



# Covid-19: Russian Government Tax & Other Support Measures

30 April 2020

## Executive Summary

The Russian government is introducing a series of support measures for businesses, especially SMEs, to help them survive the outbreak of COVID-19.

There are various tax and non-tax support measures, including reduced rates of insurance contributions, direct financial support to pay wages, favourable bank lending conditions and many other measures.

The special rate of insurance contributions (15% instead of 30%) for salaries exceeding the official minimum wage (MROT) (which is equal to RUB 12,130 in 2020) can significantly reduce the tax burden on SMEs. The special rate may be applied in 2021 as well.

Your Russian subsidiaries can benefit from the support measures mentioned above provided that they meet the statutory criteria that determine whether they qualify as SMEs and are included in the SME Register maintained by the Russian Federal Tax Service.

**Russian entities with over 49% of foreign capital qualify as SMEs provided that they and their foreign owners meet the following statutory criteria:**

- the average number of employees for the preceding calendar year does not exceed 250 people; and
- their business income for the preceding calendar year does not exceed RUB 2bn.

**It should be noted that Russian entities with foreign capital should follow a special procedure to be included in the SME Register.**

**Information about such entities should be provided to the authorities by an audit firm which is registered with a self-regulatory organization of auditors.**



**The following procedure should be followed:**

1. an audit firm should confirm that the foreign owner of a Russian entity that wants to be included in the SME Register meets the statutory criteria that determine whether an entity qualifies as an SME. For this purpose, the Russian entity should enter into a respective agreement with the audit firm;
2. the audit firm should compare the annual income and the average number of employees of the foreign owner with the statutory criteria. For this purpose, the Russian entity should provide the audit firm with the tax returns of its foreign owner for the respective year submitted to the tax authorities of the country of incorporation;
3. if the foreign owner meets the statutory criteria, the audit firm should include the Russian entity in the list of Russian entities with foreign capital incorporated before 1 December of the year preceding the current calendar year which meet the criteria to qualify as SMEs; and
4. from 1 to 5 July of the current calendar year, the audit firm should submit this list to the Russian Federal Tax Service via a special e-services portal using an enhanced electronic signature for the entities in the list to be included in the SME Register.

The Russian Federal Tax Service should use the list provided by the audit firm and the available information about the average number of employees of the Russian entity and its income for the preceding calendar year to include such Russian entity in the SME Register and publish the Register on its official website (<https://rmsp.nalog.ru/>) on 10 August of the current calendar year. The Register should be updated annually.

Our firm complies with all requirements stipulated in the law for audit firms that are allowed to provide information for Russian entities with foreign capital to be included in the SME Register:

- FBK Grant Thornton is a member of The Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS); the registration number 11506030481;
- has software and an enhanced electronic signature, which are required to submit information to the Russian Federal Tax Service, which can decide on the inclusion of entities in the SME Register (Memorandum of the Russian Ministry of Finance No. IS-audit-26 dated 15 January 2019, <https://rmsp.nalog.ru/sign-in.html>).

**We will be glad to help your Russian subsidiaries to be included in the SME Register.**

**Please address all inquiries to:**



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