

Issue 31

Summary of selected documents published for the period from October 3–7, 2011



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GENERAL LEGISLATION

1.Title: On confirmation of the list of documents required to acquire title to a land plot

Document: Ministry of Economic Development Order
Signed: 12 September 2011 (registered with the RF Ministry of Justice on 30 September 2011, Registration No. 21942)

Number: 475

Abstract: This alters the list of documents required to acquire title to a land plot. Now a copy of the certificate of state registration, extracts from the Unified State Register of Rights ('USRR'), notice of the absence of requested information from the USRR, and the cadastral certificate for the plot cannot be demanded from the applicant seeking title to it. However, the applicant may provide these documents with the title application independently.

Court Practice

2.Title: An overview of court practice on certain issues regarding the prosecution of banks for violating consumer rights legislation

Document: Information letter of the RF Supreme Court of Arbitration

Signed: 13 September 2011

Number: 146

Abstract: The SCA Presidium has published an overview of court practice on certain issues regarding the prosecution of banks for violating consumer rights legislation when concluding loan agreements.

TAX LEGISLATION

Part One of the RF Tax Codes

3.Title: On the procedure for confirming the status of a tax resident of the Russian Federation

Document: Information communication from the Federal Tax Service

Abstract: The FTS has updated its information on the procedure for confirming the status of a tax resident of the Russian Federation. Accordingly, confirmation is now provided by: a standard form statement; a form established by the legislation of a foreign state, verified by a signature and stamp (if such forms exist, and if competent bodies of the relevant country have informed Russia's FTS of this). In addition, the FTS has defined, in particular, cases where more than one copy of the confirmation may be issued, and has altered the list of documents to be provided to the FTS and the requirements for them. The confirmation deadline remains 30 calendar days from the date of receipt of all the necessary documents.

4.Title: On registering a legal entity at a founder member's place of residence

Document: Federal Tax Service Letter

Signed: 23 September 2011

Number: PA-21-6/293

Abstract: This explains that a company's location is determined according to the address specified in its state registration. If a company is registered at the address of a founder member, the tax authorities will send correspondence to that person's home.

5.Title: On certain queries regarding the use of electronic documents

Document: Federal Tax Service Letter
 Signed: 5 October 2011
 Number: ED-4-3/16368@

Abstract: This answers a query on taxpayers' use of electronic accounting source documents in bookkeeping and tax accounting, and in their document management, internally and in their dealings with the tax authorities.

Corporate Profits Tax

6.Document: Ministry of Finance Letter

Signed: 21 September 2011
 Number: 03-11-06/3/101

Abstract: Business activity associated with leasing out fixed retail properties with sales areas that, respectively, are shops or 'pavilions', or parts of such retail properties, office premises, warehouses and utility rooms, is not classed as activity subject to the unified tax on imputed income. Income from such business activity is subject to the general tax regulations or the simplified tax system.

7.Title: On a query on recognising incomes from the sale of production work with an extended (more than one tax period) cycle when the taxpayer is applying the accrual method

Document: Ministry of Finance Letter
 Signed: 21 September 2011
 Number: 03-03-06/1/581

Abstract: When performing work with an extended production cycle that does not stipulate delivery in stages, the taxpayer divides the contract price for the work between the reporting periods in which the contract is performed, either uniformly or in proportion to the share made up by the actual expenses of the reporting period in the total expenses given in the estimate. Here, the taxpayer assigns expenses that arise to expenses of the current reporting/tax period following the usual procedure — i.e. using the accrual method, in accordance with Article 272 of the Tax Code.

8.Title: On the procedure for determining the value of surpluses in the form of goods identified during a stocktake

Document: Ministry of Finance Letter
 Signed: 23 September 2011
 Number: 03-03-06/1/583

Abstract: Since 1 January 2010, revenue from sales of surplus goods identified during a stocktake has been reduced by an amount included in non-operating income.

9.Title: On a query on the classification for profits tax purposes of expenses associated with placing vacancy announcements in the media

Document: Ministry of Finance Letter
 Signed: 23 September 2011
 Number: 03-03-06/1/585

Abstract: Expenses associated with placing vacancy announcements in the media should be included in other production and/or sales expenses, on the basis of Article 264, Point 1, Subpoint 8 of the Tax Code.

10.Title: On the value of inventories received free of charge

Document: Ministry of Finance Letter
 Signed: 26 September 2011
 Number: 03-03-06/1/590

Abstract: The value of inventories received free of charge is not included in deductible expenses for corporate profits tax purposes when they are assigned to production or sold.

11.Title: On a query on the application of Article 376, Point 6 of the Tax Code to real estate property acquired under a share purchase agreement

Document: Ministry of Finance Letter
 Signed: 26 September 2011
 Number: 03-05-05-01/75

Abstract: An organisation that has made capital investments in the construction, reconstruction and/or modernisation of the facilities named in Article 376, Point 6 of the Tax Code may reduce its corporate property tax base between 1 January 2011 and 1 January 2025 by the amount of the investments (i.e. the carrying value of investments in newly established facilities or the carrying value of investments in existing facilities), if the facilities are included on the organisation's balance sheet from 2010 under property, plant and equipment.

VAT

12.Title: On amendments to the list of technical equipment (including components and spare parts thereto) equivalents of which are not produced in the Russian Federation and the import of which into the Russian Federation is not subject to value-added tax

Document: Government Resolution
 Signed: 27 September 2011
 Number: 789

Abstract: Two new items have been added to the list of technical equipment, equivalents of which are not produced in Russia and the import of which into Russia is VAT-exempt (confirmed by Government Resolution 372 of 30 April, 2009): production lines for chlorine and caustic soda (Customs Union Foreign-Trade Commodity Classification Code 8543 30 000 0); and submersible floating drilling rigs for exploration and production drilling of oil and gas wells (Customs Union Foreign-Trade Commodity Classification Code 8905 20 000 1).

13.Document: Ministry of Finance Letter

Signed: 21 September 2011
 Number: 03-07-11/248

Abstract: This answers queries on applying deductions on VAT charged to a taxpayer on acquiring goods for which the payment obligation is stipulated in rubles in an amount equivalent to the price of the goods, which is expressed in a foreign currency.

14.Title: On a query on calculating value-added tax for the sale of public property

Document: Federal Tax Service Letter
 Signed: 16 September 2011
 Number: ED-2-3/753

Abstract: If the transfer of title to acquired municipal property was registered before 1 April 2011, Article 146, Point 2, Subpoint 12 of the Tax Code does not apply, so the withholding agent calculates and pays VAT in the manner stipulated in Article 161, Point 3 of the Tax Code, irrespective of whether the property acquired was paid for before or after 1 April 2011.

Court Practice

15.Document: Supreme Court of Arbitration Ruling

Signed: 14 July 2011

Number: VAS-3844/11

Abstract: Public roads repaired at a taxpayer's own expense are not classed as property, plant and equipment of the taxpayer. However, this does not preclude amounts of VAT from being included in tax deductions, as the costs involved are production-related, being incurred for the purposes of producing a product, the sale of which creates/will create a VATable item and does not contradict the rules for applying tax deductions set by Articles 171 and 172 of the Tax Code. The judges also recognised the legitimacy of including the costs incurred by the taxpayer in connection with the repair of such roads in expenses for profits tax purposes.

Corporate Property Tax

16.Document: Ministry of Finance Letter

Signed: 20 September 2011

Number: 03-08-05

Abstract: This clarifies the possibility of reducing an amount of property tax calculated under Russian law by an amount of real estate tax on construction in progress paid in Belarus.

17.Title: On filing a corporate property tax return

Document: Ministry of Finance Letter

Signed: 23 September 2011

Number: 03-05-05-01/74

Abstract: This is a Finance Ministry reminder that under Federal Law 242-FZ of 30 October 2009, effective from 1 January 2010, organisations that do not have property recognised as a subject to corporate profits tax do not pay this tax, and do not need to file a corporate profits tax declaration/calculations with the tax authorities.

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