

   6) the method of receipt of the decision on the appeal: on paper, in electronic form via telecommunications channels or via a taxpayer’s personal account.

3. Telephone and fax numbers, electronic mail addresses and other details needed for the timely consideration of an appeal may be stated in the appeal.
4. Where an appeal is filed by an authorized representative of a person who is contesting a non-normative act of a tax authority or actions or inaction of its officials, the appeal shall be accompanied by documents confirming that representative’s authority.

5. An appeal may be accompanied by documents supporting the arguments of the person filing the appeal.

6. The provisions of this Article shall also apply to an appellate appeal.

**Article 139.3 Dismissal of an Appeal (Appellate Appeal)**

1. A higher tax authority shall dismiss an appeal in whole or in part if it finds that:

   1) the appeal has been filed not in compliance with the procedure established by clause 1 of Article 139.2 of this Code, or the appeal does not specify the non-normative acts of a tax authority or the actions or inaction of officials of a tax authority which resulted in the violation of the rights of the person who has filed the appeal;

   2) the appeal was filed after the expiry of the time limit established by this Code for the filing of an appeal, and it does not contain a petition for the restoration of the time limit or the restoration of the missed time limit for the filing of the appeal has been refused;

   3) before a decision has been adopted on the appeal an application for the withdrawal of the appeal in whole or in part has been received from the person who filed it;

   4) an appeal was previously filed on the same grounds;

   5) prior to the adoption of a decision on the appeal the tax authority presented notice of the remediation of the violation of the rights of the person who filed the appeal in accordance with the procedure established by clause 1.1 of Article 139 of this Code.

2. A tax authority which is considering an appeal shall adopt a decision to dismiss the appeal in whole or in part within five days of receiving the appeal or an application for the withdrawal of the appeal in whole or in part, except in the case provided for in subsection 5 of clause 1 of this Article.

   In the case provided for in subsection 5 of clause 1 of this Article, a tax authority which is considering an appeal shall adopt a decision to dismiss the appeal in whole or in part within five days of receiving information or
documents concerning the remediation of the violation of the rights of the person who filed the appeal.

A decision to dismiss an appeal shall be handed over or sent to the person who filed the appeal within three days of the adoption of that decision.

3. The dismissal of an appeal shall not prevent a person from filing a repeat appeal within the time limits which are established by this Code for the filing of the relevant appeal, except where an appeal is dismissed on the grounds specified in subsections 3 and 4 of clause 1 of this Article.

4. The provisions of this Article, with the exception of the provisions of subsections 2 and 5 of clause 1, shall also apply to an appellate appeal.

CHAPTER 20. CONSIDERATION OF AN APPEAL AND ADOPTION OF A DECISION ON AN APPEAL

Article 140 Consideration of an Appeal (Appellate Appeal)

1. In the course of the consideration of an appeal (appellate appeal), the person who filed that appeal may, at any time before a decision is adopted thereon, present additional documents supporting his arguments.

2. A higher tax authority shall consider an appeal (appellate appeal), documents supporting the arguments of the person who filed the appeal (appellate appeal), additional documents presented in the course of the consideration of the appeal (appellate appeal) and materials presented by the lower tax authority without the participation of the person who filed the appeal (appellate appeal), except in cases provided for in this clause.

Where, in the course of the consideration of an appeal (appellate appeal) against a decision concerning the imposition of sanctions for the commission of a tax offence or against a decision concerning the non-imposition of sanctions for the commission of a tax offence, discrepancies are found in information contained in materials presented by the lower tax authority or information presented by the taxpayer is found to conflict with information contained in materials of the lower tax authority, the higher tax authority shall consider the appeal (appellate appeal), documents supporting the arguments of the person who filed the appeal (appellate appeal), additional documents presented in the course of the consideration of the appeal (appellate appeal) and materials presented by the lower tax authority with the participation of the person who filed the appeal (appellate appeal).

The director (deputy director) of the higher tax authority shall notify the person who filed the appeal (appellate appeal) of the time and place of the consideration of the appeal (appellate appeal).
3. Following consideration of an appeal (appellate appeal), a higher tax authority:
   
   1) shall dismiss the appeal (appellate appeal);

   2) shall rescind the non-normative act of the tax authority;

   3) shall rescind the decision of the tax authority in whole or in part;

   4) shall rescind the decision of the tax authority in full and adopt a new decision on the case;

   5) shall declare the actions or inaction of the officials of the tax authorities unlawful and issue a substantive decision.

4. Documents presented together with an appeal against a decision issued in accordance with the procedure prescribed by Article 101 or 101.4 of this Code or together with an appellate appeal, and additional documents presented in the course of the consideration of such an appeal before the adoption of a decision thereon, shall be considered by a higher tax authority if the person who filed the appeal in question has presented explanations as to why such documents could not be presented in a timely manner to the tax authority whose decision is being contested.

5. Where, following consideration of an appeal (appellate appeal) against a decision issued in accordance with the procedure prescribed by Article 101 of this Code, a higher tax authority has established the occurrence of a violation of essential conditions of the procedure for the examination of tax audit materials, it shall have the right to rescind the decision in question, to examine the above-mentioned materials, documents supporting the arguments of the person who filed the appeal (appellate appeal), additional documents presented in the course of the consideration of the appeal (appellate appeal) and materials presented by the lower tax authority in accordance with the procedure prescribed by Article 101 of this Code and to issue a decision which is provided for in clause 3 of this Article.

Where, following consideration of an appeal against a decision issued in accordance with the procedure prescribed by Article 101.4 of this Code, a higher tax authority has established the occurrence of a violation of essential conditions of the procedure for the examination of materials relating to other tax control measures, it shall have the right to rescind the decision in question, to examine the above-mentioned materials, documents supporting the arguments of the person who filed the appeal, additional documents presented in the course of the consideration of the appeal and materials presented by the lower tax authority in accordance with the procedure prescribed by Article 101.4 of this Code and to issue a decision which is provided for in clause 3 of this Article.
6. A decision on an appeal (appellate appeal) against a decision concerning the imposition of sanctions for the commission of a tax offence or a decision concerning the non-imposition of sanctions for the commission of a tax offence which was issued in accordance with the procedure prescribed by Article 101 of this Code shall be adopted by a higher tax authority within one month of the receipt of the appeal (appellate appeal). That time limit may be extended by the director (deputy director) of the tax authority in order to enable documents (information) needed for the consideration of the appeal (appellate appeal) to be obtained from lower tax authorities, or in the event that the person who filed the appeal (appellate appeal) presents additional documents, but not by more than one month.

A decision on an appeal not referred to in paragraph 1 of this clause shall be adopted by a tax authority within 15 days of the receipt of the appeal. That time limit may be extended by the director (deputy director) of the tax authority in order to enable documents (information) needed for the consideration of the appeal to be obtained from lower tax authorities, or in the event that the person who filed the appeal presents additional documents, but not by more than 15 days.

A decision of a director (deputy director) of a tax authority to extend the time limit for the consideration of an appeal (appellate appeal) shall be delivered or sent to the person who filed the appeal (appellate appeal) within three days of its adoption.

A decision adopted by a tax authority following consideration of an appeal (appellate appeal) shall be delivered or sent to the person who filed the appeal (appellate appeal) within three days of its adoption.

**Article 142 Consideration of Appeals Lodged with a Court**

Appeals (statements of claim) against acts of tax authorities and the actions or inaction of officials of those authorities which are lodged with a court shall be considered and determined in accordance with the procedure which is established by civil procedural and arbitration procedural legislation, administrative judicial proceedings legislation and other federal laws.
SECTION VII.1. PERFORMANCE OF INTERNATIONAL AGREEMENTS OF THE 
RUSSIAN FEDERATION ON TAXATION ISSUES AND MUTUAL 
ADMINISTRATIVE ASSISTANCE IN TAX MATTERS

CHAPTER 20.1. AUTOMATIC EXCHANGE OF FINANCIAL INFORMATION 
WITH FOREIGN STATES (TERRITORIES)

Article 142.1 Concepts and Terms Used in Relation to the Automatic Exchange of 
Financial Information with Foreign States (Territories)

1. The following concepts and terms shall be used for the purposes of this Code 
in the context of the automatic exchange of financial information with foreign 
states (territories):

1) international automatic exchange of financial information with competent 
authorities of foreign states (territories) (hereinafter referred to as “automatic 
exchange of financial information”) – the provision by the federal executive 
body in charge of control and supervision in the area of taxes and levies to 
competent authorities of foreign states (territories) and the receipt by the 
federal executive body in charge of control and supervision in the area of 
taxes and levies from competent authorities of foreign states (territories) of 
information such as provided for in this Chapter on an automatic basis in 
accordance with international agreements of the Russian Federation on 
taxation issues;

2) financial market organization – a credit organization, an insurer which carries 
on voluntary life insurance activities, a professional participant in the 
securities market which carries on brokerage activities and (or) securities 
management activities and (or) depository activities, a manager under a 
fiduciary management agreement, a non-State pension fund, a joint stock 
investment fund, a management company of an investment fund, a mutual 
investment fund or a non-State pension fund, a central counterparty, the 
managing partner of an investment partnership, another organization or a 
structure without the formation of a legal entity which, in the ordinary course 
of its activities, accepts monetary resources or other financial assets from 
clients for storage, management, investment and (or) the performance of other 
transactions in the interests of a client or directly or indirectly at the expense 
of a client;

3) client of a financial market organization (hereinafter referred to as “client”) – 
a person who concludes (has concluded) with a financial market organization 
an agreement providing for the provision of financial services;

4) financial services – services involving the attraction from clients and 
placement by financial market organizations of monetary resources or other 
financial assets for storage, management, investment and (or) the performance
of other transactions in the interests of a client or directly or indirectly at the expense of a client;

5) financial information – information on transactions, accounts and deposits of clients, the amount of obligations of an insurer which has concluded a voluntary life insurance agreement to clients or beneficiaries, the amount of monetary resources and value of assets of the above-mentioned persons which are possessed by a financial market organization in accordance with a brokerage services agreement or a fiduciary management agreement of the financial market organization, the value of assets of the above-mentioned persons which are possessed by a financial market organization which carries on depositary activities, pension accounts of the above-mentioned persons and obligations of central counterparties to the above-mentioned persons, and on payments made and transactions entered into in connection with accounts and deposits such as are referred to in this subsection, a voluntary life insurance agreement, a fiduciary management agreement (including one certified by the issuance of an investment unit), a brokerage services agreement, a depositary agreement, a pension agreement, an agreement with a central counterparty and other agreements under which a financial market organization accepts monetary resources or other financial assets from clients for storage, management, investment and (or) the performance of other transactions in the interests of a client or directly or indirectly at the expense of a client;

6) beneficiary – a person (structure without the formation of a legal entity) for whose benefit a client acts, including on the basis of an agency contract, a contract of delegation, a commission agency contract or a fiduciary agreement;

7) person directly or indirectly controlling a client – a physical person who, whether directly or indirectly (through third parties), ultimately owns (has a dominant interest of more than 25 per cent in the capital of) a client or has the ability to control the actions of a client. The person directly or indirectly controlling a client who is a physical person shall be considered to be that person himself unless there are grounds to believe that there are other physical persons who directly or indirectly control the client-physical person;

8) financial assets – monetary resources and securities, derivative financial instruments, participating interests in the charter (pooled) capital of a legal entity or participating interests in a foreign structure without the formation of a legal entity, claims arising from an insurance agreement and any other financial instrument associated with the above-mentioned types of financial assets. For the purposes of this Chapter, immovable property and precious metals (other than depersonalized metal accounts) shall not be considered to be financial assets.
Article 142.2 Obligations of a Financial Market Organization to Present Information to the Federal Executive Body in Charge of Control and Supervision in the Area of Taxes and Levies in Connection with the Automatic Exchange of Financial Information

1. Financial market organizations shall be obliged to present to the federal executive body in charge of control and supervision in the area of taxes and levies information on clients, beneficiaries and (or) persons directly or indirectly controlling them in relation to which it has been determined on the basis of measures established by clause 1 of Article 142.4 of this Code or information possessed by a financial market organization that they are tax residents of foreign states (territories), financial information on the above-mentioned persons and other information relating to an agreement concluded between a client and a financial market organization which provides for the provision of financial services. A financial market organization shall present the above-mentioned information in the prescribed formats only in electronic form. The conditions, procedure and time limits for the presentation of the above-mentioned information by a financial market organization and the composition of that information shall be established by the Government of the Russian Federation in consultation with the Central Bank of the Russian Federation.

2. The presentation of information by a financial market organization to the federal executive body in charge of control and supervision in the area of taxes and levies in accordance with this Chapter shall not constitute a violation of banking secrets and shall not require consent to be obtained from clients, beneficiaries and persons directly or indirectly controlling them.

3. The Government of the Russian Federation may, in consultation with the Central Bank of the Russian Federation, establish a list of financial market organizations and (or) types of agreements providing for the provision of financial services in relation to which the provisions of this Chapter do not apply owing to the low risk of such financial market organizations and (or) such agreements providing for the provision of financial services being used to perform actions (inaction) aimed at evading the payment of taxes (levies).

Article 142.3 Powers of the Federal Executive Body in Charge of Control and Supervision in the Area of Taxes and Levies in Connection with the Automatic Exchange of Financial Information

1. The federal executive body in charge of control and supervision in the area of taxes and levies shall receive from a financial market organization, in connection with the automatic exchange of financial information, information on clients, beneficiaries and (or) persons directly or indirectly controlling them and other information which is presented in accordance with this Chapter.
The federal executive body in charge of control and supervision in the area of taxes and levies shall transmit the information in question to competent authorities of foreign states (territories) included in the list of states (territories) with which the automatic exchange of financial information takes place and of which clients, beneficiaries and (or) persons directly or indirectly controlling them are residents.

The list of states (territories) with which the automatic exchange of financial information takes place shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. The procedure for the transmission of financial information to competent authorities of foreign states (territories) such as are referred to in clause 1 of this Article and for the receipt of financial information by the federal executive body in charge of control and supervision in the area of taxes and levies from such competent authorities and requirements relating to the protection of financial information which is transmitted shall be determined by the Government of the Russian Federation.

3. The federal executive body in charge of control and supervision in the area of taxes and levies and territorial tax authorities shall have the right to use financial information of financial market organizations and competent authorities of foreign states (territories) which has been received in accordance with this Chapter in exercising its powers in accordance with the tax and levy legislation of the Russian Federation.

4. Financial information in electronic form which has been received by the federal executive body in charge of control and supervision in the area of taxes and levies from financial market organizations and competent authorities of foreign states (territories) shall be equated with information received in paper form.

**Article 142.4 Obligations and Rights of Financial Market Organizations and Their Clients in Connection with the Automatic Exchange of Financial Information**

1. For the purpose of fulfilling the obligations established by this Chapter, a financial market organization shall, in accordance with the procedure established by the Government of the Russian Federation in consultation with the Central Bank of the Russian Federation, request, process, including by documenting, and analyse information received and undertake and document as appropriate such measures as are reasonable and practicable in the circumstances to establish the tax residence of clients, beneficiaries and persons directly or indirectly controlling them, including by checking that information provided by a client is accurate and complete.
2. Clients shall be obliged to present to a financial market organization information on themselves, beneficiaries and persons directly or indirectly controlling them which is requested by a financial market organization in accordance with this Chapter.

3. In fulfilling the obligations provided for in this Chapter, a financial market organization shall have the right to use information possessed by that organization which was obtained in connection with the fulfilment of the requirements of the legislation of the Russian Federation concerning the countering of the legitimization (laundering) of proceeds of crime and the financing of terrorism.

4. In the event that a person concluding an agreement involving the provision of financial services with a financial market organization fails to present information requested in accordance with this Chapter, the financial market organization shall have the right to refuse to conclude an agreement with that person.

5. In the event that a client fails to present information requested in accordance with this Chapter, a financial market organization shall have the right to refuse to perform operations undertaken in favour of or at the instruction of a client under an agreement involving the provision of financial services (hereinafter referred to as “refusal to perform operations”) and (or), in cases provided for in this Chapter, to cancel on a unilateral basis an agreement involving the provision of financial services, having notified the client of this not later than one working day following the day on which the decision was adopted.

6. A refusal to perform operations shall mean the cessation by a financial market organization of operations under an agreement involving the provision of financial services, with the exception of operations such as are provided for in paragraphs 2 to 5 of part 2 of Article 855 of the Civil Code of the Russian Federation, and operations involving the transfer of funds to a client’s account with another credit organization or involving the issuance of funds to a client.

7. In the event that a client fails to present information requested by a financial market organization in accordance with this Chapter within fifteen days after a refusal to perform operations, the financial organization may unilaterally cancel the agreement involving the provision of financial services concluded with that client, taking into account the provisions of the Civil Code of the Russian Federation.

In the event that a client presents information requested by a financial market organization after a refusal to perform operations and before an agreement involving the provision of financial services is considered to have been cancelled, the financial market organization shall have the right to rescind the previously adopted decision to cancel the agreement.
8. If, as a result of carrying out measures provided for in clause 1 of this Article, a financial market organization finds that information presented by a client is inaccurate or incomplete or concludes that information presented by a client conflicts with information possessed by the financial market organization, including information received from other publicly available sources of information, the financial market organization shall have the right to refuse to conclude an agreement involving the provision of financial services or to cancel on a unilateral basis an agreement involving the provision of financial services.

9. An agreement involving the provision of financial services shall be considered to have been cancelled upon the lapse of one month from the day on which a financial market organization presents a notification of cancellation of the agreement to the client, unless a different time period is established by the agreement involving the provision of financial services.

CHAPTER 20.2. INTERNATIONAL AUTOMATIC EXCHANGE OF COUNTRY-BY-COUNTRY REPORTS IN ACCORDANCE WITH INTERNATIONAL AGREEMENTS OF THE RUSSIAN FEDERATION

Article 142.5 Powers of the Federal Executive Body in Charge of Control and Supervision in the Area of Taxes and Levies in Carrying out the Automatic Exchange of Country-by-Country Reports

1. The federal executive body in charge of control and supervision in the area of taxes and levies shall have the right to transmit country-by-country reports received in accordance with the provisions of Chapter 14.4-1 of this Code to competent authorities of foreign states (territories) within the framework of the automatic exchange of country-by-country reports in accordance with international agreements of the Russian Federation. The list of foreign states (territories) with whose competent authorities the automatic exchange of country-by-country reports is carried out shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

2. The federal executive body in charge of control and supervision in the area of taxes and levies shall accept, process, store and use in exercising its control and supervisory powers country-by-country reports which have been received from competent authorities within the framework of the automatic exchange of country-by-country reports in accordance with international agreements of the Russian Federation.

3. The procedure for the transmission of country-by-country reports to competent authorities of foreign states (territories) and the receipt of country-by-country reports by the federal executive body in charge of control and supervision in the area of taxes and levies from competent authorities of such
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states (territories) and requirements relating to the protection of information transmitted which is contained in country-by-country reports shall be established by the Government of the Russian Federation.

Article 142.6 Restrictions on the Use of Information Contained in Country-by-Country Reports

1. Information from country-by-country reports which is presented in accordance with the requirements of Chapter 14.4-1 of this Code and (or) has been received from competent authorities of foreign states (territories) within the framework of the automatic exchange of country-by-country reports may be used by the federal executive body in charge of control and supervision in the area of taxes and levies and its territorial bodies in exercising their powers in accordance with the tax and levy legislation of the Russian Federation.

2. Information from country-by-country reports which is presented in accordance with the requirements of Chapter 14.4-1 of this Code and (or) has been received from competent authorities of foreign states (territories) within the framework of the automatic exchange of country-by-country reports shall not in and of itself constitute evidence of the non-payment and (or) underpayment of amounts of a tax (levy) without the examination of other evidence.

President of the Russian Federation

B. Yeltsin