



New deadlines for reporting and tax payments

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In brief

The Government has issued a resolution that provides for a series of measures to support business.¹ One of the measures has pushed back the deadlines for reporting and tax payment dates. However, most of these measures cover only small and medium enterprises² working in specific industries³.

In detail

Deadlines as we see them

The tables below show that some deadlines “have not changed”. They are still set by the Russian Tax Code, as before. That said, please note that if the last day of the deadline falls on a day deemed as a weekend, non-business holiday or non-working day, then the last day of the deadline will be the immediate next business day following such weekend day, non-business holiday or non-working day (Article 6.1.7 of the Russian Tax Code, version as of 1 April 2020).

As a result, deadlines that fall between 30 March and 30 April (i.e. non-working days according to two decrees issued by the Russian President)⁴ will be postponed until **6 May**, the first business day after the non-working period. We recommend that you track this matter closely, because the non-working period may yet be extended or reduced.

There are two matters that should be considered regarding the announced non-working days. First, it follows from the presidential decrees that non-working days have not been set for all types of entities (e.g. continuous cycle enterprises will continue to work). In theory, the tax authorities may assume that deadlines will be postponed until 6 May only for those entities covered by the decree on non-working days.⁵ Second, amendments to Article 6.1 of the Russian Tax Code formally apply from 1 April 2020 only (i.e. the date when Law No. 102-FZ was officially published). That is why the tax authorities in theory may claim that the deadlines falling on 30 and 31 March will not be postponed to 6 May. We see some arguments in favour of a unified approach – the deadlines move to 6 May to all taxpayers. However, there is an obvious legal uncertainty which may be explained by haste of lawmakers.

¹ <http://www.garant.ru/hotlaw/federal/1343783/>

² The criteria for small and medium-sized enterprises (SMEs) are set by Federal Law No. 209-FZ of 24 July 2007. We remind you that these criteria include (1) the composition of participants, (2) number of staff and (3) income. For example, small businesses may employ 100 people, at most, and their annual revenues shall not exceed RUB 800 million. Medium-sized enterprises may employ 250 people, at most, with annual revenues within RUB 2 billion. As per the general rule (with some special exemptions), entities with foreign participation over 49% will not qualify as SME.

³ http://www.consultant.ru/document/cons_doc_LAW_349344/

⁴ http://www.consultant.ru/document/cons_doc_LAW_349217/#dst0

http://www.consultant.ru/document/cons_doc_LAW_348485/

⁵ <http://www.garant.ru/hotlaw/federal/1335172/>

The Russian Federal Tax Service issued a table⁶ with the new deadlines according to the resolution №409 which will make date calculation easier. However, the methodological issues mentioned above have not been clarified.

Changes for all corporate taxpayers (except for SMEs and sole proprietors working in affected industries) and individuals

Reporting period	New reporting deadline	Payment deadline
Income tax		
2019	We think that the new deadline is 29 June 2020 (28 March + 3 months)	No change: Deadlines will be determined in accordance with the RTC and the presidential decrees (6 May or 30 March according to our comments above)
3-NDFL Form (Personal Income Tax Returns)		
2019	30 July (30 April + 3 months)	No change (15 July)
VAT		
Q1 2020	15 May 2020 (this date is directly stated in the resolution)	No change: Deadlines will be determined in accordance with the RTC and the presidential decrees (6 May, 25 March, 25 June)
Insurance contributions calculation		
Q1 2020	15 May 2020 (this date is directly stated in the resolution)	No change: Deadlines will be determined in accordance with the RTC and the presidential decrees (6 May, 15 March, 15 June)
6-NDFL Form (calculation of PIT withheld by the tax agent)		
Q1 2020	30 July (30 April + 3 months)	No changes
All other tax returns and advance payment calculations (except for VAT and insurance contributions), tax calculations on income amounts paid to foreign entities and taxes withheld, as well as financial statements that have to be filed from March through May 2020		
	+ 3 months	No change: Deadlines will be determined in accordance with the RTC and the presidential decrees

Things that remain unchanged for all taxpayers

There has been no change in the deadlines for filing various material tax documents. For example, there will be no change in the deadline for filing a CFC notification (20 March under Article 25.14 of RTC) or for filing a TP notification (20 May 2020 under Article 105.16 of RTC).

Changes for SMEs working in affected industries⁷

Reporting period	New payment deadline
Income tax	
2019	30 September 2020 (30 March + 6 months)

⁶ http://static.consultant.ru/obj/file/doc/fns_150420-2.pdf

⁷ In order to apply the new deadlines, it is important to make sure that the enterprise is in the unified list of small and medium entrepreneurs in addition to complying with SME criteria.

² Tax Flash by PwC Experts | April 2020 / Issue No 16.

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Unified Agricultural Tax	
2019	30 September (31 March + 6 months)
Simplified tax system	
2019	30 September (31 March + 6 months)
PIT for sole proprietors	
2019	15 October 2020 (15 July + 3 months)
Taxes (except for VAT, professional income tax, taxes payable in the capacity of a tax agent) and advance tax payments	
For March and Q1 2020	+ 6 months
For April through June, Q2 and first six months of 2020	+ 4 months
Patent	
If the tax payment deadline is in Q2 2020	+ 4 months
Advance payments on transport tax, corporate income tax and land tax	
For Q1 2020	By 30 October 2020
For Q2 2020	By 30 December 2020

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At the same time, the Government Resolution does not shift deadlines for SMEs to file tax returns. Moreover, clause 3 of the resolution directly stipulates that the transfer of payment deadlines will not postpone the dates for filing tax returns and calculations. It is hard to identify the rationale here. We suppose that the new rules are subject to interpretation, so that the deadlines for filing tax returns and calculations falling from March through May 2020 under the RTC will be also postponed for three months under the general rules introduced for all taxpayers (except for VAT and social insurance contributions).

Moreover, the resolution shifts the deadlines for micro businesses, but we will not touch upon this here.

We would also like to remind SMEs that their **social contributions will be reduced almost by half** (please refer to Federal Law No. 102-FZ of 1 April 2020). In the light of this, it will become even more attractive to structure a single business through several SMEs. The tax authorities may scrutinise the situation, however, and assess the economic rationale and in certain cases challenge companies stating that they have sought to claim unjustified tax benefits.

There is one more good news for SMEs working in affected industries. In his speech of 8 April⁸ the President proposed to move deadlines for paying social contributions by such taxpayers for 6 months. He also proposed that payment of taxes and social contributions should not be made at once after the delay is over. They may pay each month during a year. Let's wait until Governmental resolutions in this respect.

Tax payment deferral

In addition to the deadline changes, the Government has also amended the grounds for granting tax payment deferrals to companies operating in affected industries and to strategic, systemically important and city-development⁹ enterprises.

For example, a **one-year deferral** may be granted if one of the following criteria is met:

- ✓ Revenue has fallen by over 50%
- ✓ Losses are being incurred while revenue has reduced by over 30%

⁸ <http://www.kremlin.ru/events/president/news/63176>

⁹ <https://www.interfax.ru/sistemoobrazuyuchieorgangizatsii.html>

³ Tax Flash by PwC Experts | April 2020 / Issue No 16.

- ✓ Strategic, systemically important and city-development enterprises, enterprises selling socially important goods (services) or enterprises that qualify as major taxpayers have a drop in their revenue by 30%.

We recommend that you analyse the possibility to obtaining a tax deferral. It appears that it would be more economically advantageous to obtain the deferral than to take a bank loan in order to settle outstanding taxes.

Other changes

To make the picture complete, please also note two more material changes:

- ✓ Taxpayers may file an application to participate in the tax monitoring regime in 2021 by 1 October 2020.
- ✓ All running field tax audits, transfer pricing audits and currency control audits will be suspended by **31 May 2020**, and no such audits will be initiated before this date.

The takeaway

We hope that the situation returns back to normal by the stated deadlines and you will not miss the new dates for filing returns. We would like to remind you that PwC provides tax compliance services. Let our professionals do your work!¹⁰

We are continuing to monitor the situation. If you need to discuss the impact of this information on your business, please contact your personal manager at PwC or our specialist Partners.

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¹⁰ <https://www.pwc.ru/ru/services/tax-consulting-services/tax-compliance.html>

Let's talk

We would be happy to answer any questions you may have.

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