

Legal Alert

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Additional tax support measures during COVID-19 pandemic

On April 22, 2020 Russia introduced temporary measures¹ to support businesses during the COVID-19 pandemic, most of which apply retroactively as of January 1, 2020.

- Companies can shift to calculating their monthly advance payments of corporate profits tax based on actual profits starting from April until December 2020 after notifying their tax inspectorate.
- Companies with less than RUB 25 million in average quarterly sales revenues for the four preceding quarters will not be required to make monthly corporate profits tax advances in 2020 (previously the threshold was RUB 15 million).
- Companies can claim a one-time deduction, categorized as 'other sales expenses,' of expenditures (without amortization) on medical equipment used for COVID-19 diagnostics, as well as expenses for office disinfection, acquisition of equipment and other means of individual and collective protection.
- SMEs and individual entrepreneurs in sectors of the economy most affected by the pandemic² are exempt from income tax on state subsidies, and they retain input VAT offset rights on goods and services acquired using such funds.

Actions to consider

- Shifting to monthly advance corporate profits tax based on actual profits to avoid paying quarterly advances using the pre-crisis results.
- Identifying all expenses that qualify for the one-time deduction.

We continuously monitor the Russian tax landscape and will keep you informed of important developments, including measures aimed at supporting companies.

This LEGAL ALERT is issued to inform Baker McKenzie clients and other interested parties of legal developments that may affect or otherwise be of interest to them. The comments above do not constitute legal or other advice and should not be regarded as a substitute for specific advice in individual cases.

¹ Federal Law No. 121-FZ "On Amendments to the Part Two of the Tax Code of the Russian Federation", dated April 22, 2020.

² According to the Russian Government's list, which includes tourism, transportation, sports, culture, arts, and cinematography.