

Russia announces tax and customs measures to aid business during COVID-19 spread

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In response to the high alert introduced first in Moscow and then nationwide in the face of the rapid spread of COVID-19, the Russian government and the Federal Tax Service (FTS) have announced special tax and customs measures to support the most vulnerable sectors of the Russian economy.

Support of specific industry sectors

Tax measures

The Russian government has announced deferral of tax payments (tax holidays) for all taxes and social contributions payments due until 1 May 2020 for industries affected by the spread of COVID-19. Initially aviation and travel businesses were on the [list](#)*, which subsequently [extended](#)* to include companies active in sports, culture and cinematography).

In addition, social contributions payment deferrals for micro-enterprises (and possibly small and medium-sized enterprises) are expected shortly.

Customs measures

The Russian Prime Minister [announced](#)* the introduction of a “green channel” at customs for expediting the import of certain socially important goods, and a “zero” import rate for goods to be determined by the Russian government, including medicines and medical products.

Laws and regulations formalising these measures are expected to be drafted by the end of the month.

Suspension of audits (tax and customs)

The FTS has [announced](#)* it is suspending any ongoing tax and customs field audits and deferring the initiation of new audits until 1 May 2020 (apart from exceptional cases).

Tax control measures involving physical contact with taxpayers or their representatives (including interrogations, summons to the tax authorities, etc.) should be avoided.

Similar limitations apply to the controls carried out to check compliance with the currency law and cash registry equipment law.

Taxpayers to use remote communication channels

An appeal has been [published](#)* over the FTS official website urging taxpayers to use remote communication channels (“personal taxpayer’s office” and other interactive services) to communicate with tax authorities and avoid personal visits to tax inspectorates.

Moratorium on bankruptcy procedures

The Russian government plans to move forward with legislation that will subsequently allow it to introduce a moratorium on initiating bankruptcy procedures for exceptional cases, including emergency situations of a natural or technical nature.

The respective bill has been [posted](#)* on the official website for public discussion.

Anticipated further developments

Despite the official announcement of the above relief measures by Russian authorities, legislative or governmental acts detailing their application (grounds for application, timing, etc.) still remain under elaboration and are not publicly available.

The Russian government has adopted a [plan](#)* outlining priority measures to ensure the sustainable development of the economy. This plan specifies timeframes for elaboration of respective laws and regulations for various measures, including for tax and customs.

The majority of the proposed measures should be enacted by the end of March 2020 at the latest.

Russian business requests stronger measures

Due to drastic shortages of revenue and the challenges in the marketplace, Russian businesses are insisting on the introduction of a package of anti-crisis measures applicable to all the businesses that were severely hit by the pandemic (and not just small and medium-sized enterprises or businesses in selected areas).

The requested measures include:

- introducing general "tax holidays" for Q2 2020, particularly for taxes not directly linked to the company's revenue (social contributions and property tax);
- calculating advance tax payments based on forecasted (and not previous) revenues;
- abolishing 50% limitation of tax loss carry-forward;
- relaxing thin capitalisation and transfer pricing rules for interest rates; and
- extending deadlines for tax reporting.

The situation is changing rapidly, and further clarifications from authorities on these matters are expected shortly.

CMS Russia's tax experts are closely monitoring the COVID-19 situation and will continue to provide updates on any further announcements and developments in the tax and customs field.

If you have any questions on the above or, more generally, our on-stream summaries on the legal measures adopted in response to the COVID-19 outbreak in Russia, please contact our local CMS experts [Dominique Tissot](#), [Maria Kabanova](#) or your regular CMS advisor.

* *In Russian*

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