

## Issue 15

Summary of selected documents published for the period from May 22 to 29, 2011



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## GENERAL LEGISLATION

**1. Title:**           **On law enforcement monitoring  
in the Russian Federation**

Document:    Presidential Decree  
Signed:        May 20, 2011  
Number:       657

**Abstract:**       This covers the participation of the government, courts, prosecution and other state authorities, civil society institutions and the media in law enforcement monitoring. The Ministry of Justice will perform monitoring with regard to the implementation of rulings by Russia's Constitutional Court, and decisions by the European Court of Human Rights, that require Russia to adopt/issue, amend or invalidate/repeal laws and other legal regulations. The Ministry will also perform functions with respect to the coordination of monitoring by federal executive bodies and its methodological support.

**2. Title:**           **On the Federal Intellectual Property Service**

Document:    Presidential Decree  
Signed:        May 24, 2011  
Number:       673

**Abstract:**       This establishes that the Federal Intellectual Property Service replaces the Federal Service for Intellectual Property, Patents and Trademarks, and also the Ministry of Justice with regard to the legal protection of the state's interests in the commercialization of the results of scientific research, experimental and design and technological work with a military, specialized or dual purpose, including with regard to obligations arising as a result of the implementation of court decisions.

**3. Title:** **On confirmation of the Procedure for the cadastral division of the territory of the Russian Federation and the Procedure for assigning cadastral numbers to real estate properties**

Document: Ministry of Economic Development Order  
Signed: April 16, 2011 (registered with the RF Ministry of Justice on May 16, 2011, Registration No. 20746)

Number: 144

**Abstract:** This confirms the Procedure for the cadastral division of the territory of the Russian Federation and the Procedure for assigning cadastral numbers to real estate properties. Russia's territory is divided successively (from largest to smallest) into cadastral okrugs, rayons, and kvartals. For objects located on the territory of two or more okrugs, an "All-Russian" okrug with a registration number of 0 is being created. If an object is located on the territory of several rayons within a single okrug, or of several kvartals within a single rayon, it is assigned a cadastral number in the kvartal with the serial number 0, the boundaries of which coincide respectively with the boundaries of the okrug or rayon. If an object is removed from the cadastral register, or information about it is annulled and removed from the cadastre, its number may not be reused for other objects.

**4. Title:** **On confirmation of the insurance portfolio transfer procedure when measures to prevent the bankruptcy of an insurance organization are being taken, and during procedures applied during bankruptcy proceedings against an insurance organization**

Document: Ministry of Finance Order  
Signed: January 13, 2011 (registered with the RF Ministry of Justice on May 13, 2011, Registration No. 20741)

Number: 2n

**Abstract:** This regulates the insurance portfolio transfer procedure during measures to prevent the bankruptcy of an insurance organization, and during procedures applied during bankruptcy proceedings against such an organization. The decision on the transfer is made by an authorized body of the insurer, or, if its powers have been suspended, by a temporary administrative organization, or, if bankruptcy proceedings have been instigated, by a receiver. Information on this should be posted on the insurer's website within 3 days. A copy of the decision is sent to an insurance supervisory authority. If the matter concerns types of insurance that stipulate compensatory payments, the relevant professional association of insurers should also be notified.

## TAX LEGISLATION

### *Part One of the RF Tax Code*

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**5. Title:** **On submitting returns electronically via telecommunications channels**

Document: Ministry of Finance Letter  
Signed: April 29, 2011  
Number: 03-02-08/49

**Abstract:** This explains that the date of submission of a tax return is taken as the date specified in the acknowledgement from the specialized communications service provider, and that the document confirming receipt of the tax return electronically via telecommunications channels is the acceptance receipt.

**6. Title:** **On a query on calculating the deadline for submitting documents at the request of a tax authority sent by post**

Document: Ministry of Finance Letter  
Signed: May 6, 2011  
Number: 03-02-07/1-159

**Abstract:** A document request sent by registered mail is considered received on expiry of the sixth day after it was sent. The date when the request was actually received by the taxpayer does not affect the calculation.

### *Corporate Profits Tax*

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**7. Document:** **Ministry of Finance Letter**

Signed: May 3, 2011  
Number: 03-03-06/1/280  
Source: May 23, 2011 <http://www.garant.ru/hotlaw/federal/325284/>

**Abstract:** This clarifies queries on making permanent leasehold improvements without the lessor's consent.

**8. Title:** **On a query on calculating the proportion accounted for by the residual value of depreciable property**

Document: Ministry of Finance Letter  
Signed: May 10, 2011  
Number: 03-03-06/2/77

**Abstract:** This explains the procedure for determining the proportion accounted for by depreciable property if a company has a separate division. In particular, the average residual value of depreciable fixed assets is calculated as a whole for a taxpayer, and separately for a separate division. Using this data, the proportion accounted for by the residual value of the separate division's depreciable property is determined.

**9. Title:** **On the accounting treatment of software**

Document: Federal Tax Service Letter  
Signed: May 13, 2011  
Number: KE-4-3/7756

**Abstract:** If software is purchased for a computer previously acquired, and not at the same time as the computer, the acquisition cost of the software should be included in the computer's historical cost.

## VAT

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### 10. Document: Ministry of Finance Letter

Signed: April 6, 2011

Number: 03-07-11/80

**Abstract:** This clarifies a query on offsetting within a single tax period amounts of VAT calculated by an organization acting as a withholding agent in the acquisition of municipal property, against arrears on that tax arising in the same tax period.

### 11. Title: **On applying a zero value-added tax rate to services with respect to the provision of rolling stock for the performance of international shipments of goods and shipments through the Russian Federation of goods being exported that are effected through an agent**

Document: Ministry of Finance Letter

Signed: May 4, 2011

Number: 03-07-08/141

**Abstract:** Services with respect to the provision of owned or leased rolling stock for the rail transportation of international shipments and shipments through the Russian Federation of goods being exported that are provided by a Russian entity, including through an agent, are subject to VAT at the zero rate. At the same time, the agent specifies a 0% tax rate in Column 7, "Tax rate", when completing a VAT invoice in its own name. The agent's fee is subject to VAT at the 18% rate.

### 12. Document: Ministry of Finance Letter

Signed: May 11, 2011

Number: 03-07-08/144

**Abstract:** This clarifies the application of VAT to services with respect to the storage and warehouse processing of goods being imported into Russia, provided under a storage contract at a sea port by a Russian entity that does not perform transshipment work for the goods.

### 13. Document: Ministry of Finance Letter

Signed: May 11, 2011

Number: 03-07-08/143

**Abstract:** This clarifies the application of VAT to forwarding services provided by a Russian entity under forwarding contracts at a sea port with respect to goods being exported from Russia by sea.

### 14. Document: Ministry of Finance Letter

Signed: May 11, 2011

Number: 03-07-10/08

**Abstract:** This clarifies queries on VAT exemption for developers' services provided under co-financed construction participation agreements entered into before October 1, 2010, in which the fee set for the developer's services is inclusive of VAT.

### 15. Title: **On the procedure for the payment of value-added tax by a withholding agent transferring funds to a foreign entity in return for services for which the Russian Federation is recognized as the place of sale**

Document: Ministry of Finance Letter

Signed: May 13, 2011

Number: 03-07-08/149

**Abstract:** The company may act as a withholding agent for early VAT payment until the funds are transferred to the foreign entity in return for the work or services acquired from it. When making a payment to a counterparty, a previously completed payment order for payment of the tax should be submitted to the bank.

### 16. Document: Ministry of Finance Letter

Signed: May 18, 2011

Number: 03-07-13/01-17

**Abstract:** This clarifies a query on providing documentary proof of the legitimacy of the application of a zero VAT rate when a Russian entity is exporting goods to Belarus using transportation provided by the buyer.

## Personal Income Tax

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### 17. Title: **On a query on confirming an individual's tax status**

Document: Ministry of Finance Letter

Signed: May 16, 2011

Number: 03-04-06/6-110

**Abstract:** The documents that may be used to confirm an individual's actual presence in Russia include, in particular, a certificate of employment, based on the individual's timesheet data, a copy of the individual's passport, with passport stamps, hotel receipts, and other documents executed as prescribed by Russian law that may be used to establish how many days an individual has been in Russia.

### 18. Title: **On a query on levying personal income tax on the cost of drinking water provided by an organization for its employees**

Document: Ministry of Finance Letter

Signed: May 13, 2011

Number: 03-04-06/6-107

**Abstract:** When acquiring drinking water for its employees, an organization may function as a withholding agent. To this end, the organization must take all possible measures to assess and calculate the economic benefit (income) received by the employees. At the same time, if, when employees are using drinking water acquired by an organization, it is not possible to assess the economic benefit personally received by each employee, income subject to personal income tax does not arise.

**19. Title: On the procedure for applying certain provisions of Federal Law 86-FZ of May 19, 2010**

Document: Federal Tax Service Letter

Signed: April 26, 2011

Number: KE-4-3/6735

**Abstract:** This explains that the 13% tax rate established by the Law applies to income received by a foreign national with highly skilled professional status from the performance of activity under an employment or civil law contract for the performance of work or provision of services. Payments by employers and clients to such professionals in cash or in kind that are not stipulated by relevant employment or civil law contracts (welfare assistance, gifts, etc.) are taxed at the 30% rate.

## Mineral Extraction Tax

**20. Document: Ministry of Finance Letter**

Signed: May 10, 2011

Number: 03-06-05-01/44

**Abstract:** This clarifies a query on recognizing in a Mineral Extraction Tax return the type of mineral when extracting payable ores of non-ferrous metals, nephelines and limestone flux.

**21. Title: On the data required for calculating the Mineral Extraction Tax on oil for April 2011**

Document: Federal Tax Service Letter

Signed: May 13, 2011

Number: AS-4-3/7741

**Abstract:** The Cp coefficient for calculating mineral extraction tax on oil for April 2011 is 11.2571.

## Vehicle Tax

**22. Title: On payment of vehicle tax regarding vehicles transferred under lease**

Document: Ministry of Finance Letter

Signed: May 16, 2011

Number: 03-05-05-04/12

**Abstract:** If, under a lease agreement, vehicles owned by (but not registered to) the lessor are transferred and temporarily registered to the lessee, the lessee pays the vehicle tax. If, under a lease agreement, vehicles registered to the lessor are temporarily transferred to the location of the lessee and are temporarily registered with the lessee's local State Automobile Inspectorate, the lessor pays the vehicle tax at the place of state registration of the vehicles.

## CUSTOMS LEGISLATION

**23. Title: On exemption from payment of customs fees for customs operations during the import into the Russian Federation of unregistered medicines for the provision of live-saving medical assistance to a specific patient, and of hematopoietic stem cells and bone marrow**

Document: Government Resolution

Signed: May 18, 2011

Number: 387

**Abstract:** Unregistered medicines for the provision of live-saving medical assistance to a specific patient, as well as hematopoietic stem cells and bone marrow for unrelated donor transplants, being imported into Russia are to be exempt from the relevant customs fees. This regulation will apply to the said items and to materials imported into Russia on the basis of approval documents issued by an authorized federal executive body.

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