

**The Russian Tax Code has been amended with regard to profit tax and VAT**

**DRAFT**

## **Amendments to the Russian Tax Code: Their Implications for Business**

*FAO CFOs, corporate tax managers, accountants and in-house lawyers*

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**Pepeliaev Group is ready to provide legal support to taxpayers when they prepare for the upcoming amendments to legislation.**

We have already commented<sup>1</sup> on the main provisions of the draft law that the State Duma is examining at present<sup>2</sup>.

The adopted provisions of the law may considerably affect business. Moreover, they will affect companies, their owners and employees alike.

We can already list possible typical situations that payers will find themselves facing and that should be assessed now to develop ways of addressing them in advance.

Pepeliaev Group's lawyers are well versed in advising their clients on the risks associated with changes in legislation and in protecting their clients' interests when they liaise with tax authorities. We will be happy to assist you with solving your objectives. We are presenting the issues that, in our opinion, will bring forward the most typical challenges in the aftermath of the adoption of the changes to the Tax Code that are being discussed, and describing the ways in which we can assist you.

### **1. "Tax amnesty" in the case of the "splitting up of a business"**

- Assessing whether or not there are indications of "splitting up of a business" in the activities of a group of companies and of the number of persons that such a splitting up affects;
- Interacting with tax authorities within the "pre-audit analysis", as well as field audits that are being conducted now for the period of 2022 -2023, to

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<sup>1</sup> <https://www.pgplaw.ru/analytics-and-brochures/alerts/nalogovaya-amnistiya-pri-droblenii-biznesa/>  
<https://www.pgplaw.ru/analytics-and-brochures/alerts/izmeneniya-v-nalogovyy-kodeks-rf-po-zarplatnym-nalogam/>  
<https://www.pgplaw.ru/analytics-and-brochures/alerts/izmeneniya-v-nalogovyy-kodeks-rf-po-nalogu-na-pribyl-nds-usn-i-imushchestvennym-nalogam/>

<sup>2</sup> <https://sozd.duma.gov.ru/bill/639663-8>

ensure that the 'tax amnesty' qualification requirements are met. Specifically, it is important to prevent:

- the tax authority from misclassifying offences it identifies that will subsequently not allow for the 'tax amnesty' rules to be applied;
- the tax authorities from breaching procedural guarantees and timeframes under the pretext of speeding up the process of issuing a resolution further to an audit.

- Advising companies that have decided to use the 'tax amnesty' on the procedure for a 'voluntary rejection of the splitting up of a business', as well as developing, if necessary, a step-by-step plan for reorganising a business.

## **2. Amendments to the rules for charging personal income tax**

- Advising on the taxation procedure if transactions (including those involving the sale of participatory interests in a limited liability company) are performed in 2024, but the income is remitted to the individual after 1 January 2025. Help with the structuring of transactions;

- Advising on the tax risks that arise if income paid in 2024 may be attributed to 2025;

- Advising on the new rules for paying personal income tax on the fixed profit of a controlled foreign company.

## **3. Amendments to profit tax (the rate increasing to 25% against a backdrop of the introduction of the federal investment deduction)**

- Advising on the content and details of how to apply the new rules;

- Advising on special investment regimes that are available for the taxpayer.

## **4. Amendments to the rules for applying the simplified taxation system starting from 2025**

- Analysing the activity (including calculating the tax burden) for the purposes of choosing the best option for paying VAT under the simplified taxation system (without VAT and the right to a deduction; with VAT rates of 5% or 7%, but without the right to a deduction; and with VAT rates of 10/20% and the right to a deduction).

## **5. Changes with respect to the mineral extraction tax and excise duties**

- Advising on the changes of tax rates and the procedure for calculating taxes.

## Contact details



**Sergey Sosnovsky**  
Partner, Head of Tax  
Practice

Tel.: +7 (812) 640 60  
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[s.sosnovsky@pgplaw.ru](mailto:s.sosnovsky@pgplaw.ru)