In the beginning of May 2018, Russia’s Federal Tax Services (FTS) issued Orders establishing the format for Country-by-Country (CbC) Reports and related Notifications for multinational groups (CbCR Notification or Notification), as well as instructions for completing and filing these forms electronically.

The Orders set forth: (i) requirements relating to completion of the XML forms of the CbC report and CbCR Notification; (ii) the information contained in the CbC report and Notification; and (iii) instructions on completion of these elements.

Russian legislation requires taxpayers that are constituent entities of a multinational group (MNE group) to annually submit a CbCR Notification no later than eight months after the end of the MNE group’s financial year (for example, for an MNE group with a financial year ending on 31 December, the CbCR Notification and CbC report would be due no later than 31 August of the following year). The legislation also allows a single notification to be submitted for all members of an MNE group that are taxpayers in the Russian Federation.

The CbC report should be submitted for financial years starting in 2017, no later than 12 months after the end of a financial year. The CbC report may be submitted on a voluntary basis for financial years starting in 2016.

According to the Orders, the CbC report and CbCR Notification must be prepared in Russian, but it is permissible to also provide the information in a foreign language.
Both the CbC report and Notification are to be submitted electronically in XML format, and for greater security should be signed with an enhanced qualified electronic signature.

Generally, all the CbCR forms are in line with the Organisation for Economic Co-operation and Development Base Erosion and Profit Shifting (BEPS) Action 13 requirements. However, there are a few notable differences including:

- The “Number of employees” should be provided by those employed under a labor contract and those employed under a civil law contract (contractors).
- “Revenue” is to be disclosed separately for revenue from constituent entities of the MNE group and revenue from “other entities,” including associated enterprises. Only revenue from constituent entities of the MNE group may be adjusted for dividends.
- “Additional capital” appears as a voluntary disclosure element in addition to “Capital.” This represents the equity less the amount of stated capital and accumulated earnings.

Endnote

1. Order No. MMV-7-17/124@ of the Federal Tax Service of 6 March 2018 “Concerning Approval of 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” (The Order entered into force from 7 May 2018); Order No. MMV-7-17/123@ of the Federal Tax Services of 6 March 2018 “Concerning Approval of the Format of the Country-by-Country Report of a Multinational Group of Companies for the States (Territories) whose Tax Residents are Members of the Multinational Group of Companies, the Procedure for Completing it and Submitting it in Electronic Form” (The Order will enter into force from 19 May 2018).
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