

The Federation Council has approved amendments to the Law on advertising

FAO: CEOs and employees of companies' legal departments

Pepeliaev Group advises that, on 20 December 2024, the Federation Council (the upper house of Russia's parliament) approved the Law¹ on how the advertising of loans should be labelled and on mandatory charges for disseminating advertising on the Internet. In addition, the Law specifies the procedure for how social advertising should be distributed.

Originally, the objective of the draft law was to reduce the number of loans which have been taken out impulsively, where a borrower did not have the actual financial possibility to repay the loan. Nonetheless, once the draft law was submitted to the State Duma (the lower house of Russia's parliament), it underwent changes, with a significant number of amendments being proposed by the time it reached the stage of its second reading.

Let us consider the main new developments.

1. Changing the conditions on which services are advertised that are connected with a consumer credit (loan) being granted

The requirements for advertising financial services and financial activity have been established in article 28 of the Law on advertising². These include the provision that an advertisement for a credit (loan) should contain a range of values of the full cost of a credit (loan) if a credit rate is indicated. Further, the advertisement should contain all terms and conditions which determine the cost of the credit (loan) for the borrower.

In practice, credit institutions publish all requisite conditions in their advertising in fine print, which is difficult to read and which does not allow a consumer to comprehend such information; this ultimately misleads the consumer. Therefore, household debt load is increasing.

In view of the above, it has been proposed that article 28 of the Law on advertising be supplemented with parts 2¹ and 3¹ according to which the

¹ <https://sozd.duma.gov.ru/bill/600974-8>.

² Federal Law No. 38-FZ "On advertising" dated 13 March 2006.

advertising of services that are connected with a consumer credit (loan) being granted, used and repaid, and which contains at least one condition influencing the full cost of such credit, should meet the following criteria:

Requirement	Warning: "Examine all terms and conditions of a credit (loan)", indicating a section of the creditor's official website	The advertisement should reflect all conditions of the credit that factor into its cost <i>(Should it be impossible for an indication to be provided to the creditor's official website)</i>	Warning: "Assess your financial capacities and risks"
The method for distributing advertising			
Radio programme	Running for ≥ 3 seconds	Running for ≥ 3 seconds	Running for ≥ 3 seconds
TV programme, cinema and video viewing	Running for ≥ 3 seconds and occupying ≥ 5% of the image area	Running for ≥ 3 seconds and occupying ≥ 5% of the image area	Running for ≥ 3 seconds and occupying ≥ 5% of the image area
Other methods of advertising	Occupying ≥ 5% of the image area	Occupying ≥ 5% of the image area	Occupying ≥ 5% of the image area

It should also be specified that if the advertising of services that are connected with a consumer credit (loan) being granted, used and repaid contains information regarding interest rates, such advertising should also be labelled³ and should include information regarding the ranges of values of the full cost of a consumer credit (loan), with the following wording being used: "the full cost of the credit (loan)".⁴

These new developments will come into force on **1 March 2025**.

Pepeliaev Group's comment

We believe that the above new developments will make borrowers more thoughtful regarding the issues of borrowings and more rational in assessing their financial capabilities before they take out a credit (loan).

³ It should contain the warning: "Examine all terms and conditions of the credit (loan)", indicating a section of a creditor's official website/ all terms and conditions of a loan that influence its cost.

⁴ The above information should be presented before the information regarding interest rates, with print being used that is no smaller than the print in which information relating to interest rates is presented.

2. Introducing mandatory charges for disseminating advertising on the Internet

The Law on advertising is supplemented with a new article 18² under which distributors of advertising and operators of advertising systems will be obliged to make mandatory payments to the federal budget out of the amount of income which has been obtained from services that involve advertising being distributed on the Internet.

The size of such charges will be 3% of the income obtained over a quarter from the sale of services to distribute advertising on the Internet which is aimed at attracting consumers who are located in Russia.⁵ The Russian Government will approve the criteria for advertising which is targeted at Russian consumers.

Moreover, the obligation to pay the charges will affect:

- Russian advertisers that place advertising through foreign companies (with relevant amounts being withheld from the monetary funds that are payable to the foreign entity with which the agreement has been concluded);
- persons that perform actions to disseminate advertising on the Internet further to an instruction and at the expense of an advertiser and/or a distributor of advertising or that provide services that involve the distribution of advertising on the Internet for the benefit of such an advertiser and/or distributor of advertising.⁶

The telecom regulator Roskomnadzor will assess these mandatory charges based on the information relating to such advertising which is to be reported under article 18.1 of the Law on advertising, including information relating to the cost of the services. Further, Roskomnadzor will oversee that the charges are paid in full and by the deadline. The Government will determine the procedure.

The Law also stipulates that some parties on the advertising market will be exempted from the obligation to pay the charge, including: broadcasters of TV and/or radio channels, information agencies, certain mass media that are state-owned or that have received subsidies from the state budget and the resources of major media outlets.

These new developments will come into force on **1 April 2025**.

⁵ Quarters will be calculated from the start of a calendar year.

⁶ The size of the charges will be 3% of the income that such persons will obtain over a quarter from their actions aimed at distributing advertising on the Internet further to an instruction and at the expense of an advertiser and/or distributor of advertising or from services being provided that involve advertising being distributed on the Internet for the benefit of such advertiser and/or distributor of advertising.

Pepeliaev Group's comment

We believe that these mandatory charges are driven by the need to obtain additional funds to implement national projects (such a conclusion can be made based on an analysis of the explanatory note to the Law on the state budget for 2025-2027).

Nevertheless, there is a great likelihood that these new developments may bring about significant financial costs and may increase the administrative burden for small- and medium-sized enterprises.

The charges are in effect a turnover tax which is formally levied outside the framework of the Russian Tax Code. Before 2005, Russia already had a tax on advertising. The new charges, however, are levied against the backdrop of a market that has drastically changed and based on the labelling procedure which has been introduced recently. The cost of advertising services will probably increase in proportion to the rate of the charges. Nonetheless, an ambiguity arises as to which party to the agreement will have the charges withheld from it if the agreement has already been concluded: in this event, those obliged to pay the charges will probably search for reasons to shift the burden of the new tax over to their counterparties.

3. Specifying the procedure for social advertising to be posted

Article 10 of the Law on advertising, which governs the procedure for social advertising to be distributed, is being amended. According to such amendments, it is not only distributors of advertising that will have the obligation to conclude agreements, under which consideration is either provided or not provided, for social advertising to be distributed.⁷

The requirement will also apply to owners of services that publish advertising and aggregators of information regarding goods (services) within the following ranges:

- 5% of the annual turnover of the advertising, **or**
- 5% which corresponds to the total number of users of the Internet who are located in Russia and who have accessed the relevant service on which advertisements have been published (an aggregator of information regarding goods (services)) during a day within a year.

The requirement will be mandatory only for those websites whose target audience is more than 200,000 users per day.

⁷ This requirement is also preserved for distributors of advertising within the range of 5% of the annual volume of advertising they distribute on the Internet.

Moreover, according to the new developments, it will be possible, by analogy with ordinary advertising, to publish social advertising on the Internet only if a special identifier has been provided. Information regarding such advertising will be reported to the regulator Roskomnadzor.

These new developments will come into force on **1 March 2025**.

What to think about and what to do

Players on the advertising market that place advertising on the Internet are recommended to advise the responsible persons within their companies of the new procedure for how social advertising should be posted and that advertising of credits (loans) is required to be labelled, and also of the mandatory charges to be paid for placing advertising on the Internet.

In view of the coming changes, the specified measures will allow market players to continue to show good faith.

Help from your adviser

Pepeliaev Group's lawyers have considerable experience of providing legal support to clients in the field of legislation on advertising.

Our lawyers continually monitor changes in legislation on advertising and stand ready to promptly advise on any legal aspects that arise in connection with the new provisions being adopted.

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