

**SECTION VIII.1. SPECIAL TAX REGIMES**

*[inserted by Federal Law No. 187-FZ of 29.12.2001]*

**CHAPTER 26.1. THE SYSTEM OF TAXATION FOR AGRICULTURAL GOODS PRODUCERS (THE UNIFIED AGRICULTURAL TAX)**

*[chapter as reworded by Federal Law No. 147-FZ of 11.11.2003]*

**Article 346.1. General Conditions Relating to the Application of the System of Taxation for Agricultural Goods Producers (the Unified Agricultural Tax)**

1. The system of taxation for agricultural goods producers (the unified agricultural tax) (hereafter in this Chapter referred to as the “unified agricultural tax”) shall be established by this Code and shall be applied concurrently with other taxation regimes provided for in the tax and levy legislation of the Russian Federation. *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

2. Organizations and private entrepreneurs which are agricultural goods producers in accordance with this Chapter shall have the right to transfer to the payment of the unified agricultural tax voluntarily according to the procedure laid down in this Chapter.

*[clause 2 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

3. Organizations which are taxpayers of the unified agricultural tax shall be exempt from the obligation to pay tax on the profit of organizations (with the exception of tax payable on income which is taxable at the tax rates stipulated by clauses 1.6, 3 and 4 of Article 284 of this Code) and tax on property of organizations (with respect to property used in the production of agricultural produce and the primary and subsequent (industrial) processing and sale of that produce and in the rendering of services by agricultural goods producers).

*[Paragraph lost force from 01.01.2019 – Federal Law No. 335-FZ of 27.11.2017]*

Other taxes, levies and insurance contributions shall be paid by organizations which have transferred to the payment of the unified agricultural tax in accordance with the tax and levy legislation of the Russian Federation.

Private entrepreneurs who are taxpayers of the unified agricultural tax shall be exempt from the obligation to pay tax on income of physical persons (in relation to income received from entrepreneurial activities, with the exception of tax payable on income in the form of dividends and income which is taxable at the tax rates stipulated by clauses 2 and 5 of Article 224 of this Code) and tax on property of physical persons (in relation to property which is used in carrying out entrepreneurial activities (with respect to property used in the production of agricultural produce and the primary and subsequent (industrial) processing and sale of that produce and in the rendering of services by agricultural goods producers).

*[Paragraph lost force from 01.01.2019 – Federal Law No. 335-FZ of 27.11.2017]*

Other taxes, levies and insurance contributions shall be paid by private entrepreneurs who have transferred to the payment of the unified agricultural tax in accordance with the tax and levy legislation of the Russian Federation.

*[clause 3 as reworded by Federal Law No. 335-FZ of 27.11.2017]*

4. Organizations and private entrepreneurs which are taxpayers of the unified agricultural tax shall not be exempt from fulfilling the obligations of tax agents and the obligations of controlling persons of controlled foreign companies which are provided for in this Code. *[as amended by Federal Law No. 376-FZ of 24.11.2014]*

5. The rules laid down in this Chapter shall apply to peasant (farm) holdings.

**Article 346.2. Taxpayers** *[article as reworded by Federal Law No. 177-FZ of 03.11.2006]*

1. The taxpayers of the unified agricultural tax (hereafter in this Chapter referred to as “taxpayers”) shall be organizations and private entrepreneurs which are agricultural goods producers and have transferred to the payment of the unified agricultural tax in accordance with the procedure established by this Chapter.

2. For the purposes of this Chapter, agricultural goods producers shall be understood to mean:

1) organizations and private entrepreneurs which produce agricultural products, carry out the primary and further (industrial) processing thereof (including where this is carried out using leased fixed assets) and sell those products, provided that income from the sale of agricultural products produced by them, including products of the primary processing thereof which have been produced by them from own-produced agricultural raw materials, and from the provision to agricultural goods producers of services such as are referred to in subsection 2 of this clause, accounts for not less than 70 per cent of the total income from the sale of goods (work and services) of such organizations or private entrepreneurs;

2) organizations and private entrepreneurs which provide services to agricultural goods producers recognised as such in accordance with this Chapter which are classified in accordance with All-Russian Classification of Types of Economic Activity as auxiliary activities associated with crop production and the post-harvest handling of agricultural products, including:

- crop growing services involving field preparation, crop sowing, crop cultivation and management, crop spraying, fruit tree and vine pruning, rice transplanting, beet planting, harvesting and pre-sowing (pre-planting) seed treatment;

- livestock breeding services involving herd condition inspection, cattle driving, cattle grazing, poultry culling, livestock maintenance and care.

Income from the sale of the services enumerated in this subsection must account for no less than 70 per cent of total income from sales of goods (work and services) of organizations and private entrepreneurs which engage in the provision of services to agricultural goods producers;

3) agricultural consumer co-operatives (processing, marketing (trading), supply, crop-growing and animal husbandry co-operatives) which are recognised as such in accordance with Federal Law No. 193-FZ of 8 December 1995 “Concerning Agricultural Co-Operation” and for which income from the sale of own-produced agricultural products of the members of those co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives accounts for not less than 70 per cent

of total income from sales of goods (work and services). *[as amended by Federal Law No. 321-FZ of 29.09.2019]*  
*[clause 2 as reworded by Federal Law No. 216-FZ of 23.06.2016]*

2.1. For the purposes of this Chapter, agricultural goods producers shall also be deemed to include:

1) town- and settlement-forming fishing organizations whose employees, including family members residing with them, account for not less than one half of the population of the corresponding inhabited locality and which satisfy the criteria established by paragraphs 3 and 4 of subsection 2 of this clause;

1.1) agricultural production co-operatives (including fishing artels (collective farms)) which meet the conditions established by paragraphs 3 and 4 of subsection 2 of this clause;  
*[subsection 1.1 inserted by Federal Law No. 94-FZ of 07.05.2013]*

2) fishing organizations and private entrepreneurs where they meet the following conditions:

- the average number of employees as determined in accordance with a procedure to be determined by the federal executive body in charge of statistics does not exceed 300 persons for the tax period;

- income from the sale of their catches of aquatic biological resources and (or) of fish products and other products from aquatic biological resources which they themselves produced from those catches accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the tax period;

- they engage in fishing on fishing fleet vessels which are owned by them or use them on the basis of chartering agreements (bareboat charter and time charter).  
*[clause 2.1 inserted by Federal Law No. 314-FZ of 30.12.2008]*

2.2. For organizations and private entrepreneurs who or which carry out the further (industrial) processing of products of primary processing produced by them from own-produced agricultural raw materials or from own-produced agricultural raw materials of members of agricultural consumer co-operatives, the proportion of income from the sale of products of primary processing produced by them from own-produced agricultural raw materials and the proportion of income from the sale of products of primary processing produced from own-produced agricultural raw materials of members of agricultural consumer co-operatives to total income from the sale of products produced by them from own-produced agricultural raw materials or from own-produced agricultural raw materials of members of agricultural consumer co-operatives shall be determined on the basis of the ratio between expenses incurred for the production of agricultural products and the primary processing of agricultural products and the total amount of expenses incurred for the production of products from agricultural raw materials produced by them.  
*[clause 2.2 inserted by Federal Law No. 314-FZ of 30.12.2008]*

3. For the purposes of this Code, agricultural products shall include products of agricultural and forest crop husbandry and products of animal husbandry (including products obtained as a result of the breeding and fattening of fish and other aquatic biological resources), the specific types of which shall be determined by the Government of the Russian Federation in accordance

with the All-Russian Classification of Products by Economic Activity. In this respect, in the case of agricultural goods producers such as are referred to in clause 2.1 of this Article agricultural products shall include catches of aquatic biological resources and fish products and other products from aquatic biological resources which are referred to in clauses 4 and 5 of Article 333.3 of this Code and catches of aquatic biological resources which were harvested (caught) outside the exclusive economic zone of the Russian Federation in accordance with international agreements of the Russian Federation pertaining to fishing and the conservation of aquatic biological resources, and fish products and other products produced on fishing fleet vessels from aquatic biological resources which were harvested (caught) outside the exclusive economic zone of the Russian Federation in accordance with international agreements of the Russian Federation pertaining to fishing and the conservation of aquatic biological resources.

*[as amended by Federal Laws No. 94-FZ of 07.05.2013, No. 248-FZ of 03.07.2016]*

4. The procedure for classifying products as products of primary processing produced from own-produced agricultural raw materials shall be established by the Government of the Russian Federation.

5. The following agricultural producers shall have the right to transfer to the payment of the unified agricultural tax if they meet the following conditions:

1) agricultural goods producers (other than agricultural goods producers such as are referred to in subsections 2 to 4 of this clause) if, according to the results of activity for the calendar year preceding the year in which the organization or private entrepreneur submits a notification of transfer to the payment of the unified agricultural tax, income from the sale of agricultural products produced by them, including products of primary processing produced by them from own-produced agricultural raw materials, and (or) from the provision of services such as are referred to in subsection 2 of clause 2 of this Article, accounts for not less than 70 per cent of total income from the sale of goods (work and services); *[as amended by Federal Laws No. 94-FZ of 25.06.2012, No. 216-FZ of 23.06.2016]*

2) agricultural goods producers in the form of agricultural consumer co-operatives if, according to the results of activity for the calendar year preceding the year in which they submit a notification of transfer to the payment of the unified agricultural tax, income from the sale of own-produced agricultural raw materials of members of agricultural consumer co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives, accounts for not less than 70 per cent of total income from the sale of goods (work and services); *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

3) agricultural goods producers in the form of fishing organizations which are town- and settlement-forming Russian fishing organizations if they satisfy the following conditions:

- income from the sale of their catches of aquatic biological resources and of fish products and other products from aquatic biological resources which they themselves produced from those catches accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the calendar year preceding the calendar year in which those organizations submit a notification of transfer to the payment of the unified agricultural tax; *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

- they engage in fishing on fishing fleet vessels which are owned by them or use them on the basis of chartering agreements (bareboat charter and time charter);

4) agricultural goods producers in the form of fishing organizations (other than the organizations referred to in subsection 3 of this clause) and private entrepreneurs – from the beginning of the following calendar year if they satisfy the following conditions:

- the average number of employees as determined in accordance with a procedure to be established by the federal executive body in charge of statistics for each of the two calendar years preceding the calendar year in which the organization or private entrepreneur submits a notification of transfer to the payment of the unified agricultural tax did not exceed 300 persons;

*[as amended by Federal Law No. 94-FZ of 25.06.2012]*

- income from the sale of their catches of aquatic biological resources and (or) of fish products and other products from aquatic biological resources which they themselves produced from those catches accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the calendar year preceding the calendar year in which the notification of transfer to the payment of the unified agricultural tax is submitted; *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

5) organizations newly established in the current year (other than organizations such as are referred to in subsections 6 and 7 of this clause) – from the beginning of the following calendar year if income from the sale of agricultural products produced by that organization, including products of primary processing produced by them from own-produced agricultural raw materials, accounts for not less than 70 per cent of total income from the sale of goods (work and services) according to results for the last reporting period in the current calendar year as defined in the context of the application of another tax regime;

6) agricultural consumer co-operatives newly established in the current calendar year – from the beginning of the following calendar year if income from the sale of own-produced agricultural products of members of the agricultural consumer co-operatives, including products of primary processing produced by those co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work (services) performed for members of those co-operatives, accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the last reporting period in the current calendar year as defined in the context of the application of another tax regime;

7) fishing organizations newly established in the current calendar year or newly registered private entrepreneurs shall have the right to submit a notification of transfer to the payment of the unified agricultural tax from the beginning of the following calendar year if they meet the following conditions: *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

- according to final data for the last reporting period in the current calendar year the average number of employees as determined in accordance with a procedure to be established by the federal executive body in charge of statistics does not exceed 300 persons (this provision shall not apply to town- and settlement-forming Russian fishing organizations);

- income from the sale of fish and (or) aquatic biological resources caught by them, including products of the primary processing thereof which they themselves produced from fish and (or)

aquatic biological resources caught by them, accounts for not less than 70 per cent of total income from the sale of goods (work and services) for the last reporting period in the current calendar year as defined in the context of the application of another tax regime;

- they engage in fishing on fishing fleet vessels which are owned by them or use them on the basis of chartering agreements (bareboat charter and time charter);

8) private entrepreneurs who were newly registered in the current calendar year (other than private entrepreneurs such as are referred to in subsection 7 of this clause) – from the beginning of the following calendar year if income from the sale of agricultural products produced by them, including products of primary processing produced by them from own-produced agricultural raw materials, accounts for not less than 70 per cent of total income from the sale of goods (work and services) in connection with entrepreneurial activities carried out by those private entrepreneurs for the period up to 1 October of the current year.

For the purposes of this clause, income from sales shall be determined in accordance with the procedure laid down by Articles 248 and 249 of this Code, and types of income referred to in Article 251 of this Code shall not be taken into account.

*[clause 5 as reworded by Federal Law No. 314-FZ of 30.12.2008]*

6. The following shall not have the right to transfer to the payment of the unified agricultural tax:

*[1) lost force – Federal Law No. 155-FZ of 22.07.2008]*

2) organizations and private entrepreneurs engaged in the production of excisable goods, with the exception of excisable grapes, wine, sparkling wine (champagne), base wine and grape must produced from internally produced grapes;

*[subsection 2 as reworded by Federal Law No. 326-FZ of 29.09.2019]*

3) organizations which carry out activities involving the organization and conduct of games of chance;

*[subsection 3 as reworded by Federal Law No. 198-FZ of 23.07.2013]*

4) state-owned, budgetary and autonomous institutions.

*[subsection 4 as reworded by Federal Law No. 83-FZ of 08.05.2010]*

*[7. Lost force – Federal Law No. 305-FZ of 02.07.2021]*

**Article 346.3. Procedure and Conditions for the Commencement and Cessation of the Application of the Unified Agricultural Tax** *[title as reworded by Federal Law No. 39-FZ of 13.03.2006]*

1. Organizations and private entrepreneurs wishing to transfer to the payment of the unified agricultural tax from the following calendar year shall notify the tax authority for the location of an organization or the place of residence of a private entrepreneur of this not later than 31 December of the calendar year preceding the calendar year commencing from which they are to transfer to the payment of the unified agricultural tax.

They shall enter in the notification data concerning the proportion of income from the sale of agricultural products produced by them (from the provision to agricultural goods producers of services such as are referred to in subsection 2 of clause 2 of Article 346.2 of this Code), including products of primary processing produced by them from own-produced agricultural raw materials, or data concerning the proportion of income from the sale of own-produced agricultural products of members of agricultural consumer co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from work performed (services rendered) for members of those co-operatives, within total income received by them from the sale of goods (performance of work and rendering of services) according to the results for the calendar year preceding the year in which the notification of transfer to the payment of the unified agricultural tax is submitted. *[as amended by Federal Law No. 216-FZ of 23.06.2016]*

Taxpayer organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” and which have expressed the wish to transfer to the payment of the unified agricultural tax from 1 January 2015 or from 1 January 2016 shall not enter in the notification of transfer to the payment of the unified agricultural tax data concerning the proportion of income from the sale of agricultural products produced by them (from the provision to agricultural goods producers of services such as are referred to in subsection 2 of clause 2 of Article 346.2 of this Code), including products of primary processing produced by them from own-produced agricultural raw materials, or data concerning the proportion of income from the sale of own-produced agricultural products of members of agricultural consumer co-operatives, including products of primary processing produced by such co-operatives from own-produced agricultural raw materials of members of those co-operatives, and from the performance of work (rendering of services) for members of those co-operatives within total income received by them from the sale of goods (performance of work and rendering of services) for 2013 and 2014 respectively. *[paragraph inserted by Federal Law No. 379-FZ of 29.11.2014; as amended by Federal Law No. 216-FZ of 23.06.2016]*  
*[clause 1 as reworded by Federal Law No. 94-FZ of 25.06.2012 (Rev. 03.12.2012)]*

2. A newly established organization and a newly registered private entrepreneur shall have the right to give notification of transfer to the payment of the unified agricultural tax not later than 30 calendar days from the date of registration with a tax authority which is stated in the certificate of registration with a tax authority issued in accordance with clause 2 of Article 84 of this Code. In this case such organization and such private entrepreneur shall be considered as taxpayers from the date of their registration with a tax authority which is stated in the certificate of registration with a tax authority. *[paragraph inserted by Federal Law No. 379-FZ of 29.11.2014]*

Organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” and which have expressed the wish to transfer to the payment of the unified agricultural tax from 1 January 2015 shall have the right to notify the tax authority of this not later than 1 February 2015.

Organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” with account taken of part 4 of Article 12.1 of Federal Constitutional Law No. 6-FKZ of 21 March 2014

“Concerning the Admission of the Republic of Crimea to the Russian Federation and the Formation within the Russian Federation of New Constituent Entities – the Republic of Crimea and the City of Federal Significance Sevastopol” shall have the right to notify the tax authority of this not later than 1 April 2015. *[paragraph inserted by Federal Law No. 379-FZ of 29.11.2014] [clause 2 as reworded by Federal Law No. 94-FZ of 25.06.2012]*

3. Organizations and private entrepreneurs which have not given notification of transfer to the payment of the unified agricultural tax within the time limits established by clauses 1 and 2 of this Article shall not be considered as taxpayers.

Taxpayers shall not have the right to transfer to another tax regime before the end of a tax period, except as otherwise established by this Article.

*[clause 3 as reworded by Federal Law No. 94-FZ of 25.06.2012]*

4. Where, according to the results for a tax period, a taxpayer does not meet the conditions established by clauses 2, 2.1, 5 and 6 of Article 346.2 of this Code, that taxpayer shall be considered to have lost the right to apply the unified agricultural tax from the beginning of the tax period in which the specified limit is violated and (or) the taxpayer is found to be not in compliance with the established conditions. *[as amended by Federal Law No. 314-FZ of 30.12.2008]*

In this respect, the limits relating to the amount of income from the sale of agricultural products produced by the taxpayer (from the provision to agricultural goods producers of services such as are referred to in subsection 2 of clause 2 of Article 346.2 of this Code), including income from the sale of own-produced agricultural products of members of agricultural consumer co-operatives, including products of primary processing produced by the taxpayer from own-produced agricultural raw materials, including products of primary processing produced by an agricultural consumer co-operative from own-produced agricultural raw materials of members of that co-operative, and from work (services) performed for members of such co-operatives, shall be determined on the basis of all types of activity carried out by the taxpayer. *[as amended by Federal Laws No. 85-FZ of 17.05.2007, No. 216-FZ of 23.06.2016]*

A taxpayer which has lost the right to apply the unified agricultural tax must, within one month after the end of the tax period in which the limit referred to in paragraph 1 of this clause was violated and (or) the requirements established by clauses 2, 2.1, 5 and 6 of Article 346.2 of this Code ceased to be met, recompute tax obligations in respect of value added tax, tax on the profit of organizations, tax on income of physical persons, tax on property of organizations and tax on property of physical persons for the entire tax period in accordance with the procedure prescribed by the tax and levy legislation of the Russian Federation for newly established organizations or newly registered private entrepreneurs. The taxpayer referred to in this paragraph shall pay penalties for the late payment of the above-mentioned taxes and advance payments thereof according to the following procedure: *[as amended by Federal Laws No. 137-FZ of 27.07.2006, No. 314-FZ of 30.12.2008, No. 213-FZ of 24.07.2009, No. 115-FZ of 02.06.2010]*

- where the results for a tax period indicate that a taxpayer was in violation of the requirements established by clauses 2 and 2.1 of Article 346.2 of this Code and the taxpayer has not recomputed amounts of taxes due in the manner prescribed by paragraph 3 of this clause, penalties shall be charged for each calendar day of the delay in the fulfilment of the obligation to pay a particular tax commencing from the day following the deadline established by paragraph 3 of this clause for the recomputation of amounts of taxes due; *[paragraph inserted by Federal Law No. 115-FZ of 02.06.2010]*



- where an organization or a private entrepreneur was in violation of the requirements established by clauses 5 and 6 of Article 346.2 of this Code for transferring to the payment of the unified agricultural tax and has improperly applied that tax, penalties shall be charged for each calendar day of the delay in the fulfilment of the obligation to pay tax (an advance tax payment) which should have been paid in accordance with the general taxation regime commencing from the day following the due date established by the tax and levy legislation of the Russian Federation for the payment of the relevant tax (advance tax payment) in the tax period in which the unified agricultural tax was improperly applied. *[paragraph inserted by Federal Law No. 115-FZ of 02.06.2010]*  
*[clause 4 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

4.1. Taxpayers shall have the right to continue to apply the unified agricultural tax in the following tax period if:

1) a newly established organization or a newly registered private entrepreneur which transferred to the payment of the unified agricultural tax in accordance with the procedure established by clause 2 of this Article has not had in the first tax period any income which is taken into account in determining the tax base;

2) the taxpayer has not in the current tax period been in violation of the limitations and (or) in breach of the requirements established by clauses 2, 2.1, 5 and 6 of Article 346.2 of the Code. *[clause 4.1 inserted by Federal Law No. 94-FZ of 25.06.2012]*

5. A taxpayer shall be obliged to notify the tax authority of a transition to a new taxation regime which has been made in accordance with clause 4 of this Article within fifteen days after the end of the reporting (tax) period. *[clause 5 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

6. Taxpayers which pay the unified agricultural tax shall have the right to transfer to another taxation regime from the beginning of a calendar year by giving the tax authority for the location of the organization (place of residence of the private entrepreneur) notice of this not later than 15 January of the year in which they intend to transfer to another taxation regime. *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

7. Taxpayers which have transferred from the payment of the unified agricultural tax to another taxation regime shall have the right to transfer back to the unified agricultural tax no earlier than one year after they lost the right to pay the unified agricultural tax. *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

*[8. Lost force from 01.01.2019 – Federal Law No. 335-FZ of 27.11.2017]*

9. In the event that a taxpayer ceases entrepreneurial activities in relation to which the taxation system for agricultural goods producers (the unified agricultural tax) was applied, it shall be obliged to notify the tax authority for the location of the organization or the place of residence of the private entrepreneur of the cessation of those activities, indicating the date of cessation thereof, not later than 15 days from the day on which the activities ceased.

**Article 346.4. Taxable Object**

The taxable object shall be income reduced by the amount of expenses.

**Article 346.5. Procedure for Determining and Recognising Income and Expenses**

1. Income determined in accordance with the procedure established by clauses 1 and 2 of Article 248 of this Code shall be taken into account in determining the taxable object. *[as amended by Federal Law No. 84-FZ of 06.04.2015]*

*[Paragraphs 2-3 lost force from 01.01.2016 – Federal Law No.84-FZ of 6.04.2015]*

The following shall not be taken into account in determining the taxable object: *[as amended by Federal Law No. 155-FZ of 22.07.2008]*

- types of income referred to in Article 251 of this Code; *[paragraph inserted by Federal Law No. 155-FZ of 22.07.2008]*

- income of an organization which is assessable to tax on the profit of organizations at the tax rates provided for in clauses 1.6, 3 and 4 of Article 284 of this Code in accordance with the procedure prescribed by Chapter 25 of this Code; *[paragraph inserted by Federal Law No. 155-FZ of 22.07.2008, as amended by Federal Law No. 376-FZ of 24.11.2014]*

- income of a private entrepreneur in the form of dividends and income of a private entrepreneur which is assessable to tax on income of physical persons at the tax rates stipulated by clauses 2 and 5 of Article 224 of this Code in accordance with the procedure prescribed by Chapter 23 of this Code. *[paragraph inserted by Federal Law No. 155-FZ of 22.07.2008, as amended by Federal Law No. 366-FZ of 24.11.2014]*

*[clause 1 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

2. In determining the taxable object taxpayers shall reduce income received by them by the following expenses:

1) expenses associated with the acquisition, erection and manufacture of fixed assets and the extension, further equipping, renovation, upgrading and retooling of fixed assets (with account taken of the provisions of clause 4 and paragraph 6 of subsection 2 of clause 5 of this Article); *[as amended by Federal Laws No. 39-FZ of 13.03.2006, No. 85-FZ of 17.05.2007]*

2) expenses associated with the acquisition of intangible assets and the creation of intangible assets by the taxpayer itself (with account taken of the provisions of clause 4 and paragraph 6 of subsection 2 of clause 5 of this Article); *[subsection 2 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

3) expenses for the repair of fixed assets (including rented fixed assets);

4) rental (including lease) payments for rented (including leased) property;

5) material expenses, including expenses associated with the acquisition of seeds, seedlings, nursery plants and other planting material, fertilizers, feed, medicinal products for veterinary

use, biological preparations and plant protection agents; *[as amended by Federal Laws No. 39-FZ of 13.03.2006, No. 317-FZ of 25.11.2013]*

6) expenses associated with payment for labour and the payment of compensation payments and temporary incapacity allowances in accordance with the legislation of the Russian Federation; *[as amended by Federal Law No. 155-FZ of 22.07.2008]*

6.1) expenses for the arrangement of safety measures which are provided for in regulatory legal acts of the Russian Federation and expenses associated with the maintenance of premises and first aid points which are situated directly on an organization's premises;  
*[subsection 6.1 inserted by Federal Law No. 155-FZ of 22.07.2008]*

7) expenses associated with compulsory and voluntary insurance, which shall include insurance contributions for all types of compulsory insurance, including insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses, and for the following types of voluntary insurance: *[as amended by Federal Law No. 213-FZ of 24.07.2009]*

- voluntary insurance of means of transport (including leased transport);
- voluntary freight insurance;
- voluntary insurance of production-related fixed assets (including leased fixed assets), intangible assets and incomplete capital construction projects (including leased construction projects);
- voluntary insurance of risks associated with the performance of construction and installation work;
- voluntary inventory insurance;
- voluntary insurance of agricultural crop harvests and animals;
- voluntary insurance of other property used by the taxpayer in carrying out activities which are aimed at the receipt of income;
- voluntary insurance of liability for damage where such insurance is a condition of the carrying out of activities by the taxpayer in accordance with international obligations of the Russian Federation or generally accepted international requirements;  
*[subsection 7 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

*[8) Lost force from 01.01.2019 – Federal Law No. 335-FZ of 27.11.2017]*

9) amounts of interest payable for the provision for use of monetary resources (credits, loans), and expenses associated with payment for services which are rendered by credit organizations, including services associated with the sale of foreign currency in connection with the recovery of tax, a levy, penalties and a fine in accordance with the procedure prescribed by Article 46 of this Code; *[as amended by Federal Law No. 137-FZ of 27.07.2006]*

10) expenses associated with ensuring fire safety in accordance with the legislation of the Russian Federation, expenses for services involving the protection of property and the maintenance of security and fire alarms, and expenses for the acquisition of fire protection services and other security-related services;

11) amounts of customs payments which are payable upon the importation (exportation) of goods into the territory of the Russian Federation and other territories under its jurisdiction and which are not refundable to the taxpayer in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation; *[as amended by Federal Laws No. 306-FZ of 27.11.2010, No. 395-FZ of 28.12.2010]*

12) expenses for the maintenance of vehicles for business use and expenses associated with compensation for the use of private motor cars and motorcycles for business travel within the limits of the norms established by the Government of the Russian Federation;

13) business trip expenses, and in particular expenses for:

- travel by an employee to a business trip destination and back to the place of permanent work;

- the rent of residential accommodation. This expense item shall also include reimbursement of an employee's expenses for additional services provided in hotels (excluding expenses for bar and restaurant services, expenses for room service and expenses for the use of recreational and leisure facilities);

- per diem or field allowances; *[as amended by Federal Law No. 155-FZ of 22.07.2008]*

- the processing and issue of visas, passports, vouchers, invitations and other similar documents;

- consular and aerodrome fees, fees for right of entry, passage and transit of motor vehicles and other means of transport and for the use of sea canals and other similar facilities, and other similar payments and fees;

14) charges payable to a notary for the notarization of documents. In this respect, such expenses shall be taken into account within the limits of the tariffs which have been approved in accordance with the established procedure;

15) expenses associated with accounting, auditing and legal services;  
*[subsection 15 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

16) expenses for the publication of accounting (financial) statements and for the publication and other disclosure of other information where the taxpayer is obliged by the legislation of the Russian Federation to publish (disclose) them; *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

17) expenses for stationery;

18) expenses for postal, telephone, telegraph and other similar services, expenses associated with payment for communications services;

19) expenses associated with the acquisition of the right to use computer programmes and databases under agreements with a possessor of rights (under licence agreements). The above-mentioned expenses shall also include expenses for the updating of computer programmes and databases;

20) expenses for the advertising of goods (work and services) which are produced (acquired) and (or) sold, trademarks and service marks;

21) expenses for the preparation and assimilation of new production units, departments and hardware;

22) expenses associated with the provision of meals for workers engaged in agricultural work;

22.1) expenses for food rations for crews of sea-going and river vessels;

*[subsection 22.1 inserted by Federal Law No. 155-FZ of 22.07.2008, as amended by Federal Law No. 248-FZ of 23.07.2013]*

23) amounts of taxes and levies paid in accordance with tax and levy legislation where tax and levy payment obligations were independently fulfilled, excluding unified agricultural tax paid in accordance with this Chapter and value added tax paid to the budget in accordance with clause 5 of Article 173 of this Code; *[as amended by Federal Laws No. 84-FZ of 06.04.2015, No. 401-FZ of 30.11.2016]*

23.1) amounts of funds, other property and property rights transferred by a taxpayer by way of settlement of indebtedness to another person which arose as a result of the payment of amounts of taxes, levies and insurance contributions by that person in accordance with this Code on the taxpayer's behalf, with the exception of unified agricultural tax paid in accordance with this Chapter and value added tax paid to the budget in accordance with clause 5 of Article 173 of this Code;

*[subsection 23.1 inserted by Federal Law No. 401-FZ of 30.11.2016]*

24) expenses associated with payment of the cost of goods acquired for subsequent sale, including expenses associated with the acquisition and sale of those goods, including storage, handling and transportation expenses; *[as amended by Federal Laws No. 39-FZ of 13.03.2006, No. 325-FZ of 29.09.2019]*

24.1) expenses in the form of the value of property (including monetary resources) intended for use for the prevention and containment and the diagnosis and treatment of the novel coronavirus infection that were transferred without consideration to medical organizations that are non-commercial organizations, state government and administrative bodies and (or) local government bodies, state and municipal institutions and state and municipal unitary enterprises;

*[subsection 24.1 inserted by Federal Law No. 172-FZ of 08.06.2020]*

25) expenses for information and consulting services;

26) expenses associated with the conduct of independent skill assessment for compliance with skill requirements and the training and retraining of members of the permanent staff of a taxpayer on a contractual basis in accordance with the procedure prescribed by clause 3 of Article 264 of this Code; *[as amended by Federal Laws No. 39-FZ of 13.03.2006, No. 251-FZ of 03.07.2016]*

27) court costs and arbitration fees;

28) expenses in the form of fines, penalties and (or) other sanctions for the violation of contractual or debt obligations which have been paid on the basis of a court decision, and expenses associated with the provision of compensation for damage caused;

*[subsection 28 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

29) expenses associated with the training of specialists for taxpayers at vocational educational organizations and educational organizations of higher education. These expenses shall be taken into account for taxation purposes provided that training agreements (contracts) have been concluded with the physical persons studying at the above-mentioned educational organizations which require them to work for the taxpayer for not less than three years according to their specialization after they graduate from the relevant educational organization;

*[subsection 29 as reworded by Federal Law No. 346-FZ of 27.11.2017]*

*[30) Lost force from 01.01.2013 – Federal Law No. 94-FZ of 25.06.2012]*

31) expenses for the acquisition of property rights in land parcels, including expenses for the acquisition of the right to conclude an agreement on the lease of land parcels on condition that the lease agreement in question is concluded, and in particular rights:

- in land parcels forming part of agricultural lands;

- in land parcels which are in state or municipal ownership and on which buildings, structures and installations used for agricultural production are situated;

*[subsection 31 as reworded by Federal Law No. 155-FZ of 22.07.2008]*

32) expenses associated with the acquisition of young livestock for the subsequent formation of the main herd, producing livestock, young birds and juvenile fish;

*[subsection 32 inserted by Federal Law No. 39-FZ of 13.03.2006]*

33) expenses for the maintenance of rotation workers' and temporary settlements associated with agricultural production involving grazing-based livestock farming;

*[subsection 33 inserted by Federal Law No. 39-FZ of 13.03.2006]*

34) expenses associated with the payment of commission fees, agency fees and fees under contracts of delegation;

*[subsection 34 inserted by Federal Law No. 39-FZ of 13.03.2006]*

35) production certification expenses;

*[subsection 35 inserted by Federal Law No. 39-FZ of 13.03.2006]*

36) periodic (current) payments for the use of rights to results of intellectual activity and rights to means of individualization (including, in particular, rights arising from patents for inventions, utility models and industrial samples);

*[subsection 36 as reworded by Federal Law No. 322-FZ of 23.11.2015]*

37) expenses associated with the performance (in instances established by the legislation of the Russian Federation) of compulsory valuation for the purpose of checking that taxes have been correctly paid in the event that a dispute arises over the calculation of the tax base, and expenses

associated with the performance of a valuation of property in determining the value thereof for pledge purposes;

*[subsection 37 inserted by Federal Law No. 39-FZ of 13.03.2006]*

38) charges for the provision of information concerning registered rights;

*[subsection 38 inserted by Federal Law No. 39-FZ of 13.03.2006]*

39) expenses associated with payment for the services of specialized organizations involving the preparation of cadastral and technical record (inventory) documents for items of immovable property (including deeds of rights for land parcels and documents relating to the surveying of land parcels);

*[subsection 39 inserted by Federal Law No. 39-FZ of 13.03.2006]*

40) expenses associated with payment for the services of specialized organizations involving the performance of expert examinations and inspections, the issue of reports and the provision of other documents which are needed in order to obtain a licence (permit) to carry out a particular type of activity;

*[subsection 40 inserted by Federal Law No. 39-FZ of 13.03.2006]*

41) expenses associated with participation in bidding processes (competitive tenders, auctions) which are conducted in connection with the fulfilment of orders for supplies of the products referred to in clause 3 of Article 346.2 of this Code;

*[subsection 41 as reworded by Federal Law No. 155-FZ of 22.07.2008]*

42) expenses in the form of losses due to mortality and compulsory slaughter of poultry and animals within the limits of norms to be approved by the Government of the Russian Federation, except in cases of natural disasters, fires, accidents, epizootics and other emergency situations;

*[subsection 42 as reworded by Federal Law No. 275-FZ of 25.11.2009]*

43) amounts of harbour dues, expenses for pilotage services and other similar expenses;

*[subsection 43 inserted by Federal Law No. 155-FZ of 22.07.2008]*

44) expenses in the form of losses due to natural disasters, fires, accidents, epizootics and other emergency situations, including costs associated with prevention and relief of consequences;

*[subsection 44 inserted by Federal Law No. 275-FZ of 25.11.2009]*

45) the amount of the charge levied by way of compensation for damage caused to federal public roads by vehicles with a maximum authorized mass exceeding 12 tonnes which are registered in the charge collection system vehicle register.

*[Paragraphs 2-3 lost force from 01.01.2019 – Federal Law No. 249-FZ of 03.07.2016 (as amended on 30.09.2017)]*

*[subsection 45 inserted by Federal Law No. 249-FZ of 03.07.2016]*

46) expenses for the disinfection of premises and the acquisition of devices, laboratory equipment, overalls and other items of personal and collective protective equipment for the purpose of complying with public health and hygiene requirements of state government bodies and local government bodies and their officials in connection with the spread of the novel

coronavirus infection.

*[subsection 46 inserted by Federal Law No. 121-FZ of 22.04.2020]*

3. The expenses referred to in clause 2 of this Article shall be taken into account provided that they meet the criteria laid down in clause 1 of Article 252 of this Code.

The expenses referred to in subsections 5, 6, 7, 9 to 21, 26 and 30 of clause 2 of this Article shall be taken into account in conformity with the procedure prescribed for the calculation of tax on the profit of organizations in accordance with Articles 254, 255, 263, 264, 265 and 269 of this Code. *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

4. Expenses associated with the acquisition (erection, manufacture, extension, further equipping, renovation, upgrading and retooling) of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets shall be recognised as follows: *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

1) with respect to expenses associated with the acquisition (erection, manufacture) of fixed assets during the period of the application of the unified agricultural tax, and expenses associated with the extension, further equipping, renovation, upgrading and retooling of fixed assets incurred in that period – from the moment when those fixed assets are placed into service; *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

with respect to intangible assets acquired (created by the taxpayer itself) during the period of the application of the unified agricultural tax – from the moment when those intangible assets are entered in accounting records;

2) with respect to fixed assets which were acquired (erected, manufactured) and intangible assets which were acquired (created by the taxpayer itself) prior to the transition to the unified agricultural tax, the value of the fixed assets and intangible assets shall be included in expenses as follows:

- with respect to fixed assets and intangible assets with a useful life of up to three years inclusively – over the course of the first calendar year of the application of the unified agricultural tax; *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

- with respect to fixed assets and intangible assets with a useful life of from three to 15 years inclusively - 50 per cent of the value during the first calendar year of the application of the unified agricultural tax, 30 per cent of the value during the second calendar year and 20 per cent of the value during the third calendar year; *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

- with respect to fixed assets and intangible assets with a useful life exceeding 15 years – over the course of the first 10 years of the application of the unified agricultural tax in equal portions of the value of the fixed assets and intangible assets. *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

In this respect, during the tax period the expenses in question shall be taken into account in equal portions.

Where a taxpayer transferred to the payment of the unified agricultural tax from the moment of its registration with the tax authorities, the value of fixed assets and intangible assets shall be



recognised according to the historical value of those assets as determined in accordance with the procedure established by the accounting legislation of the Russian Federation.

Where a taxpayer has transferred to the payment of the unified agricultural tax from other taxation regimes, the value of fixed assets and intangible assets shall be recorded in accordance with the procedure established by clauses 6.1 and 9 of Article 346.6 of this Code.

The useful life of fixed assets shall be determined on the basis of the classification of fixed assets which are included in amortization groups which is approved by the Government of the Russian Federation in accordance with Article 258 of this Code. The useful life of fixed assets which are not included in that classification shall be established by the taxpayer in accordance with the technical specifications or recommendations of the manufacturers.

*[Paragraph lost force – Federal Law No. 325-FZ of 29.09.2019]*

The useful life of intangible assets shall be determined in accordance with clause 2 of Article 258 of this Code.

In the event that fixed assets and intangible assets which have been acquired (erected, manufactured, created by the taxpayer itself) are sold (transferred) before three years have elapsed from the moment when expenses associated with their acquisition (erection, manufacture, extension, further equipping, renovation, upgrading and retooling or creation by the taxpayer itself) were included in the composition of expenses in accordance with this Chapter (or, in the case of fixed assets and intangible assets with a useful life exceeding 15 years, before 10 years have elapsed from the moment when they were acquired (erected, manufactured, created by the taxpayer itself)), the taxpayer shall be obliged to recalculate the tax base for the entire period of use of those fixed assets and intangible assets from the moment when they were included in the composition of expenses associated with acquisition (erection, manufacture, creation by the taxpayer itself) up to the date of sale (transfer), taking into account the provisions of Chapter 25 of this Code, and to pay the additional amount of tax and penalties.

*[as amended by Federal Law No. 85-FZ of 17.05.2007]*

There shall be included in the composition of fixed assets and intangible assets for the purposes of this Article fixed assets and intangible assets which are recognised as amortizable assets in accordance with Chapter 25 of this Code with account taken of the provisions of this Chapter, and expenses associated with the extension, further equipping, renovation, upgrading and retooling of fixed assets shall be determined with account taken of the provisions of clause 2 of Article 257 of this Code. *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

*[clause 4 as reworded by Federal Law No. 39-FZ of 13.03.2006]*

4.1. Expenses associated with the acquisition of property rights in land parcels shall be included in the composition of expenses evenly over the time period determined by the taxpayer, but not less than seven years. Amounts of expenses shall be taken into account in equal portions over reporting and tax periods.

The amount of expenses for the acquisition of property rights in land parcels shall be included in expenses after the taxpayer has actually made payment for the property rights in land parcels to the extent of the amounts paid and subject to documentary confirmation of the submission

of documents for the registration of the right in cases prescribed by the legislation of the Russian Federation. *[paragraph inserted by Federal Law No. 155-FZ of 22.07.2008]*

For the purposes of this clause, documentary confirmation of the submission of documents for the state registration of property rights shall be understood to mean an acknowledgement of the receipt by a body which carries out state cadastral registration and the state registration of rights in immovable property. *[paragraph inserted by Federal Law No. 155-FZ of 22.07.2008, as amended by Federal Laws No. 283-FZ of 28.11.2009, No. 401-FZ of 30.11.2016]*

The above-mentioned expenses shall be recorded on the last day of a reporting (tax) period and shall be taken into account only with respect to land parcels which are used in carrying out entrepreneurial activities. *[paragraph inserted by Federal Law No. 155-FZ of 22.07.2008]*  
*[clause 4.1 inserted by Federal Law No. 39-FZ of 13.03.2006]*

5. Income and expenses of a taxpayer shall be recognised according to the following procedure:

1) for the purposes of this Chapter the date of receipt of income shall be deemed to be the day on which resources are received in bank accounts and (or) in cash or other property (work, services) and (or) property rights are received, or the day on which indebtedness is settled by other means (the cash-basis method).

Where a purchaser uses a promissory note or bill of exchange in settlements for goods (work and services) and (or) property rights acquired by it, the date of receipt of income for the taxpayer shall be deemed to be the day on which the note or bill is settled (the day on which monetary resources are received from the drawer of the note or bill or another person bound by the note or bill), or the day on which the taxpayer transfers that note or bill to a third party by endorsement.

Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant state government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments. *[paragraph inserted by Federal Law No. 41-FZ of 05.04.2010]*

In the event that the conditions of receipt of payments such as are provided for in paragraph 3 of this subsection are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 3 of this subsection exceeds the amount of expenses taken into account in accordance with this subsection, the remaining amounts which were not taken into account shall be wholly included in income for that tax period. *[paragraph inserted by Federal Law No. 41-FZ of 05.04.2010]*

Financial support resources in the form of subsidies which have been received in accordance with the Federal Law “Concerning the Development of Small and Medium-Sized Business in the Russian Federation” shall be included in income in proportion to expenses actually incurred from that source, but not for more than two tax periods from the date of receipt. If, after the end

of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in income for that tax period. *[paragraph inserted by Federal Law No. 23-FZ of 07.03.2011]*

In the event that a taxpayer refunds amounts which were previously received as advance payment for the supply of goods, the performance of work, the rendering of services or the transfer of property rights, income for the tax (reporting) period in which the refund took place shall be reduced by the amount refunded. *[paragraph inserted by Federal Law No. 94-FZ of 25.06.2012, as amended by Federal Law No. 465-FZ of 29.12.2014]*

Financial support funds which are received out of resources of budgets of the budget system of the Russian Federation on the basis of a certificate for the attraction of labour resources to constituent entities of the Russian Federation included in the list of constituent entities of the Russian Federation for which the attraction of labour resources is a priority in accordance with Law No. 1032-1 of the Russian Federation of 19 April 1991 “Concerning Employment in the Russian Federation” shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for in the conditions of receipt of those financial support funds. *[paragraph inserted by Federal Law No. 465-FZ of 29.12.2014]*

In the event that the conditions of receipt of financial support funds which are laid down in paragraph 7 of this subsection are violated, the amount of financial support funds received shall be wholly included in income for the tax period in which the violation occurred. If, after the third tax period has ended, the amount of such financial support funds received exceeds the amount of expenses taken into account in accordance with this subsection, the remaining amounts which have not been taken into account shall be wholly included in income for that tax period. *[paragraph inserted by Federal Law No. 465-FZ of 29.12.2014; as amended by Federal Law No. 325-FZ of 29.09.2019]*

The provisions of paragraph 5 of this subsection shall apply both when subsidies are used after they have been received and for the purposes of the reimbursement of a taxpayer for expenses incurred in a tax period prior to the receipt of subsidies in the same tax period; *[paragraph inserted by Federal Law No. 325-FZ of 29.09.2019]*

2) expenditures shall be recognised as expenses of a taxpayer after payment has actually been made. For the purposes of this Chapter the making of payment for goods (work and services) and (or) property rights shall be understood to mean the termination of the obligation of the taxpayer which is acquiring the goods (work and services) and (or) property rights to the seller which is directly connected with the supply of those goods (performance of work, rendering of services) and (or) the transfer of property rights.

In this respect, expenses shall be included in the composition of expenses with account taken of the following special considerations:

- material expenses, including expenses associated with the acquisition of raw materials (including expenses associated with the acquisition of seeds, seedlings, nursery plants and other planting material, fertilizers, feed, medicinal products for veterinary use, biological preparations and plant protection agents) and labour payment expenses shall be included in the composition of expenses at the moment when indebtedness is settled by means of the write-off

of monetary resources or payment from cash or, where indebtedness is settled by other means, at the moment of such settlement. A similar procedure shall apply with respect to the payment of interest for the use of borrowed resources (including bank credits) and when payment is made for the services of third parties; *[as amended by Federal Law No. 317-FZ of 25.11.2013]*

- expenses associated with payment of the cost of goods acquired for subsequent sale, including expenses associated with the acquisition and sale of those goods, including storage, handling and transportation expenses, shall be included in the composition of expenses after they have actually been paid;

- expenses associated with the payment of taxes, levies and insurance contributions shall be included in the composition of expenses to the extent of the amount actually paid by the taxpayer. Where indebtedness in respect of taxes, levies and insurance contributions exists, expenses associated with the settlement of that indebtedness shall be included in the composition of expenses within the limits of the indebtedness actually settled in the reporting (tax) periods in which the taxpayer settles that indebtedness; *[as amended by Federal Law No. 401-FZ of 30.11.2016]*

- expenses associated with the acquisition (erection, manufacture), extension, further equipping, renovation, upgrading and retooling of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets which are taken into account in accordance with the procedure prescribed by clause 4 of this Article shall be reflected on the last day of a reporting (tax) period to the extent of amounts paid. In this respect, the expenses in question shall be taken into account only in relation to fixed assets and intangible assets which are used in carrying out entrepreneurial activities; *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

- where a taxpayer issues a promissory note or bill of exchange to a seller in payment for goods (work and services) and (or) property rights which are acquired, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account after that promissory note or bill of exchange has been settled. Where a taxpayer transfers to a seller in payment for goods (work and services) and (or) property rights which are acquired a promissory note or bill of exchange issued by a third party, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account as at the date on which that promissory note or bill of exchange is transferred in respect of the acquired goods (work performed, services rendered) and (or) property rights. The expenses referred to in this subsection shall be recognised according to the price of the agreement, but the amount so recognised shall not exceed the amount of the debt obligation which is specified in the promissory note or bill of exchange;

*[3) lost force – Federal Law No. 81-FZ of 20.04.2014]*

5.1. Property in the form of currency assets and claims (obligations) whose value is expressed in foreign currency, including in currency bank accounts, shall not, for the purposes of this Chapter, be revalued in connection with changes in the official exchange rate of a foreign currency to the currency of the Russian Federation which is set by the Central Bank of the Russian Federation, and income and expenses in respect of such revaluation shall not be determined or taken into account.

*[clause 5.1 inserted by Federal Law No. 94-FZ of 25.06.2012]*

*[6-7. Lost force from 01.01.2017 – Federal Law No. 39-FZ of 13.03.2006]*

8. Organizations shall be obliged to maintain records of indicators of their activities which are needed to calculate the tax base and the amount of the unified agricultural tax on the basis of accounting data with account taken of the provisions of this Chapter. *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

Private entrepreneurs shall maintain records of income and expenses for purposes of calculating the tax base for the unified agricultural tax in a ledger of income and expenses of private entrepreneurs who apply the taxation system for agricultural goods producers (the unified agricultural tax), the form and procedure for the completion of which shall be approved by the Ministry of Finance of the Russian Federation. *[paragraph inserted by Federal Law No. 39-FZ of 13.03.2006]*

### **Article 346.6. Tax Base**

1. The tax base shall be deemed to be income expressed in monetary terms, reduced by the amount of expenses.
2. Income and expenses expressed in foreign currency shall be taken into account together with income and expenses expressed in roubles. In this respect, income and expenses expressed in foreign currency shall be translated into roubles on the basis of the official exchange rate of the Central Bank of the Russian Federation which is established as at the date on which income is received and (or) the date on which expenses are incurred respectively.
3. Income received in kind shall, for purposes of determining the tax base, be recognised according to the price of the agreement with account taken of market prices which are determined according to a procedure similar to the procedure for the determination of market prices which is established by Article 105.3 of this Code. *[as amended by Federal Laws No. 39-FZ of 13.03.2006, No. 227-FZ of 18.07.2011]*
4. For the purpose of determining the tax base, income and expenses shall be determined on a cumulative total from the beginning of the tax period.
5. Taxpayers shall have the right to reduce the tax base for a tax period by the amount of a loss sustained according to the results for prior tax periods. In this respect, for the purposes of this Chapter a loss shall be understood to mean an excess of expenses over income as determined in accordance with Article 346.5 of this Code.

Taxpayers shall have the right to carry a loss forward to future tax periods over the 10 years following the tax period in which the loss was made.

Taxpayers shall have the right to carry over to the current tax period the amount of a loss which was made in the preceding tax period.

A loss which was not carried forward to the following year may be carried forward in whole or in part to any of the following nine years.

Where taxpayers have made losses in more than one tax period, those losses shall be carried forward to future tax periods in the order in which they arose.

Where taxpayers cease activities owing to re-organization, the taxpayers which are their legal successors shall have the right to reduce the tax base according to the procedure and subject to the conditions which are laid down in this clause by the amount of losses made by the re-organized organizations prior to their re-organization.

Taxpayers shall be obliged to keep documents which confirm the amount of a loss sustained and the amount by which the tax base was reduced for each tax period during the entire period for which the right to reduce the tax base by the amount of the loss is exercised.

A loss which was sustained by taxpayers when other taxation regimes were applied shall not be taken into account upon transferring to the payment of the unified agricultural tax.

A loss which was sustained by taxpayers while paying the unified agricultural tax shall not be taken into account upon transferring to other taxation regimes.

*[clause 5 as reworded by Federal Law No. 155-FZ of 22.07.2008]*

6. Organizations which used the accrual-basis method in calculating tax on the profit of organizations before transferring to the payment of the unified agricultural tax shall observe the following rules when transferring to the payment of the unified agricultural tax: *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

1) as at the date of transition to the payment of the unified agricultural tax there shall be included in the tax base amounts of monetary resources which were received prior to the transfer to the payment of the unified agricultural tax by way of payment under agreements which the taxpayers perform after transferring to the payment of the unified agricultural tax; *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

*[2) Lost force from 01.01.2007 – Federal Law No. 39-FZ of 13.03.2006]*

3) monetary resources received after the transition to the payment of the unified agricultural tax shall not be included in the tax base if, according to the rules for tax accounting using the accrual-basis method, those amounts were included in income for the purpose of calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code; *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

4) expenses incurred by an organization after transferring to the payment of the unified agricultural tax shall be recognised as expenses which are deductible from the tax base as at the date of their incurrence if payment of those expenses was effected prior to the transfer to the payment of the unified agricultural tax or as at the date of payment if payment of those expenses was effected after the organization's transition to the payment of the unified agricultural tax; *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

5) monetary resources paid after the transition to the payment of the unified agricultural tax in payment of an organization's expenses shall not be deducted from the tax base if, before the transition to the payment of the unified agricultural tax, those expenses were taken into account for the purpose of calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code; *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

6) material expenses and labour payment expenses relating to work in progress as at the date of the transfer to the payment of the unified agricultural tax which were paid prior to the transfer to the payment of the unified agricultural tax shall be taken into account in determining the tax base for the unified agricultural tax in the reporting (tax) period in which finished products are manufactured; *[as amended by Federal Law No. 39-FZ of 13.03.2006]*

7) expenditures on the acquisition of quotas (shares) for the harvesting of aquatic biological resources, including those which were made before transferring to the unified agricultural tax and were not included in expenses for the purpose of determining the tax base, shall be included in the tax base as at the date of the transfer to the payment of the unified agricultural tax. *[subsection 7 inserted by Federal Law No. 275-FZ of 25.11.2009]*

6.1. When an organization transfers to the payment of the unified agricultural tax there shall be recognised in records as at the date of such transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which were paid for prior to the transfer to the payment of the unified agricultural tax in the form of the difference between the price of acquisition (erection, manufacture, creation by the organization itself) of the fixed assets and intangible assets and the amount of amortization charged in accordance with the requirements of Chapter 25 of this Code.

Where an organization which applies the simplified taxation system in accordance with Chapter 26.2 of this Code transfers to the payment of the unified agricultural tax, there shall be recognised in records as at the date of such transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which is determined in accordance with clause 3 of Article 346.25 of this Code.

*[paragraph lost force – Federal Law No. 305-FZ of 02.07.2021]*

*[clause 6.1 inserted by Federal Law No. 39-FZ of 13.03.2006]*

7. Organizations which have paid the unified agricultural tax shall observe the following rules when transferring to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method:

1) income shall be deemed to include income in the amount of receipts from sales of goods (the performance of work, the rendering of services, the transfer of property rights) during the period of the application of the unified agricultural tax for which payment (partial payment) has not been made by the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method;

2) expenses shall be deemed to include expenses associated with the acquisition during the period of the application of the unified agricultural tax of goods (work, services and property rights) for which the taxpayer did not make payment (partial payment) prior to the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method, unless otherwise provided by Chapter 25 of this Code.

*[clause 7 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

7.1. The income and expense items referred to in subsections 1 and 2 of clause 7 of this Article shall be recognised as income (expenses) of the month in which the transfer is made to the

calculation of the tax base for tax on the profit of organizations using the accrual-basis method.  
*[clause 7.1 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

8. Where an organization transfers from the payment of the unified agricultural tax to other taxation regimes and has fixed assets and intangible assets with respect to which expenses associated with the acquisition (erection, manufacture, creation by the organization itself) thereof were not wholly transferred to expenses during the period of the application of the unified agricultural tax in accordance with the procedure prescribed by subsection 2 of clause 4 of Article 346.5 of this Code, in records as at the date of such transfer the net book value of the fixed assets and intangible assets shall be determined by means of reducing the net book value of those fixed assets and intangible assets as determined at the moment of the transfer to the payment of the unified agricultural tax by the amount of expenses incurred in the period of the application of the unified agricultural tax, as determined in accordance with the procedure prescribed by subsection 2 of clause 4 of Article 346.16 of this Code.

*[clause 8 as reworded by Federal Law No. 39-FZ of 13.03.2006; as amended by Federal Law No. 305-FZ of 02.07.2021]*

9. Private entrepreneurs shall apply the rules prescribed by clauses 6.1 and 8 of this Article when transferring from other taxation regimes to the payment of the unified agricultural tax and from the unified agricultural tax to other taxation regimes.

*[clause 9 inserted by Federal Law No. 39-FZ of 13.03.2006]*

10. Taxpayers which have transferred with respect to certain types of activity to the payment of tax payable in connection with the application of the licence-based taxation system in accordance with Chapter 26.5 of this Code shall maintain separate records of income and expenses for different special tax regimes. Where expenses cannot be separated when calculating the tax base for taxes which are calculated according to different special tax regimes, those expenses shall be allocated according to the respective proportions of income to the total amount of income received when applying those special tax regimes. *[as amended by Federal Law No. 305-FZ of 02.07.2021]*

Income and expenses associated with activities in relation to which the licence-based taxation system in accordance with Chapter 26.5 of this Code is applied (taking into account the provisions established by this Chapter) shall not be taken into account in calculating the tax base for the unified agricultural tax.

*[clause 10 as reworded by Federal Law No. 401-FZ of 30.11.2016; as amended by Federal Law No. 305-FZ of 02.07.2021]*

#### **Article 346.7. Tax Period. Reporting Period**

1. The tax period shall be a calendar year.
2. The reporting period shall be a half-year period.

#### **Article 346.8. Tax Rate** *[article as reworded by Federal Law No. 379-FZ of 29.11.2014]*

1. The tax rate shall be established at 6 per cent.
2. Laws of constituent entities of the Russian Federation may establish differentiated tax rates within a range of from 0 to 6 per cent for all or some categories of taxpayers depending on:



- types of agricultural products produced and work and services referred to in Article 346.2 of this Code;
- the amount of income from the sale of agricultural products produced, including primary processed products produced from own-produced agricultural raw materials, and from the performance of work and the rendering of services referred to in Article 346.2 of this Code;
- the location of entrepreneurial activities;
- the average number of employees.

*[clause 2 as reworded by Federal Law No. 51-FZ of 07.03.2018]*

**Article 346.9. Procedure for the Calculation and Payment of the Unified Agricultural Tax. Crediting of Amounts of the Unified Agricultural Tax**

1. The unified agricultural tax shall be calculated as such a percentage of the tax base as corresponds to the tax rate.
2. Taxpayers shall, on the basis of the results for a reporting period, calculate the amount of the advance tax payment in respect of the unified agricultural tax on the basis of the tax rate and income actually received, reduced by the amount of expenses calculated on a cumulative total from the beginning of the tax period up to the end of the half-year period.

Advance payments in respect of the unified agricultural tax shall be paid no later than 25 calendar days from the day on which a reporting period ends. *[paragraph inserted by Federal Law No. 55-FZ of 03.06.2005, as amended by Federal Law No. 137-FZ of 27.07.2006]*

3. Advance payments in respect of the unified agricultural tax which have been paid shall be reckoned towards the payment of the unified agricultural tax on the basis of the results for the tax period.
4. The unified agricultural tax and the advance payment in respect of the unified agricultural tax shall be paid by taxpayers at the location of an organization (at the place of residence of a private entrepreneur). *[as amended by Federal Law No. 39-FZ of 13.03.2006]*
5. Unified agricultural tax due for a tax period shall be paid by taxpayers not later than the deadlines established by Article 346.10 of this Code for the submission of a tax declaration. *[clause 5 as reworded by Federal Law No. 94-FZ of 25.06.2012]*

*[6. Lost force from 01.01.2013 – Federal Law No. 94-FZ of 25.06.2012]*

**Article 346.10. Tax Declaration** *[article as reworded by Federal Law No. 39-FZ of 13.03.2006]*

1. After a tax period has ended, taxpayers shall submit tax declarations to the tax authorities: *[as amended by Federal Law No. 155-FZ of 22.07.2008]*
  - 1) organizations – to the tax authorities at their location;
  - 2) private entrepreneurs – to the tax authorities at their place of residence.

2. Taxpayers shall submit a tax declaration:

1) for a tax period not later than 31 March of the year following a tax period which has ended, except in the case provided for in subsection 2 of this clause;

2) not later than the 25<sup>th</sup> of the month following the month in which, according to a notification submitted by the taxpayer to the tax authority in accordance with clause 9 of Article 346.3 of this Code, it ceased entrepreneurial activities as an agricultural goods producer which is considered as such in accordance with this Chapter.

*[clause 2 as reworded by Federal Law No. 94-FZ of 25.06.2012]*

*[3. Lost force – Federal Law No. 229-FZ of 27.07.2010]*

## **CHAPTER 26.2. THE SIMPLIFIED TAXATION SYSTEM**

*[inserted by Federal Law No. 104-FZ of 24.07.2002]*

### **Article 346.11. General Provisions**

1. The simplified taxation system shall be applied by organizations and private entrepreneurs alongside the other taxation regimes which are provided for in the tax and levy legislation of the Russian Federation.

*[as amended by Federal Law No. 101-FZ of 21.07.2005]*

Organizations and private entrepreneurs shall transfer to the simplified taxation system or revert to other taxation regimes voluntarily in accordance with the procedure prescribed by this Chapter.

*[as amended by Federal Law No. 101-FZ of 21.07.2005]*

2. The application of the simplified taxation system by organizations shall entail the exemption of those organizations from the obligation to pay tax on the profit of organizations (with the exception of tax payable on income which is subject to the tax rates provided for in clauses 1.6, 3 and 4 of Article 284 of this Code) and tax on property of organizations (with the exception of tax payable in respect of items of immovable property for which the tax base is determined as their cadastral value in accordance with this Code). Organizations which apply the simplified taxation system shall not be deemed to be payers of value added tax, with the exception of value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction (including amounts of tax payable upon the completion of the customs procedure of free customs zone in the territory of the Special Economic Zone in the Kaliningrad Province) and value added tax which is payable in accordance with Articles 161 and 174.1 of this Code. *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 117-FZ of 07.07.2003, No. 101-FZ of 21.07.2005, No. 85-FZ of 17.05.2007, No. 155-FZ of 22.07.2008, No. 213-FZ of 24.07.2009, No. 306-FZ of 27.11.2010, No. 52-FZ of 02.04.2014, No. 376-FZ of 24.11.2014, No. 72-FZ of 30.03.2016, No. 335-FZ of 27.11.2017]*

*[Paragraph lost force from 01.01.2013 – Federal Law No. 213-FZ of 24.07.2009]*

Organizations which apply the simplified taxation system shall pay other taxes, levies and insurance contributions in accordance with tax and levy legislation. *[as amended by Federal Laws No. 101-FZ of 21.07.2005, No. 401-FZ of 30.11.2016]*

3. The application of the simplified taxation system by private entrepreneurs shall entail the exemption of those private entrepreneurs from the obligation to pay tax on income of physical persons (in relation to income received from entrepreneurial activities, with the exception of tax payable on income in the form of dividends and income which is taxable at the tax rates stipulated by clauses 2 and 5 of Article 224 of this Code) and tax on property of physical persons (in relation to property which is used for entrepreneurial activities, with the exception of objects of assessment to tax on property of physical persons which are included in the list which is determined in accordance with clause 7 of Article 378.2 of this Code with account taken of the special considerations laid down in paragraph 2 of clause 10 of Article 378.2 of this Code). Private entrepreneurs who apply the simplified taxation system shall not be deemed to be payers of value added tax, with the exception of value added tax which is payable in accordance with this Code upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction (including amounts of tax payable upon the completion of the customs procedure of free customs zone in the territory of the Special Economic Zone in the Kaliningrad Province) and value added tax which is payable in accordance with Articles 161 and 174.1 of this Code. *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 117-FZ of 07.07.2003, No. 101-FZ of 21.07.2005, No. 85-FZ of 17.05.2007, No. 155-FZ of 22.07.2008, No. 213-FZ of 24.07.2009, No. 306-FZ of 27.11.2010, No. 366-FZ of 24.11.2014, No. 382-FZ of 29.11.2014, No. 72-FZ of 30.03.2016, No. 335-FZ of 27.11.2017]*

*[Paragraph lost force from 01.01.2013 – Federal Law No. 213-FZ of 24.07.2009]*

Private entrepreneurs which apply the simplified taxation system shall pay other taxes, levies and insurance contributions in accordance with tax and levy legislation. *[as amended by Federal Laws No. 101-FZ of 21.07.2005, No. 401-FZ of 30.11.2016]*

4. For organizations and private entrepreneurs which apply the simplified taxation system, the current procedure for conducting cash operations and procedure for presenting statistical reports shall continue to apply.

5. Organizations and private entrepreneurs which apply the simplified taxation system shall not be exempt from fulfilling the obligations of tax agents and the obligations of controlling persons of controlled foreign companies which are provided for in this Code. *[as amended by Federal Law No. 376-FZ of 24.11.2014]*

## **Article 346.12. Taxpayers**

1. Taxpayers shall be organizations and private entrepreneurs which have transferred to the simplified taxation system and apply it in accordance with the procedure which is established by this Chapter.

2. An organization shall have the right to transfer to the simplified taxation system if, according to the results of the first nine months of the year in which the organization submits a notification of transfer to the simplified taxation system, income as determined in accordance with Article 248 of this Code did not exceed 112.5 million roubles. *[as amended by Federal Laws No. 117-FZ of*

*07.07.2003, No. 101-FZ of 21.07.2005, No. 94-FZ of 25.06.2012, No. 243-FZ of 03.07.2016, No. 401-FZ of 30.11.2016]*

The value specified in paragraph 1 of this clause for the maximum amount of income of an organization within which the organization has the right to transfer to the simplified taxation system must be indexed not later than 31 December of the current year by the deflator coefficient established for the following calendar year. *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

The limitation on income which is established by paragraph 1 of this clause shall not be applied in relation to organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” and which submit a notification of transfer to the simplified taxation system from 1 January 2015. *[paragraph inserted by Federal Law No. 379-FZ of 29.11.2014]*

*[2.1. Lost force from 01.10.2012 – Federal Law No. 94-FZ of 25.06.2012]*

3. The following shall not have the right to apply the simplified taxation system:

- 1) organizations that have branches; *[as amended by Federal Law No. 84-FZ of 06.04.2015]*
- 2) banks;
- 3) insurers;
- 4) non-state pension funds;
- 5) investment funds;
- 6) professional participants in the securities market;
- 7) pawn-shops;
- 8) organizations and private entrepreneurs engaged in the production of excisable goods, with the exception of excisable grapes, wine, sparkling wine (champagne), base wine and grape must produced from internally produced grapes, and the extraction and sale of commercial minerals, with the exception of common commercial minerals; *[as amended by Federal Law No. 326-FZ of 29.09.2019]*
- 9) organizations that carry on activities involving the organization and conduct of games of chance;  
*[subsection 9 as reworded by Federal Law No. 198-FZ of 23.07.2013]*
- 10) privately practising notaries, lawyers who have established legal offices, and other forms of legal practices; *[as amended by Federal Laws No. 101-FZ of 21.07.2005, No. 137-FZ of 27.07.2006]*
- 11) organizations that are participants in production sharing agreements; *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

*[12) lost force – Federal Law No. 117-FZ of 7.07.2013]*

13) organizations and private entrepreneurs that have transferred to the system of taxation for agricultural goods producers (the unified agricultural tax) in accordance with Chapter 26.1 of this Code; *[as amended by Federal Law No. 155-FZ of 22.07.2008]*

14) organizations in which the participating interest of other organizations is more than 25 per cent. This limitation shall not apply:

- to organizations whose charter capital consists wholly of contributions of social organizations of disabled persons where the average proportion of disabled persons among their employees is not less than 50 per cent and their share of the labour payment fund is not less than 25 per cent;

- to non-commercial organizations, including consumer co-operative organizations that carry on their activities in accordance with Law No. 3085-1 of the Russian Federation of 19 June 1992 “Concerning Consumer Co-Operation (Consumer Societies and Unions Thereof) in the Russian Federation” or to companies whose sole founders are consumer societies and unions thereof that carry on their activities in accordance with that Law;

- to business companies and business partnerships that were founded in accordance with Federal Law No. 127-FZ of 23 August 1996 “Concerning Science and State Scientific and Technical Policy” by budget-financed and autonomous research institutions and whose activities consist in the practical application (implementation) of results of intellectual activity (computer programmes, databases, inventions, utility models, industrial designs, selection achievements, integrated circuit topographies and production secrets (know-how)), the exclusive rights in which are held by those research institutions (including jointly with other persons); *[as amended by Federal Law No. 52-FZ of 02.04.2014]*

- to business companies and business partnerships that were founded in accordance with Federal Law No. 273-FZ of 29 December 2012 “Concerning Education in the Russian Federation” by educational organizations of higher education that are budget-financed and autonomous institutions, and whose activities consist in the practical application (implementation) of results of intellectual activity (computer programmes, databases, inventions, utility models, industrial designs, selection achievements, integrated circuit topographies and production secrets (know-how)), the exclusive rights in which are held by those educational organizations (including jointly with other persons); *[as amended by Federal Law No. 52-FZ of 02.04.2014]*  
*[subsection 14 as reworded by Federal Law No. 310-FZ of 27.11.2010]*

15) organizations and private entrepreneurs for whom the average number of employees for the tax (reporting) period as determined in accordance with a procedure to be established by the federal executive body in charge of statistics exceeds 100 persons, except as otherwise provided by clause 4 of Article 346.13 of this Code. *[as amended by Federal Laws No. 58-FZ of 29.06.2004, No. 266-FZ of 31.07.2020, No. 373-FZ of 23.11.2020]*

The provisions of this subsection shall not apply to consumer co-operative organizations that carry on their activities in accordance with Law No. 3085-1 of the Russian Federation of 19 June 1992 “Concerning Consumer Co-Operation (Consumer Societies and Unions Thereof) in the Russian Federation” or to companies whose sole founders are consumer societies and

unions thereof that carry on their activities in accordance with that Law; *[paragraph inserted by Federal Law No. 373-FZ of 23.11.2020]*

16) organizations for which the net book value of fixed assets as determined in accordance with the accounting legislation of the Russian Federation exceeds 150 million roubles. For the purposes of this subsection account shall be taken of fixed assets that are subject to amortization and are recognised as amortizable property in accordance with Chapter 25 of this Code; *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 101-FZ of 21.07.2005, No. 94-FZ of 25.06.2012, No. 243-FZ of 03.07.2016]*

17) state-owned and budgetary institutions;  
*[subsection 17 as reworded by Federal Law No. 83-FZ of 08.05.2010]*

18) foreign organizations;  
*[subsection 18 inserted by Federal Law No. 101-FZ of 21.07.2005, as amended by Federal Law No. 85-FZ of 17.05.2007]*

19) organizations and private entrepreneurs that failed to give notification of transfer to the simplified taxation system within the time limits established by clauses 1 and 2 of Article 346.13 of this Code;  
*[subsection 19 inserted by Federal Law No. 94-FZ of 25.06.2012]*

20) microfinance organizations;  
*[subsection 20 inserted by Federal Law No. 301-FZ of 02.11.2013]*

21) private employment agencies that carry on activities involving the provision of employees (personnel).  
*[subsection 21 inserted by Federal Law No. 116-FZ of 05.05.2014]*

*[4. Lost force – Federal Law No. 305-FZ of 02.07.2021]*

### **Article 346.13. Procedure and Conditions for the Commencement and Termination of the Application of the Simplified Taxation System**

1. Organizations and private entrepreneurs wishing to transfer to the simplified taxation system from the following calendar year shall notify the tax authority for the location of an organization or the place of residence of a private entrepreneur of this not later than 31 December of the calendar year preceding the calendar year commencing from which they are to transfer to the simplified taxation system.

The chosen taxable object shall be indicated in the notification. Organizations shall also indicate in the notification the net book value of fixed assets and the amount of income as at 1 October of the year preceding the calendar year commencing from which they are to transfer to the simplified taxation system.

Taxpayer organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” shall not indicate in a notification of transfer to the simplified taxation system from 1 January 2015 the net book value of fixed assets and the amount of income as at 1 October 2014. *[paragraph inserted by Federal*

*Law No. 379-FZ of 29.11.2014]  
[clause 1 as reworded by Federal Law No. 94-FZ of 25.06.2012]*

2. A newly established organization and a newly registered private entrepreneur shall have the right to give notification of transfer to the simplified taxation system not later than 30 calendar days from the date of registration with a tax authority which is stated in the certificate of registration with a tax authority issued in accordance with clause 2 of Article 84 of this Code. In this case such organization and such private entrepreneur shall be considered as taxpayers applying the simplified taxation system from the date of their registration with a tax authority which is stated in the certificate of registration with a tax authority. *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

Organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” and which have expressed the wish to transfer to the simplified taxation system from 1 January 2015 shall have the right to notify the tax authority of this not later than 1 February 2015. *[paragraph inserted by Federal Law No. 379-FZ of 29.11.2014]*

Organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” with account taken of part 4 of Article 12.1 of Federal Constitutional Law No. 6-FKZ of 21 March 2014 “Concerning the Admission of the Republic of Crimea to the Russian Federation and the Formation within the Russian Federation of New Constituent Entities – the Republic of Crimea and the City of Federal Significance Sevastopol” shall have the right to notify the tax authority of this not later than 1 April 2015. *[paragraph inserted by Federal Law No. 379-FZ of 29.11.2014]*

*[Paragraph lost force – Federal Law No. 305-FZ of 02.07.2021]*

*[clause 2 as reworded by Federal Law No. 101-FZ of 21.07.2005]*

3. Taxpayers which apply the simplified taxation system shall not have the right to transfer to another taxation regime before the end of a tax period, unless otherwise provided by this Article. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

4. If, according to the results for a reporting (tax) period, income of a taxpayer as determined in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 200 million roubles and (or) the requirements established by subsections 1 to 11, 13, 14 and 16 to 21 of clause 3 and clause 3 of Article 346.14 of this Code were contravened during the reporting (tax) period, and (or) the average number of employees of the taxpayer exceeded the limit established by subsection 15 of clause 3 of Article 346.12 of this Code by more than 30 persons, the taxpayer concerned shall be considered to have lost the right to apply the simplified taxation system from the beginning of the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees and (or) the contravention of those requirements occurred. *[as amended by Federal Laws No. 266-FZ of 31.07.2020, No. 305-FZ of 02.07.2021]*

Where a taxpayer simultaneously applies the simplified taxation system and the licence-based taxation system, income under both of those special tax regimes shall be taken into account in

determining the amount of income referred to in paragraph 1 of this clause. *[paragraph inserted by Federal Law No. 94-FZ of 25.06.2012; as amended by Federal Law No. 266-FZ of 31.07.2020]*

In this respect, amounts of taxes which are payable when another taxation regime is used shall be calculated and paid in accordance with the procedure prescribed by tax and levy legislation for newly established organizations or newly registered private entrepreneurs. The taxpayers referred to in this paragraph shall not pay penalties and fines for the late payment of monthly payments during the quarter in which those taxpayers transferred to another taxation regime. *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 101-FZ of 21.07.2005, No. 266-FZ of 31.07.2020]*

Amounts of income of a taxpayer that are referred to in this clause, clause 4.1 of this Article, clauses 1.1 and 2.1 of Article 346.20 and paragraph 2 of clause 1, paragraph 2 of clause 3 and paragraph 2 of clause 4 of Article 346.21 of this Code shall be subject to indexation in accordance with the procedure prescribed by clause 2 of Article 346.12 of this Code. *[as amended by Federal Law No. 266-FZ of 31.07.2020]*

4.1. If, according to the results for a reporting (tax) period, income of a taxpayer as determined in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code did not exceed 200 million roubles, the requirements established by subsections 1 to 11, 13, 14 and 16 to 21 of clause 3 and clause 3 of Article 346.14 of this Code were not contravened during the reporting (tax) period, and the average number of employees of the taxpayer did not exceed the limit established by subsection 15 of clause 3 of Article 346.12 of this Code by more than 30 persons, the taxpayer concerned shall have the right to continue applying the simplified taxation system in the following tax period. *[as amended by Federal Laws No. 266-FZ of 31.07.2020, No. 305-FZ of 02.07.2021]*

5. A taxpayer shall be obliged to notify the tax authority of a transfer to another taxation regime which has been made in accordance with clause 4 of this Article within 15 calendar days after the end of the reporting (tax) period. *[as amended by Federal Laws No. 101-FZ of 21.07.2005, No. 268-FZ of 30.12.2006, No. 204-FZ of 19.07.2009, No. 94-FZ of 25.06.2012]*

6. A taxpayer which applies the simplified taxation system shall have the right to transfer to another taxation regime from the beginning of a calendar year by giving the tax authority notice of this not later than 15 January of the year in which it intends to transfer to another taxation regime. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

7. A taxpayer which has transferred from the simplified taxation system to another taxation regime shall have the right to transfer back to the simplified taxation system no earlier than one year after it lost the right to apply the simplified taxation system. *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 101-FZ of 21.07.2005]*

8. In the event that a taxpayer ceases entrepreneurial activities in relation to which the simplified taxation system was applied, it shall be obliged to notify the tax authority for the location of the organization or the place of residence of the private entrepreneur of the cessation of those activities, indicating the date of cessation thereof, not later than 15 days from the day on which the activities ceased. *[clause 8 inserted by Federal Law No. 94-FZ of 25.06.2012]*



#### **Article 346.14. Taxable Objects**

1. The following shall be deemed to be a taxable object:

- income;
- income reduced by the amount of expenses.

2. The choice of taxable object shall be made by the taxpayer itself, except in the case provided for in clause 3 of this Article. The taxpayer may change the taxable object annually. The taxable object may be changed from the beginning of a tax period if the taxpayer notifies the tax authority of that change before 31 December of the year preceding the year in which the taxpayer proposes to change the taxable object. The taxpayer may not change the taxable object during a tax period. *[as amended by Federal Laws No. 208-FZ of 24.11.2008, No. 94-FZ of 25.06.2012]*

3. Taxpayers which are parties to a simple partnership agreement (joint activity agreement) or an agreement on the fiduciary management of property shall take the taxable object to be income reduced by the amount of expenses.

*[clause 3 inserted by Federal Law No. 101-FZ of 21.07.2005]*

#### **Article 346.15. Procedure for Determining Income**

1. Income determined in accordance with the procedure established by clauses 1 and 2 of Article 248 of this Code shall be taken into account in determining the taxable object.

*[clause 1 as reworded by Federal Law No. 84-FZ of 06.04.2015]*

1.1. The following shall not be taken into account in determining the taxable object:

1) types of income referred to in Article 251 of this Code;

2) income of an organization which is assessable to tax on the profit of organizations at the tax rates provided for in clauses 1.6, 3 and 4 of Article 284 of this Code in accordance with the procedure prescribed by Chapter 25 of this Code; *[as amended by Federal Law No. 376-FZ of 24.11.2014]*

3) income of a private entrepreneur which is assessable to tax on income of physical persons at the tax rates provided for in clauses 2, 4 and 5 of Article 224 of this Code in accordance with the procedure prescribed by Chapter 23 of this Code;

4) income received by partnership associations of owners of immovable property, including partnership associations of owners of housing, management organizations and housing or other specialized consumer co-operatives in payment for communal services rendered to owners (users) of immovable property where such services are rendered by organizations such as are referred to above that have concluded resource supply agreements (agreements on the rendering of municipal solid waste handling services) with resource supply organizations (regional municipal solid waste operators) in accordance with the requirements established by the legislation of the Russian Federation.

*[subsection 4 as reworded by Federal Law No. 325-FZ of 29.09.2019]*

*[clause 1.1 inserted by Federal Law No. 155-FZ of 22.07.2008]*

*[2. Lost force – Federal Law No. 101-FZ of 21.07.2005]*

**Article 346.16. Procedure for Determining Expenses**

1. For the purpose of determining the taxable object the taxpayer shall reduce income received by the following expenses:

1) expenses associated with the acquisition, erection and manufacture of fixed assets and the extension, further equipping, renovation, upgrading and retooling of fixed assets (taking into account the provisions of clauses 3 and 4 of this Article);

*[subsection 1 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

2) expenses associated with the acquisition of intangible assets and the creation of intangible assets by the taxpayer itself (taking into account the provisions of clauses 3 and 4 of this Article);

*[subsection 2 as reworded by Federal Law No. 101-FZ of 21.07.2005]*

2.1) expenses associated with the acquisition of exclusive rights in inventions, utility models, industrial designs, computer programmes, databases, integrated circuit topographies and trade secrets (know-how), and rights to use the above-mentioned results of intellectual activity on the basis of a licence agreement;

*[subsection 2.1 inserted by Federal Law No. 195-FZ of 19.07.2007]*

2.2) expenses associated with the patenting of and (or) payment for legal services required to secure legal protection of results of intellectual activity, including means of individualization;

*[subsection 2.2 inserted by Federal Law No. 195-FZ of 19.07.2007]*

2.3) research and development expenses which are recognised as such in accordance with Article 262 of this Code;

*[subsection 2.3 inserted by Federal Law No. 195-FZ of 19.07.2007, as amended by Federal Law No. 94-FZ of 25.06.2012]*

3) expenses for the repair of fixed assets (including rented fixed assets);

4) rental (including lease) payments for rented (including leased) property;

5) material expenses;

6) expenses associated with payment for labour and the payment of temporary incapacity allowances in accordance with the legislation of the Russian Federation; *[as amended by Federal Law No. 190-FZ of 31.12.2002]*

7) expenses for all types of compulsory insurance of employees, property and liability, including insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses which are made in accordance with the legislation of the Russian Federation; *[as amended by Federal Laws No. 85-FZ of 17.05.2007, No. 155-FZ of 22.07.2008, No. 213-FZ of 24.07.2009]*

8) amounts of value added tax on goods (work and services) which have been acquired and paid for by the taxpayer and must be included in the composition of expenses in accordance with this Article and Article 346.17 of this Code;

*[subsection 8 as reworded by Federal Law No. 101-FZ of 21.07.2005]*

9) interest payable for the provision for use of monetary resources (credits, loans), and expenses associated with payment for services which are rendered by credit organizations, including services associated with the sale of foreign currency in connection with the recovery of tax, a levy, penalties and a fine out of a taxpayer's property in accordance with the procedure prescribed by Article 46 of this Code; *[as amended by Federal Law No. 137-FZ of 27.07.2006]*

10) expenses associated with ensuring the taxpayer's fire safety in accordance with the legislation of the Russian Federation, expenses for services involving the protection of property and the maintenance of security and fire alarms, and expenses for the acquisition of fire protection services and other security-related services;

11) amounts of customs payments which have been paid upon the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction and which are not refundable to the taxpayer in accordance with the customs legislation of the Customs Union and customs-related legislation of the Russian Federation; *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 306-FZ of 27.11.2010]*

12) expenses for the maintenance of vehicles for business use and expenses associated with compensation for the use of private motor cars and motorcycles for business travel within the limits of the norms established by the Government of the Russian Federation;

13) business trip expenses, and in particular expenses for:

- travel by an employee to a business trip destination and back to the place of permanent work;

- the rent of residential accommodation. This expense item shall also include reimbursement of an employee's expenses for additional services provided in hotels (excluding expenses for bar and restaurant services, expenses for room service and expenses for the use of recreational and leisure facilities);

- per diem or field allowances; *[as amended by Federal Law No. 155-FZ of 22.07.2008]*

- the processing and issue of visas, passports, vouchers, invitations and other similar documents;

- consular and aerodrome fees, fees for right of entry, passage and transit of motor vehicles and other means of transport and for the use of sea canals and other similar facilities, and other similar payments and fees;

14) charges payable to a state and (or) private notary for the notarization of documents. In this respect, such expenses shall be taken into account within the limits of the tariffs which have been approved in accordance with the established procedure;

15) expenses associated with accounting, auditing and legal services;

*[subsection 15 as reworded by Federal Law No. 101-FZ of 21.07.2005]*

16) expenses for the publication of accounting (financial) statements and for the publication and other disclosure of other information where the taxpayer is obliged by the legislation of the Russian Federation to publish (disclose) them; *[as amended by Federal Law No. 97-FZ of 29.06.2012]*

17) expenses for stationery;

18) expenses for postal, telephone, telegraph and other similar services, expenses associated with payment for communications services;

19) expenses associated with the acquisition of the right to use computer programmes and databases under agreements with a possessor of rights (under licence agreements). The above-mentioned expenses shall also include expenses for the updating of computer programmes and databases;

20) expenses for the advertising of goods (work and services) which are produced (acquired) and (or) sold, trademarks and service marks;

21) expenses for the preparation and assimilation of new production units, departments and hardware;

22) amounts of taxes and levies paid in accordance with tax and levy legislation, excluding tax paid in accordance with this Chapter and value added tax paid to the budget in accordance with clause 5 of Article 173 of this Code;

*[subsection 22 as reworded by Federal Law No. 84-FZ of 06.04.2015]*

23) expenses associated with payment of the cost of goods acquired for subsequent sale (reduced by the amount of expenses referred to in subsection 8 of this clause), and expenses associated with the acquisition and sale of such goods, including expenses associated with the storage, handling and transportation of the goods;

*[subsection 23 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

23.1) expenses in the form of the value of property (including monetary resources) intended for use for the prevention and containment and the diagnosis and treatment of the novel coronavirus infection that were transferred without consideration to medical organizations that are non-commercial organizations, state government and administrative bodies and (or) local government bodies, state and municipal institutions and state and municipal unitary enterprises;

*[subsection 23.1 inserted by Federal Law No. 172-FZ of 08.06.2020]*

24) expenses associated with the payment of commission and agency fees and fees under contracts of delegation;

*[subsection 24 inserted by Federal Law No. 101-FZ of 21.07.2005]*

25) expenses associated with the rendering of services involving warranty repair and servicing;

*[subsection 25 inserted by Federal Law No. 101-FZ of 21.07.2005]*

26) expenses associated with confirming the conformity of products or other objects, of production, operation, storage, transportation, sale and utilization processes and of the performance of work and the rendering of services to the requirements of technical regulations,

the provisions of standards or the conditions of agreements;

*[subsection 26 inserted by Federal Law No. 101-FZ of 21.07.2005]*

27) expenses associated with the performance (in cases established by the legislation of the Russian Federation) of compulsory valuation for the purpose of checking that taxes have been correctly paid in the event that a dispute arises over the calculation of the tax base;

*[subsection 27 inserted by Federal Law No. 101-FZ of 21.07.2005]*

28) charges for the provision of information concerning registered rights;

*[subsection 28 inserted by Federal Law No. 101-FZ of 21.07.2005]*

29) expenses associated with payment for the services of specialized organizations involving the preparation of cadastral and technical record (inventory) documents for items of immovable property (including deeds of rights for land parcels and documents relating to the surveying of land parcels);

*[subsection 29 inserted by Federal Law No. 101-FZ of 21.07.2005]*

30) expenses associated with payment for the services of specialized organizations involving the performance of expert examinations and inspections, the issue of reports and the provision of other documents which are needed in order to obtain a licence (permit) to carry out a particular type of activity;

*[subsection 30 inserted by Federal Law No. 101-FZ of 21.07.2005]*

31) legal expenses and arbitration fees;

*[subsection 31 inserted by Federal Law No. 101-FZ of 21.07.2005]*

32) periodic (current) payments for the use of rights to results of intellectual activity and rights to means of individualization (including, in particular, rights arising from patents for inventions, utility models and industrial samples);

*[subsection 32 as reworded by Federal Law No. 322-FZ of 23.11.2015]*

32.1) admission, membership and special-purpose contributions which are paid in accordance with Federal Law No. 315-FZ of 1 December 2007 “Concerning Self-Regulatory Organizations”;

*[subsection 32.1 inserted by Federal Law No. 395-FZ of 28.12.2010]*

33) expenses associated with the conduct of independent skill assessment for compliance with skill requirements and the training and retraining of members of the permanent staff of a taxpayer on a contractual basis in accordance with the procedure prescribed by clause 3 of Article 264 of this Code;

*[subsection 33 inserted by Federal Law No. 101-FZ of 21.07.2005; as amended by Federal Law No. 251-FZ of 03.07.2016]*

*[34) Lost force from 01.01.2013 – Federal Law No. 94-FZ of 25.06.2012]*

35) expenses associated with the maintenance of cash register equipment;

*[subsection 35 inserted by Federal Law No. 85-FZ of 17.05.2007]*

36) expenses associated with the removal of solid domestic waste;

*[subsection 36 inserted by Federal Law No. 85-FZ of 17.05.2007]*

37) the amount of the charge levied by way of compensation for damage caused to federal public roads by vehicles with a maximum authorized mass exceeding 12 tonnes which are registered in the charge collection system vehicle register.

*[Paragraphs 2-3 lost force from 01.01.2019 – Federal Law No. 249-FZ of 3.07.2016 (Rev. 30.09.2017)]*

*[subsection 37 inserted by Federal Law No. 249-FZ of 03.07.2016]*

38) compulsory allocations (contributions) of developers to the compensation fund which is formed in accordance with Federal Law No. 218-FZ of 29 July 2017 “Concerning the Public Company for the Protection of the Rights of Citizens Who Are Participants in Shared-Equity Construction in the Event of the Insolvency (Bankruptcy) of Developers and Concerning the Introduction of Amendments to Certain Legislative Acts of the Russian Federation”;

*[subsection 38 inserted by Federal Law No. 342-FZ of 27.11.2017]*

39) expenses for the disinfection of premises and the acquisition of devices, laboratory equipment, overalls and other items of personal and collective protective equipment for the purpose of complying with public health and hygiene requirements of state government bodies and local government bodies and their officials in connection with the spread of the novel coronavirus infection.

*[subsection 39 inserted by Federal Law No. 121-FZ of 22.04.2020]*

40) expenses for the organization of safety measures provided for in regulatory legal acts of the Russian Federation and expenses associated with the maintenance of the premises and equipment of first aid stations located directly on an organization’s premises;

*[subsection 40 inserted by Federal Law No. 305-FZ of 02.07.2021]*

41) expenses for the acquisition of medical devices for the diagnosis (treatment) of the novel coronavirus infection according to a list to be approved by the Government of the Russian Federation and for the construction, manufacture, delivery and making ready for use of those medical devices.

*[subsection 41 inserted by Federal Law No. 305-FZ of 02.07.2021]*

2. The expenses which are referred to in clause 1 of this Article shall be taken into account provided that they meet the criteria specified in clause 1 of Article 252 of this Code.

The expenses which are referred to in subsections 5, 6, 7, 9 to 21 and 38 of clause 1 of this Article shall be taken into account according to the procedure prescribed for the calculation of tax on the profit of organizations by Articles 254, 255, 263, 264, 265 and 269 of this Code. *[as amended by Federal Laws No. 191-FZ of 31.12.2002, No. 101-FZ of 21.07.2005, No. 85-FZ of 17.05.2007, No. 342-FZ of 27.11.2017]*

3. Expenses associated with the acquisition (erection, manufacture) of fixed assets and the extension, further equipping, renovation, upgrading and retooling of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets shall be recognised as follows:

1) with respect to expenses associated with the acquisition (erection, manufacture) of fixed assets during the period of the application of the simplified taxation system and expenses

associated with the extension, further equipping, renovation, upgrading and retooling of fixed assets which were incurred in that period – from the moment when those fixed assets are placed into service;

*[subsection 1 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

2) with respect to intangible assets acquired (created by the taxpayer itself) during the period of the application of the simplified taxation system – from the moment when those intangible assets are entered in accounting records; *[as amended by Federal Law No. 155-FZ of 22.07.2008]*

3) with respect to fixed assets which were acquired (erected, manufactured) and intangible assets which were acquired (created by the taxpayer itself) prior to the transition to the simplified taxation system, the value of the fixed assets and intangible assets shall be included in expenses as follows:

- with respect to fixed assets and intangible assets with a useful life of up to three years inclusively – over the course of the first calendar year of the application of the simplified taxation system; *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

- with respect to fixed assets and intangible assets with a useful life of from three to 15 years inclusively - 50 per cent of the value during the first calendar year of the application of the simplified taxation system, 30 per cent of the value during the second calendar year and 20 per cent of the value during the third calendar year; *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

- with respect to fixed assets and intangible assets with a useful life exceeding 15 years – over the course of the first 10 years of the application of the simplified taxation system in equal portions of the value of the fixed assets. *[as amended by Federal Law No. 85-FZ of 17.05.2007]*

In this respect, during the tax period expenses shall be taken into account in equal portions for reporting periods.

Where a taxpayer applies the simplified taxation system from the moment of its registration with the tax authorities, the value of fixed assets and intangible assets shall be recognised according to the historical value of those assets as determined in accordance with the procedure established by accounting legislation.

Where a taxpayer has transferred to the simplified taxation system from other taxation regimes, the value of fixed assets and intangible assets shall be recorded in accordance with the procedure established by clauses 2.1 and 4 of Article 346.25 of this Code.

The useful life of fixed assets shall be determined on the basis of the classification of fixed assets which are included in amortization groups which is approved by the Government of the Russian Federation in accordance with Article 258 of this Code. The useful life of fixed assets which are not included in that classification shall be established by the taxpayer in accordance with the technical specifications or recommendations of the manufacturers.

*[Paragraph lost force – Federal Law No. 325-FZ of 29.09.2019]*

The useful life of intangible assets shall be determined in accordance with clause 2 of Article 258 of this Code.

In the event that fixed assets and intangible assets which have been acquired (erected, manufactured, created by the taxpayer itself) are sold (transferred) before three years have elapsed from the moment when expenses associated with their acquisition (erection, manufacture, extension, further equipping, renovation, upgrading and retooling or creation by the taxpayer itself) were included in the composition of expenses in accordance with this Chapter (or, in the case of fixed assets and intangible assets with a useful life exceeding 15 years, before 10 years have elapsed from the moment when they were acquired (erected, manufactured, created by the taxpayer itself)), the taxpayer shall be obliged to recalculate the tax base for the entire period of use of those fixed assets from the moment when they were included in the composition of expenses associated with acquisition (erection, manufacture, creation by the taxpayer itself) up to the date of sale (transfer), taking into account the provisions of Chapter 25 of this Code, and to pay the additional amount of tax and penalties.

*[as amended by Federal Law No. 85-FZ of 17.05.2007]*

*[clause 3 as reworded by Federal Law No. 101-FZ of 21.07.2005]*

4. For the purposes of this Chapter there shall be included in the composition of fixed assets and intangible assets fixed assets and intangible assets which are recognised as amortizable assets in accordance with Chapter 25 of this Code, and expenses associated with the extension, further equipping, renovation, upgrading and retooling of fixed assets shall be determined with account taken of the provisions of clause 2 of Article 257 of this Code.

*[clause 4 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

**Article 346.17. Procedure for the Recognition of Income and Expenses***[article as reworded by Federal Law No. 101-FZ of 21.07.2005]*

1. For the purposes of this Chapter the date of receipt of income shall be deemed to be the day on which monetary resources are received in bank accounts and (or) in cash or other property (work, services) and (or) property rights are received, or the day on which indebtedness to the taxpayer is settled (payment is made to the taxpayer) by other means (the cash-basis method).

Where a purchaser uses a promissory note or bill of exchange in settlements for goods (work and services) acquired by it, the date of receipt of income for the taxpayer shall be deemed to be the day on which the note or bill is settled (the day on which monetary resources are received from the drawer of the note or bill or another person bound by the note or bill), or the day on which the taxpayer transfers that note or bill to a third party by endorsement.

In the event that a taxpayer refunds amounts which were previously received as prepayment for the supply of goods, the performance of work, the rendering of services or the transfer of property rights, the amount refunded shall be deducted from income for the tax (reporting) period in which the refund is made. *[paragraph inserted by Federal Law No. 85-FZ of 17.05.2007]*

Amounts of payments which have been received as self-employment assistance for unemployed citizens and to encourage unemployed citizens who have started their own business to create further jobs for unemployed citizens from the resources of budgets of the budget system of the Russian Federation in accordance with programmes approved by relevant state government bodies shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for by the conditions of receipt of the above-mentioned amounts of payments. *[paragraph inserted by Federal Law No. 41-FZ of 05.04.2010]*



In the event that the conditions of receipt of payments such as are provided for in paragraph 4 of this clause are violated, amounts of payments received shall be wholly included in income for the tax period in which the violation occurred. If, after the end of the third tax period, the amount of payments received such as are referred to in paragraph 4 of this clause exceeds the amount of expenses taken into account in accordance with this subsection, the remaining amounts which were not taken into account shall be wholly included in income for that tax period. *[paragraph inserted by Federal Law No. 41-FZ of 05.04.2010]*

Financial support resources in the form of subsidies which have been received in accordance with the Federal Law “Concerning the Development of Small and Medium-Sized Business in the Russian Federation” shall be included in income in proportion to expenses actually incurred from that source, but not for more than two tax periods from the date of receipt. If, after the end of the second tax period, the amount of financial support resources received such as are referred to in this clause exceeds the amount of recognised expenses actually incurred from that source, the difference between those amounts shall be wholly included in income for that tax period. *[paragraph inserted by Federal Law No. 23-FZ of 07.03.2011]*

The procedure for the recognition of income which is laid down in paragraphs 4 to 6 of this clause shall be applied by taxpayers who use income reduced by expenses as the taxable object and taxpayers who use income as the taxable object provided that they maintain records of amounts of payments (resources) such as are referred to in paragraphs 4 to 6 of this clause. *[paragraph inserted by Federal Law No. 23-FZ of 07.03.2011]*

Financial support funds which are received out of resources of budgets of the budget system of the Russian Federation on the basis of a certificate for the attraction of labour resources to constituent entities of the Russian Federation included in the list of constituent entities of the Russian Federation for which the attraction of labour resources is a priority in accordance with Law No. 1032-1 of the Russian Federation of 19 April 1991 “Concerning Employment in the Russian Federation” shall be included in income over three tax periods, and corresponding amounts shall simultaneously be included in expenses within the limits of expenses actually incurred for each tax period which are provided for in the conditions of receipt of those financial support funds. *[paragraph inserted by Federal Law No. 465-FZ of 29.12.2014]*

In the event that the conditions of receipt of financial support funds which are laid down in paragraph 8 of this clause are violated, the amount of financial support funds received shall be wholly included in income for the tax period in which the violation occurred. If, after the third tax period has ended, the amount of such financial support funds received exceeds the amount of expenses taken into account in accordance with this clause, the remaining amounts which have not been taken into account shall be wholly included in income for that tax period. *[paragraph inserted by Federal Law No. 465-FZ of 29.12.2014]*

The provisions of paragraph 6 of this clause apply both when subsidies are used after they have been received and for the purposes of the reimbursement of a taxpayer for expenses incurred in a tax period prior to the receipt of subsidies in the same tax period. *[paragraph inserted by Federal Law No. 325-FZ of 29.09.2019]*

2. Expenditures shall be recognised as expenses of a taxpayer after payment has actually been made. For the purposes of this Chapter the making of payment for goods (work and services) and (or) property rights shall be understood to mean the termination of the obligation of the

taxpayer which is acquiring the goods (work and services) and (or) property rights to the seller which is directly connected with the supply of those goods (performance of work, rendering of services) and (or) the transfer of property rights. In this respect, expenses shall be included in the composition of expenses with account taken of the following special considerations:

1) material expenses (including expenses associated with the acquisition of raw materials and other materials) and labour payment expenses – at the moment when indebtedness is settled by means of writing off monetary resources from a taxpayer’s settlement account or by means of cash payment, or, where another method of settling indebtedness is used, at the moment of such settlement. A similar procedure shall apply with respect to the payment of interest for the use of borrowed resources (including bank credits) and when payment is made for the services of third parties. *[as amended by Federal Laws No. 85-FZ of 17.05.2007, No. 155-FZ of 22.07.2008, No. 325-FZ of 29.09.2019]*

Partnership associations of owners of immovable property, including partnership associations of owners of housing, management organizations and housing or other specialized consumer co-operatives that have concluded resource supply agreements (agreements on the rendering of municipal solid waste handling services) with resource supply organizations (regional municipal solid waste operators) in accordance with the requirements established by the legislation of the Russian Federation shall not include funds remitted in payment for communal services in material expenses for the purpose of calculating tax if those funds were received by those organizations from owners (users) of immovable property in payment for communal services rendered to them and were not taken into account in determining the taxable object in accordance with subsection 4 of clause 1.1 of Article 346.15 of this Code; *[paragraph inserted by Federal Law No. 325-FZ of 29.09.2019]*

2) expenses associated with payment of the cost of goods acquired for subsequent sale – as and when those goods are sold. The taxpayer shall have the right to use one of the following methods of valuing bought-in goods for taxation purposes:

- based on the value of those first acquired (FIFO);

*[paragraph lost force – Federal Law No. 81-FZ of 20.04.2014]*

- based on average value;

- based on the value of a unit of goods.

Expenses which are directly associated with the sale of the above-mentioned goods, including storage, handling and transportation expenses, shall be included in the composition of expenses after they have actually been paid;

2.1) taxpayer organizations whose details were entered in the unified state register of legal entities on the basis of Article 19 of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” and which have transferred to the simplified taxation system with a taxable object in the form of income reduced by the amount of expenses which is provided for in this Chapter shall have the right to take into account expenses associated with payment for goods acquired by them for subsequent sale in the period of activity prior to the date of entry of the above-mentioned details, after an inventory

has been taken in accordance with the procedure in effect until 1 January 2015, in determining the tax base for tax payable in connection with the application of the simplified taxation system as and when those goods are sold in accordance with subsection 2 of this clause. In this respect, such expenses may be taken into account in determining the tax base for tax payable in connection with the application of the simplified taxation system only if they were not taken into account in calculating tax payable in connection with entrepreneurial activities before the date on which details of those taxpayers were entered in the unified state register of legal entities on the basis of Federal Law No. 52-FZ of 30 November 1994 “Concerning the Implementation of Part One of the Civil Code of the Russian Federation” and Article 1202 of Part Three of the Civil Code of the Russian Federation;

*[subsection 2.1 inserted by Federal Law No. 379-FZ of 29.11.2014]*

3) expenses associated with the payment of taxes, levies and insurance contributions – in the amounts actually paid by the taxpayer when independently fulfilling obligations to pay taxes, levies and insurance contributions or when settling indebtedness to another person which arose as result of the payment of taxes, levies and insurance contributions by that person in accordance with this Code on the taxpayer’s behalf. Where indebtedness in respect of taxes, levies and insurance contributions exists, expenses associated with the settlement of that indebtedness shall be included in expenses within the limits of the indebtedness actually settled in the reporting (tax) periods in which the taxpayer settles that indebtedness or indebtedness to another person which arose as result of the payment of taxes, levies and insurance contributions by that person in accordance with this Code on the taxpayer’s behalf;

*[subsection 3 as reworded by Federal Law No. 401-FZ of 30.11.2016]*

4) expenses associated with the acquisition (erection, manufacture) of fixed assets and the extension, further equipping, renovation, upgrading and retooling of fixed assets and expenses associated with the acquisition (creation by the taxpayer itself) of intangible assets which are taken into account in accordance with the procedure prescribed by clause 3 of Article 346.16 of this Code shall be reflected on the last day of a reporting (tax) period to the extent of amounts paid. In this respect, the expenses in question shall be taken into account only in relation to fixed assets and intangible assets which are used in carrying out entrepreneurial activities.

*[subsection 4 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

5) where a taxpayer issues a promissory note or bill of exchange to a seller in payment for goods (work and services) and (or) property rights which are acquired, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account after that promissory note or bill of exchange has been settled. Where a taxpayer transfers to a seller in payment for goods (work and services) and (or) property rights which are acquired a promissory note or bill of exchange issued by a third party, expenses associated with the acquisition of those goods (work and services) and (or) property rights shall be taken into account as at the date on which that promissory note or bill of exchange is transferred in respect of goods (work and services) and (or) property rights which are acquired. The expenses referred to in this subsection shall be recognised according to the price of the agreement, but not exceeding the amount of the debt obligation which is specified in the promissory note or bill of exchange.

*[3. Lost force – Federal Law No. 81-FZ of 20.04.2014]*

4. When a taxpayer makes a transition from a taxable object in the form of income to a taxable object in the form of income reduced by expenses, expenses relating to tax periods in which

the taxable object in the form of income was used shall not be taken into account in calculating the tax base.

*[clause 4 inserted by Federal Law No. 85-FZ of 17.05.2007]*

5. Property in the form of currency assets and claims (obligations) whose value is expressed in foreign currency, including in currency bank accounts, shall not, for the purposes of this Chapter, be revalued in connection with changes in the official exchange rate of a foreign currency to the currency of the Russian Federation which is set by the Central Bank of the Russian Federation, and income and expenses in respect of such revaluation shall not be determined or taken into account.

*[clause 5 inserted by Federal Law No. 94-FZ of 25.06.2012]*

### **Article 346.18. Tax Base**

1. Where the taxable object is income of an organization or private entrepreneur, the tax base shall be deemed to be income of the organization or private entrepreneur expressed in monetary terms.

2. Where the taxable object is income of an organization or private entrepreneur reduced by the amount of expenses, the tax base shall be deemed to be income expressed in monetary terms, reduced by the amount of expenses.

If, according to the results for a reporting (tax) period, the amount of expenses exceeds the amount of income, the tax base shall be taken to be equal to zero for that reporting (tax) period.

*[paragraph inserted by Federal Law No. 266-FZ of 31.07.2020]*

3. Income and expenses expressed in foreign currency shall be taken into account together with income and expenses expressed in roubles. In this respect, income and expenses expressed in foreign currency shall be translated into roubles on the basis of the official exchange rate of the Central Bank of the Russian Federation which is established as at the date on which income is received and (or) the date on which expenses are incurred respectively. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

4. Income received in kind shall be recognised on the basis of market prices determined with account taken of the provisions of Article 105.3 of this Code.

*[clause 4 as reworded by Federal Law No. 94-FZ of 25.06.2012]*

5. For purposes of determining the tax base, income and expenses shall be determined on a cumulative total from the beginning of the tax period.

6. A taxpayer which uses income reduced by the amount of expenses as the taxable object shall pay the minimum tax in accordance with the procedure prescribed by this clause.

The amount of the minimum tax shall be calculated for a tax period as 1 per cent of the tax base which is income as defined in accordance with Article 346.15 of this Code. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

The minimum tax shall be paid in the event that the amount of tax calculated for a tax period according to the normal procedure is less than the amount of the calculated minimum tax. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

A taxpayer shall have the right in subsequent tax periods to include the amount of the difference between the amount of the minimum tax paid and the amount of tax calculated according to the normal procedure in expenses for purposes of calculating the tax base, including by increasing the amount of losses which may be carried forward in accordance with the provisions of clause 7 of this Article.

7. A taxpayer which uses income reduced by the amount of expenses as the taxable object shall have the right to reduce the tax base calculated on the basis of final results for a tax period by the amount of a loss sustained for prior tax periods in which the taxpayer applied the simplified taxation system and used income reduced by the amount of expenses as the taxable object. In this respect, a loss shall be understood to mean an excess of expenses as determined in accordance with Article 346.16 of this Code over income as determined in accordance with Article 346.15 of this Code.

A taxpayer shall have the right to carry a loss forward to future tax periods over the 10 years following the tax period in which the loss was made.

A taxpayer shall have the right to carry over to the current tax period the amount of a loss which was made in the preceding tax period.

A loss which was not carried forward to the following year may be carried forward in whole or in part to any of the following nine years.

Where a taxpayer has made losses in more than one tax period, those losses shall be carried forward to future tax periods in the order in which they arose.

Where a taxpayer ceases activities owing to re-organization, the taxpayer which is its legal successor shall have the right to reduce the tax base according to the procedure and subject to the conditions which are laid down in this clause by the amount of losses made by the re-organized organizations prior to the re-organization.

A taxpayer shall be obliged to keep documents which confirm the amount of a loss sustained and the amount by which the tax base was reduced for each tax period during the entire period for which the right to reduce the tax base by the amount of the loss is exercised.

A loss which was sustained by a taxpayer when other taxation regimes were applied shall not be taken into account upon transferring to the simplified taxation system.

A loss which was sustained by a taxpayer while applying the simplified taxation system shall not be taken into account upon transferring to other taxation regimes.

*[clause 7 as reworded by Federal Law No. 155-FZ of 22.07.2008]*

8. Taxpayers which have transferred with respect to certain types of activity to the payment of tax payable in connection with the application of the licence-based taxation system in accordance with Chapter 26.5 of this Code shall maintain separate records of income and expenses for different special tax regimes. Where expenses cannot be separated when calculating the tax base for taxes which are calculated according to different special tax regimes, those expenses shall be allocated according to the respective proportions of income to

the total amount of income received when applying those special tax regimes. *[as amended by Federal Law No. 305-FZ of 02.07.2021]*

Income and expenses associated with activities in relation to which the licence-based taxation system in accordance with Chapter 26.5 of this Code is applied (taking into account the provisions established by this Chapter) shall not be taken into account in calculating the tax base for tax which is payable when applying the simplified taxation system. *[as amended by Federal Law No. 305-FZ of 02.07.2021]*  
*[clause 8 as reworded by Federal Law No. 401-FZ of 30.11.2016]*

**Article 346.19. Tax Period. Reporting Period**

1. The tax period shall be deemed to be a calendar year.
2. The reporting periods shall be the first quarter, the first six months and the first nine months of a calendar year.

**Article 346.20. Tax Rates**

1. The tax rate shall be set at 6 per cent where the taxable object is income and where not otherwise established by this clause and clauses 1.1, 3 and 4 of this Article.

Laws of constituent entities of the Russian Federation may set tax rates ranging from 1 to 6 per cent depending on the categories of taxpayers.

*[clause 1 as reworded by Federal Law No. 266-FZ of 31.07.2020]*

1.1. Taxpayers that use income as the taxable object shall, beginning from the quarter for which income of the taxpayer as determined on a cumulative basis from the beginning of the tax period in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 150 million roubles but did not exceed 200 million roubles and (or) during which the number of employees of the taxpayer exceeded 100 persons but did not exceed 130 persons, apply in the calculation of tax a tax rate of 8 per cent in relation to the part of the tax base that is calculated as the difference between the tax base determined for the reporting (tax) period and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of employees of the taxpayer were allowed to occur.

If the taxpayer allowed the excess levels referred to in paragraph 1 of this clause to occur in the first quarter of a calendar year, the tax rate shall be set at 8 per cent for that taxpayer for the tax period in which those excess levels were allowed to occur.

*[clause 1.1 inserted by Federal Law No. 266-FZ of 31.07.2020]*

2. The tax rate shall be set at 15 per cent where the taxable object is income reduced by the amount of expenses and where not otherwise established by this clause and clauses 2.1, 3 and 4 of this Article.

Laws of constituent entities of the Russian Federation may set tax rates ranging from 5 to 15 per cent depending on the categories of taxpayers.

*[clause 2 as reworded by Federal Law No. 266-FZ of 31.07.2020]*

2.1. Taxpayers that use income reduced by the amount of expenses as the taxable object shall, beginning from the quarter for which income of the taxpayer as determined on a cumulative basis from the beginning of the tax period in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 150 million roubles but did not exceed 200 million roubles and (or) during which the number of employees of the taxpayer exceeded 100 persons but did not exceed 130 persons, apply in the calculation of tax a tax rate of 20 per cent in relation to the part of the tax base that is calculated as the difference between the tax base determined for the reporting (tax) period and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of employees of the taxpayer were allowed to occur.

If the taxpayer allowed the excess levels referred to in paragraph 1 of this clause to occur in the first quarter of a calendar year, the tax rate shall be set at 20 per cent for that taxpayer for the tax period in which those excess levels were allowed to occur.

*[clause 2.1 inserted by Federal Law No. 266-FZ of 31.07.2020]*

3. Laws of the Republic of Crimea and the city of federal significance Sevastopol may reduce the tax rate in the territories of those constituent entities of the Russian Federation for all or some categories of taxpayers:

For the periods of 2015 to 2016 the tax rate may be reduced to 0 per cent;

For the periods of 2017 to 2021 the tax rate may be reduced to 3 per cent where the taxable object is income reduced by expenses. In this respect, tax rates may be established depending on categories of taxpayers and types of entrepreneurial activities. *[as amended by Federal Law No. 232-FZ of 13.07.2015]*

*[Paragraphs 4-5 lost force from 01.01.2016 – Federal Law No. 232-FZ of 13.07.2015]*

Tax rates which are established in accordance with this clause by laws of the Republic of Crimea and the city of federal significance Sevastopol may not be raised during the periods specified in this clause commencing from the period from which a reduced tax rate is applied unless otherwise established by clauses 1.1 and 2.1 of this Article. *[as amended by Federal Law No. 266-FZ of 31.07.2020]*

*[clause 3 inserted by Federal Law No. 379-FZ of 29.11.2014]*

*[EY Note: Clause 4 of Article 346.20 loses force from 01.01.2024 – Federal Law No. 477-FZ of 29.12.2014]*

4. Laws of constituent entities of the Russian Federation may establish a tax rate of 0 per cent, except as otherwise established by clauses 1.1 and 2.1 of this Article, for taxpayer-private entrepreneurs who have chosen a taxable object in the form of income or in the form of income reduced by expenses and who were registered for the first time after the entry into force of those laws and carry on entrepreneurial activities in the production, social and (or) scientific spheres, and in the area of consumer services to the public and services involving the provision of temporary accommodation places. *[as amended by Federal Laws No. 232-FZ of 13.07.2015, No. 243-FZ of 03.07.2016, No. 325-FZ of 29.09.2019, No. 266-FZ of 31.07.2020]*

Taxpayers such as are referred to in paragraph 1 of this clause shall have the right to apply a tax rate of 0 per cent from the day of their state registration as private entrepreneurs continuously over two tax periods. During the effective period of the 0 per cent tax rate established in accordance with this clause, private entrepreneurs such as are referred to in paragraph 1 of this clause who have chosen a taxable object in the form of income reduced by expenses shall not pay the minimum tax which is provided for in clause 6 of Article 346.18 of this Code. *[as amended by Federal Law No. 243-FZ of 03.07.2016]*

The entrepreneurial activities in the production, social and scientific spheres in relation to which a tax rate of 0 per cent applies shall be established by constituent entities of the Russian Federation on the basis of the All-Russian Classification of Economic Activities. *[as amended by Federal Law No. 248-FZ of 03.07.2016]*

For a tax period as a whole, income from sales of goods (work and services) in carrying out types of entrepreneurial activities in relation to which a tax rate of 0 per cent was applied must account for not less than 70 per cent of total income from the sale of goods (work and services).

Laws of constituent entities of the Russian Federation may establish limitations on the application of the 0 per cent tax rate by taxpayers such as are referred to in paragraph 1 of this clause, including in the form of:

- a limitation on the average number of employees;
- a limitation on the maximum amount of income from sales, determined in accordance with Article 249 of this Code, which is received by a private entrepreneur in carrying out a type of entrepreneurial activity in relation to which the 0 per cent tax rate is applied. In this respect, for the purposes of the application of the simplified taxation system the maximum amount of income which is stipulated by clause 4 of Article 346.13 of this Code may be reduced by a law of a constituent entity of the Russian Federation by a factor of no more than 10.

In the event that limitations on the application of the 0 per cent tax rate which are established by this Chapter and a law of a constituent entity of the Russian Federation are violated, a private entrepreneur shall be considered to have lost the right to apply it and shall be obliged to pay tax at the tax rates stipulated by clause 1, 2 or 3 of this Article for the tax period in which those limitations were violated.

The entrepreneurial activities in the area of consumer services in relation to which a tax rate of 0 per cent applies shall be established by constituent entities of the Russian Federation on the basis of the codes of activities in accordance with the All-Russian Classification of Economic Activities and (or) the codes of services in accordance with the All-Russian Classification of Products by Economic Activity which are classed as consumer services, which are to be determined by the Government of the Russian Federation. *[paragraph inserted by Federal Law No. 248-FZ of 03.07.2016]*  
*[clause 4 inserted by Federal Law No. 477-FZ of 29.12.2014]*

#### **Article 346.21. Procedure for the Calculation and Payment of Tax**

1. Tax shall be calculated as a percentage of the tax base corresponding to the tax rate, except as otherwise established by this clause.



In the case of taxpayers for whom income as determined on a cumulative basis from the beginning of the tax period in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 150 million roubles but did not exceed 200 million roubles and (or) the average number of whose employees exceeded 100 persons but did not exceed 130 persons during that period, tax shall be calculated by adding together the following two amounts:

- an amount equal to the product of the corresponding tax rate set in accordance with clause 1 or 2 of Article 346.20 of this Code and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees occurred;

- an amount equal to the product of the corresponding tax rate set by clauses 1.1 or 2.1 of Article 346.20 of this Code and the part of the tax base calculated as the difference between the tax base for the tax period and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees occurred.

*[clause 1 as reworded by Federal Law No. 266-FZ of 31.07.2020]*

2. The amount of tax based on the results for a tax period shall be determined by the taxpayer independently.

3. Taxpayers that have chosen income as the taxable object shall, on the basis of the results for each reporting period, calculate the amount of the advance tax payment on the basis of the tax rate and income actually received as calculated on a cumulative total from the beginning of the tax period up to the end of the first quarter, the first six months and the first nine months accordingly, taking into account previously calculated amounts of advance tax payments, except as otherwise provided by this clause.

Taxpayers that have chosen income as the taxable object and for whom income as determined on a cumulative basis from the beginning of the tax period in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 150 million roubles but did not exceed 200 million roubles and (or) the average number of whose employees exceeded 100 persons but did not exceed 130 persons during that period shall calculate the amount of the advance payment for the reporting period by adding together the following two amounts:

- an amount equal to the product of the corresponding tax rate set in accordance with clause 1 of Article 346.20 of this Code and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees occurred;

- an amount equal to the product of the corresponding tax rate set by clause 1.1 of Article 346.20 of this Code and the part of the tax base calculated as the difference between the tax base for the reporting period and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees occurred.

*[clause 3 as reworded by Federal Law No. 266-FZ of 31.07.2020]*

3.1. Taxpayers which have chosen income as the taxable object shall reduce the amount of tax (advance tax payments) calculated for a tax (reporting) period by the amount of:

1) insurance contributions for compulsory pension insurance, compulsory social insurance against temporary incapacity for work and in connection with maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses which were paid (within the limits of calculated amounts) in the tax (reporting) period in question in accordance with the legislation of the Russian Federation;

2) expenses associated with the payment in accordance with the legislation of the Russian Federation of an allowance for temporary incapacity (excluding industrial accidents and occupational illnesses) for days of an employee's temporary incapacity for work which are remunerated out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity", to the extent not covered by insurance payments made to employees by insurance organizations possessing licences issued in accordance with the legislation of the Russian Federation to carry out the type of activity in question under agreements with employers on behalf of employees against their temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of temporary incapacity for work which are remunerated out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity";

3) payments (contributions) made under voluntary personal insurance agreements concluded with insurance organizations possessing licences issued in accordance with the legislation of the Russian Federation to carry out the type of activity in question on behalf of employees against their temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of temporary incapacity for work which are remunerated out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity". The above-mentioned payments (contributions) shall reduce the amount of tax (advance tax payments) if the amount of the insurance payment under such agreements does not exceed the level determined in accordance with the legislation of the Russian Federation of the allowance for temporary incapacity (excluding industrial accidents and occupational illnesses) for days of an employee's temporary incapacity for work which are remunerated out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance Against Temporary Incapacity for Work and in Connection with Maternity".

In this respect, taxpayers (other than taxpayers such as are referred to in paragraph 6 of this clause) shall have the right to reduce the amount of tax (advance tax payments) by the amount of expenses referred to in this clause by not more than 50 per cent. *[as amended by Federal Law No. 335-FZ of 27.11.2017]*

Private entrepreneurs who have chosen income as the taxable object and do not make payments and other remunerations to physical persons shall reduce the amount of tax (advance tax payments) by insurance contributions for compulsory pension insurance and compulsory medical insurance in an amount determined in accordance with clause 1 of Article 430 of this

Code. *[as amended by Federal Laws No. 401-FZ of 30.11.2016, No. 335-FZ of 27.11.2017]  
[clause 3.1 inserted by Federal Law No. 94-FZ of 25.06.2012 (Rev. 03.12.2012)]*

4. Taxpayers that have chosen income reduced by the amount of expenses as the taxable object shall, on the basis of the results for each reporting period, calculate the amount of the advance tax payment on the basis of the tax rate and income actually received, reduced by the amount of expenses, calculated on a cumulative total from the beginning of the tax period up to the end of the first quarter, the first six months and the first nine months accordingly, taking into account previously calculated amounts of advance tax payments, except as otherwise provided by this clause.

Taxpayers that have chosen income reduced by the amount of expenses as the taxable object and for whom income as determined on a cumulative basis from the beginning of the tax period in accordance with Article 346.15 and subsections 1 and 3 of clause 1 of Article 346.25 of this Code exceeded 150 million roubles but did not exceed 200 million roubles and (or) the average number of whose employees exceeded 100 persons but did not exceed 130 persons during that period shall calculate the amount of the advance payment for the reporting period by adding together the following two amounts:

- an amount equal to the product of the tax rate set in accordance with clause 2 of Article 346.20 of this Code and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees occurred;

- an amount equal to the product of the tax rate set by clause 2.1 of Article 346.20 of this Code and the part of the tax base calculated as the difference between the tax base for the reporting period and the tax base determined for the reporting period preceding the quarter in which those excess levels of income of the taxpayer and (or) of the average number of its employees occurred.

*[clause 4 as reworded by Federal Law No. 266-FZ of 31.07.2020]*

5. Previously calculated amounts of advance tax payments shall be taken into account when calculating amounts of advance tax payments for a reporting period and the amount of tax for a tax period.

*[clause 5 as reworded by Federal Law No. 101-FZ of 21.07.2005]*

6. Tax and advance tax payments shall be paid at the location of an organization (at the place of residence of a private entrepreneur). *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

7. Tax due after a tax period has ended shall be paid not later than the deadlines established by Article 346.23 of this Code for the submission of a tax declaration. *[as amended by Federal Law No. 94-FZ of 25.06.2012]*

Advance tax payments shall be paid no later than the 25th of the first month following the reporting period which has ended. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

8. Where a taxpayer carries on a type of entrepreneurial activity in relation to which the trade levy has been established in accordance with Chapter 33 of this Code, in addition to the reductions which are established by clause 3.1 of this Article the taxpayer shall have the right to reduce the amount of tax (an advance payment) calculated on the basis of results for a tax

(reporting) period for a taxable object from that type of entrepreneurial activity which is payable to the consolidated budget of the constituent entity of the Russian Federation of which the municipality in which that levy has been established forms part (to the budget of the city of federal significance Moscow, Saint Petersburg or Sevastopol) by the amount of the trade levy paid during that tax (reporting) period.

The provisions of this clause shall not be applied in the event that a taxpayer fails to present a notification of registration as a payer of the trade levy in relation to a facility for carrying on entrepreneurial activities in respect of which the trade levy has been paid.

*[clause 8 inserted by Federal Law No. 382-FZ of 29.11.2014]*

*[Article 364.22. Lost force from 01.01.2013 – Federal Law No. 94-FZ of 25.06.2012]*

**Article 346.23. Tax Declaration** *[article as reworded by Federal Law No. 94-FZ of 25.06.2012]*

1. After a tax period has ended taxpayers shall submit a tax declaration to the tax authority for the location of an organization or the place of residence of a private entrepreneur within the following time limits:

1) organizations – not later than 31 March of the year following a tax period which has ended (except in cases provided for in clauses 2 and 3 of this Article);

2) private entrepreneurs – not later than 30 April of the year following a tax period which has ended (except in cases provided for in clauses 2 and 3 of this Article).

2. A taxpayer shall submit a tax declaration not later than the 25th of the month following a month in which, according to a notification which it has submitted to the tax authority in accordance with clause 8 of Article 346.13 of this Code, entrepreneurial activities in relation to which the taxpayer had applied the simplified taxation system ceased.

3. A taxpayer shall submit a tax declaration not later than the 25th of the month following a quarter in which, on the basis of clause 4 of Article 346.13 of this Code, it lost the right to apply the simplified taxation system.

**Article 346.24. Tax Accounting** *[article as reworded by Federal Law No. 101-FZ of 21.07.2005]*

Taxpayers shall be obliged to maintain records of income and expenses for the purposes of calculating the tax base for tax in a ledger of income and expenses of organizations and private entrepreneurs which apply the simplified taxation system, the form and procedure for the completion of which shall be approved by the Ministry of Finance of the Russian Federation.

**Article 346.25. Special Considerations Relating to the Determination of the Tax Base When Transferring to the Simplified Taxation System from Other Taxation Regimes and When Transferring from the Simplified Taxation System to Other Taxation Regimes** *[title as reworded by Federal Law No. 101-FZ of 21.07.2005]*

1. Organizations which, before transferring to the simplified taxation system, used the accrual-basis method in calculating tax on the profit of organizations, shall, when transferring to the simplified taxation system, observe the following rules: *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

1) as at the date of the transition to the simplified taxation system there shall be included in the tax base amounts of monetary resources which were received before the transition to the simplified taxation system by way of payment under agreements which the taxpayer performs after the transition to the simplified taxation system; *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

*[2) lost force – Federal Law No. 101-FZ of 21.07.2005]*

3) monetary resources received after the transition to the simplified taxation system shall not be included in the tax base if, according to the rules of tax accounting according to the accrual-basis method, those amounts were included in income for the purpose of calculating the tax base for tax on the profit of organizations; *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

4) expenses incurred by the organization after the transition to the simplified taxation system shall be recognised as expenses which are deductible from the tax base as at the date on which they are incurred if payment of those expenses was effected before the transition to the simplified taxation system or as at the date of payment if payment was effected after the organization's transition to the simplified taxation system; *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

5) monetary resources paid after the transition to the simplified taxation system in payment of the organization's expenses shall not be deducted from the tax base if, before the transition to the simplified taxation system, those expenses were taken into account for the purpose of calculating the tax base for tax on the profit of organizations in accordance with Chapter 25 of this Code. *[as amended by Federal Law No. 101-FZ of 21.07.2005]*

2. Organizations which have applied the simplified taxation system shall observe the following rules when transferring to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method:

1) income shall be deemed to include income in the amount of receipts from sales of goods (the performance of work, the rendering of services, the transfer of property rights) during the period of the application of the simplified taxation system for which payment (partial payment) has not been made by the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method;

2) expenses shall be deemed to include expenses associated with the acquisition during the period of the application of the simplified taxation system of goods (work, services and property rights) for which the taxpayer did not make payment (partial payment) prior to the date of the transfer to the calculation of the tax base for profits tax using the accrual-basis method, unless otherwise provided by Chapter 25 of this Code.

The income and expense items referred to in subsections 1 and 2 of this clause shall be recognised as income (expenses) of the month in which the transfer is made to the calculation of the tax base for tax on the profit of organizations using the accrual-basis method.

*[clause 2 as reworded by Federal Law No. 85-FZ of 17.05.2007]*

2.1. When an organization transfers to the simplified taxation system with income reduced by the amount of expenses as the taxable object there shall be recognised in tax records as at the

date of that transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which were paid for prior to the transfer to the simplified taxation system in the form of the difference between the price of acquisition (erection, manufacture, creation by the organization itself) and the amount of amortization charged in accordance with the requirements of Chapter 25 of this Code.

Where a taxpayer transfers from income as the taxable object to income reduced by the amount of expenses as the taxable object, the net book value of fixed assets acquired while the simplified taxation system with income as the taxable object was applied shall not be determined.

Where an organization which applies the taxation system for agricultural producers (the unified agricultural tax) in accordance with Chapter 26.1 of this Code transfers to the simplified taxation system with income reduced by the amount of expenses as the taxable object, there shall be reflected in tax records as at the date of that transfer the net book value of fixed assets acquired (erected, manufactured) and intangible assets acquired (created by the organization itself) which is determined on the basis of their net book value as at the date of the transfer to the payment of the unified agricultural tax, reduced by the amount of expenses determined in accordance with the procedure prescribed by subsection 2 of clause 4 of Article 346.5 of this Code for the period in which Chapter 26.1 of this Code was applied.

*[Paragraph lost force – Federal Law No. 305-FZ of 02.07.2021]*

*[clause 2.1 as reworded by Federal Law No. 155-FZ of 22.07.2008]*

2.2. Organizations and private entrepreneurs that applied the taxation system in the form of the unified tax on imputed income for certain types of activity or the licence-based taxation system before transferring to the simplified taxation system with income reduced by expenses as the taxable object may, when determining the tax base for tax payable in connection with the application of the simplified taxation system, take into account expenses incurred before the transition to the simplified taxation system in paying for goods acquired for subsequent sale, which shall be taken into account as and when those goods are sold in accordance with subsection 2 of clause 2 of Article 346.17 of this Code.

Expenses directly connected with the sale of those goods, including storage, maintenance and transportation expenses, shall be taken into account in applying the simplified taxation system in the reporting (tax) period in which they were actually paid after the transition to the simplified taxation system.

*[clause 2.2 inserted by Federal Law No. 102-FZ of 01.04.2020]*

3. Where an organization transfers from the simplified taxation system (irrespective of the taxable object) to the general taxation regime and has fixed assets and intangible assets with respect to which expenses associated with the acquisition (erection, manufacture, creation by the organization itself, extension, further equipping, renovation, upgrading and retooling) thereof which were incurred while the general taxation regime was applied prior to the transfer to the simplified taxation system were not wholly transferred to expenses over the period in which the simplified taxation system was applied in accordance with the procedure prescribed by clause 3 of Article 346.16 of this Code, in tax records as at the date of the transfer to the payment of tax on the profit of organizations the net book value of the fixed assets and intangible assets shall be determined by means of reducing the net book value of fixed assets

and intangible assets as determined at the date of the transfer to the simplified taxation system by the amount of expenses determined for the period of the application of the simplified taxation system in accordance with the procedure prescribed by clause 3 of Article 346.16 of this Code.

*[clause 3 as reworded by Federal Law No. 155-FZ of 22.07.2008]*

4. Private entrepreneurs shall apply the rules prescribed by clauses 2.1 and 3 of this Article when transferring from other taxation regimes to the simplified taxation system and from the simplified taxation system to other taxation regimes.

*[clause 4 inserted by Federal Law No. 101-FZ of 21.07.2005]*

5. Organizations and private entrepreneurs which have previously applied the general taxation regime shall observe the following rule when transferring to the simplified taxation system: amounts of value added tax calculated and paid by a taxpayer of value added tax on amounts of payment or partial payment received prior to the transfer to the simplified taxation system in respect of future supplies of goods, performance of work, rendering of services or transfer of property rights occurring in the period after the transition to the simplified taxation system shall be deductible in the last tax period preceding the month in which the taxpayer of value added tax transfers to the simplified taxation system subject to the availability of documents proving that amounts of tax have been refunded to purchasers in connection with the taxpayer's transition to the simplified taxation system.

*[clause 5 inserted by Federal Law No. 85-FZ of 17.05.2007]*

6. Organizations and private entrepreneurs which have applied the simplified taxation system shall observe the following rule when transferring to the general taxation regime: amounts of value added tax which the taxpayer when applying the simplified taxation system was charged when it acquired goods (work, services and property rights) and which were not taken to expenses deductible from the tax base when the simplified taxation system was applied shall be deductible upon transferring to the general taxation regime according to the procedure prescribed by Chapter 21 of this Code for taxpayers of value added tax.

*[clause 6 inserted by Federal Law No. 85-FZ of 17.05.2007]*

*[Article 346.25.1. Lost force from 01.01.2013 – Federal Law No. 94-FZ of 25.06.2012]*

***[CHAPTER 26.3. TAXATION SYSTEM IN THE FORM OF A UNIFIED TAX ON IMPUTED INCOME FOR CERTAIN TYPES OF ACTIVITY (ARTICLES 346.26-346.33). Lost force – Federal Law No. 305-FZ of 02.07.2021]***

## **CHAPTER 26.4. THE SYSTEM OF TAXATION IN THE CONTEXT OF THE PERFORMANCE OF PRODUCTION SHARING AGREEMENTS**

*[inserted by Federal Law No. 65-FZ of 06.06.2003]*

### **Article 346.34. Basic Terms Used in This Chapter**

The following basic terms shall be used for the purposes of this Chapter:

- investor - a legal entity, or an association of legal entities which is formed on the basis of a joint activity agreement and does not have the status of a legal entity, which invests its own borrowed or attracted resources (property and (or) property rights) in exploration for,

prospecting for and the extraction of mineral raw materials and is a user of subsurface resources under the conditions of a production sharing agreement (hereafter in this Chapter referred to as “agreement”);

- production - a commercial mineral extracted from the subsurface in the territory of the Russian Federation or on the continental shelf of the Russian Federation and (or) within the exclusive economic zone of the Russian Federation on a site of subsurface resources which has been granted to an investor, which is the first to conform in quality to a national standard, a regional standard, an international standard or, in the absence of such standards for a particular extracted commercial mineral, a standard of an organization. Production which has been obtained from the further processing (enrichment, technological conversion) of a commercial mineral and which is production of the processing industry may not be deemed to be a commercial mineral; *[as amended by Federal Law No. 248-FZ of 19.07.2011]*

- extracted production - the quantity of production of the mining industry and production of quarry development contained in mineral raw materials (rock, liquid or other mixture) actually extracted (recovered) from the subsurface (waste, losses) which is the first to conform in quality to a national standard, a regional standard, an international standard or, in the absence of such standards for a particular extracted commercial mineral, a standard of an organization, and has been extracted by an investor in the course of performing work under an agreement, reduced by the quantity of process losses within the limits of the established norms. In the context of the performance of agreements in which the production sharing procedure established by clause 2 of Article 8 of the Federal Law “Concerning Production Sharing Agreements” is applied, the state’s portion of the total volume of extracted production shall be no less than 32 per cent of the total quantity of extracted production; *[as amended by Federal Law No. 248-FZ of 19.07.2011]*

- production sharing - the sharing between the state and an investor of extracted production expressed in physical and (or) value terms in accordance with the Federal Law “Concerning Production Sharing Agreements”;

- profit production - production extracted in a reporting (tax) period in the context of the performance of an agreement, less the portion of production whose value equivalent is used to pay mineral extraction tax and compensatory production;

- compensatory production - a portion of production extracted in the context of the performance of an agreement, which must not exceed 75 per cent of the total quantity of extracted production or, in the case of extraction on the continental shelf of the Russian Federation, 90 per cent of the total quantity of extracted production, of which ownership is transferred to the investor to compensate the latter for expenses which it has incurred (reimbursable expenses), the composition of which shall be established by the agreement in accordance with this Chapter;

- sharing point - the place of the commercial recording of production at which the state transfers to the investor the portion of extracted production which is due to it under the conditions of the agreement. In the case of oil extraction, the place of the commercial recording of production shall be defined, in the event that it is transported by pipeline transport, as the place where oil flowing through the pipeline enters a control and measuring station and where its quantity is measured, its quality is assessed, a calculation in terms of extracted production is made and it is fed into the main pipeline system. Where oil is transported by a means of transport other than pipeline transport, the place of the commercial recording of production shall be defined by the



agreement as the place where oil enters a control and measuring station and where its quantity is measured and its quality is assessed;

- price of production - the value of production as determined in accordance with the conditions of an agreement, unless otherwise established by this Chapter;

- price of oil - the selling price of oil which is specified by the parties to a transaction, but not lower than the average price level for Urals crude oil for the reporting period which is determined as the sum of the average arithmetical purchase and sale prices on world crude oil markets (Mediterranean and Rotterdam) for all days of trading, divided by the number of days of trading in the relevant reporting period. The average price levels for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a month which has ended shall, on a monthly basis and not later than the 15th of the following month, be communicated through official sources of information in accordance with the procedure established by the Government of the Russian Federation. If that information is not available in official sources of information, the average price level for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a reporting period which has ended shall be determined by the taxpayer independently.

#### **Article 346.35. General Provisions**

1. This Chapter establishes a special tax regime which is to be applied in the context of the performance of agreements which have been concluded in accordance with the Federal Law “Concerning Production Sharing Agreements” and meet the following conditions:

1) the agreements were concluded after an auction was held for the granting of the right to use subsurface resources on a basis other than production sharing in accordance with the procedure and subject to the conditions which are defined by clause 4 of Article 2 of the Federal Law “Concerning Production Sharing Agreements”, and the auction was declared void;

2) in the context of the performance of agreements in which the production sharing procedure which is established by clause 2 of Article 8 of the Federal Law “Concerning Production Sharing Agreements” is applied, the state’s share of the total volume of extracted production is not less than 32 per cent of the total quantity of extracted production;

3) the agreements provide for the state’s share of profit production to be increased in the event that investment efficiency indicators improve for the investor during the performance of the agreement. Investment efficiency indicators are established in accordance with the conditions of the agreement.

2. A taxpayer wishing to exercise the right to the application of the special tax regime in the context of the performance of agreements shall submit to the tax authorities appropriate written notifications and the following documents:

- the production sharing agreement;

- the decision approving the results of an auction for the granting of the right to use the site of subsurface resources on a basis other than production sharing in accordance with the Law of

the Russian Federation “Concerning Subsurface Resources” and declaring the auction void in connection with the absence of bidders.

3. For the purposes of this Chapter, the price of production (price of oil) shall be used in determining the volume of compensatory production to be transferred to the investor, in dividing profit production expressed in value terms, in determining taxable profit and in compensating the investor for expenses associated with the payment of taxes and levies in cases provided for by this Chapter.

4. The special tax regime which is established by this Chapter shall be applied during the entire period of validity of an agreement.

5. The special tax regime which is established by this Chapter shall be applied in relation to the taxpayers and levy payers which are referred to in Article 346.36 of this Chapter.

6. The special tax regime which is established by this Chapter provides for the payment of the aggregate of taxes and levies established by the tax and levy legislation of the Russian Federation to be replaced by the sharing of extracted production in accordance with the conditions of an agreement, with the exception of taxes and levies the payment of which is provided for in this Chapter.

7. In the context of the performance of an agreement which lays down conditions for the sharing of extracted production in accordance with clause 1 of Article 8 of the Federal Law “Concerning Production Sharing Agreements”, an investor shall pay the following taxes and levies:

- value added tax;

- tax on the profit of organizations;

*[paragraph lost force from 01.01.2010 – Federal Law No. 213-FZ of 24.07.2009]*

- mineral extraction tax;

- payments for the use of natural resources;

- charges for negative impact on the environment;

- water tax; *[as amended by Federal Law No. 205-FZ of 31.12.2005]*

- state duty;

- customs levies;

- land tax;

- excise duty, with the exception of excise duty on the excisable mineral raw materials provided for in subsection 1 of clause 2 of Article 181 of the Code.

An investor shall be exempted from the payment of regional and local taxes and levies in accordance with this Chapter by decision of the relevant legislative (representative) state body or representative local government body.

Amounts of value added tax, payments for the use of natural resources, water tax, state duty, customs levies, land tax and excise duty which have been paid by an investor and amounts of charges for negative impact on the environment shall be reimbursable in accordance with the provisions of this Chapter. *[as amended by Federal Laws No. 205-FZ of 31.12.2005, No. 213-FZ of 24.07.2009]*

An investor shall not pay tax on property of organizations in respect of fixed assets, intangible assets, inventories and expenditures which are on the taxpayer's balance sheet and are used exclusively in carrying out activities provided for in agreements. In the event that such property is used by an investor for purposes not associated with the performance of work under an agreement, they shall be assessed to tax on property of organizations according to the standard procedure.

The list of documents which must be submitted to the tax authorities in order for an exemption to be granted from the above-mentioned tax shall be determined by the Government of the Russian Federation.

An investor shall not pay transport tax in relation to means of transport (with the exception of motor cars) owned by it which are used exclusively for the purposes of the agreement.

The list of documents which must be submitted to the tax authorities in order for an exemption to be granted from the above-mentioned tax shall be determined by the Government of the Russian Federation.

Where means of transport are used other than for the purposes of an agreement, transport tax shall be paid according to the standard procedure.

8. In the context of the performance of an agreement which lays down conditions for the sharing of extracted production in accordance with clause 2 of Article 8 of the Federal Law "Concerning Production Sharing Agreements", an investor shall pay the following taxes and levies:

*[paragraph lost force from 01.01.2009 – Federal Law No. 213-FZ of 24.07.2009]*

- state duty;
- customs levies;
- value added tax;
- charges for negative impact on the environment.

An investor shall be exempted from the payment of regional and local taxes and levies in accordance with this Chapter by decision of the relevant legislative (representative) state body or representative local government body.

9. Goods which are imported into the territory of the Russian Federation and other territories under its jurisdiction for the performance of work under an agreement which is provided for in work programmes and expense estimates which have been approved according to the procedure established by the agreement and production produced in accordance with the conditions of an agreement which is exported from the territory of the Russian Federation shall be exempt from customs duty. *[as amended by Federal Law No. 306-FZ of 27.11.2010]*

The list of documents which must be submitted to customs authorities in order for an exemption to be granted from the above-mentioned tax shall be determined by the Government of the Russian Federation.

10. In the context of the performance of an agreement, the taxable object, the tax base, the tax period, the tax rate and the procedure for the calculation of tax in relation to the taxes which are referred to in clauses 7 and 8 of this Article shall be determined with account taken of the special considerations laid down by the provisions of this Chapter which are in force as at the date of entry into force of the agreement.

11. In the event that, while an agreement is in force, the names of any of the taxes and levies referred to in this Code are changed without any change being made to the elements of taxation, such taxes and levies shall be calculated and paid in the context of the performance of the agreement with the new name.

12. In the event that, while an agreement is in force, there is a change in the procedure for the payment of taxes and levies or a change in the forms, the procedure for the completion and the time limits for the submission of tax declarations without any change being made to the tax base, the tax rate and the procedure for the calculation of tax (elements of assessment of a levy), taxes and levies shall be paid and tax declarations shall be submitted in accordance with the current tax and levy legislation.

13. In the event that, while an agreement is in force, there is a change in the tax rate of value added tax, that tax shall be calculated and paid at the tax rate established in accordance with Chapter 21 of this Code.

14. Where regulatory legal acts of legislative (representative) state bodies and representative local government bodies do not provide for an investor to be exempted from the payment of regional and local taxes and levies, the investor should be reimbursed for expenditures on the payment of those taxes and levies by means of reducing accordingly the share of extracted production which is transferable to the state, insofar as the portion transferable to the relevant constituent entity of the Russian Federation is concerned, by a quantity equivalent to the amount of such taxes and levies actually paid.

15. In the context of the performance of production sharing agreements which were concluded prior to the entry into force of the Federal Law “Concerning Production Sharing Agreements”, the conditions for exemption from the payment of taxes, levies and other compulsory payments and the procedure for the calculation, payment and refund (reimbursement) of payable taxes, levies and other compulsory payments which are provided for in those agreements shall be applied. Where the provisions of this Code and (or) of other acts of tax and levy legislation of the Russian Federation, acts of tax and levy legislation of constituent entities of the Russian

Federation and regulatory legal acts of representative local government bodies concerning taxes and levies are at variance with the conditions of the above-mentioned agreements, the conditions of those agreements shall apply.

**Article 346.36. Taxpayers and Levy Payers in the Context of the Performance of Agreements. Authorized Representatives of Taxpayers and Levy Payers**

1. Organizations which are investors under an agreement in accordance with the Federal Law “Concerning Production Sharing Agreements” shall be deemed to be taxpayers and payers of levies which are payable upon the application of the special tax regime which is established by this Chapter (hereafter in this Chapter referred to as “taxpayers”).

2. A taxpayer shall have the right to entrust the fulfilment of obligations associated with the application of the special tax regime which is established by this Chapter in the context of the performance of agreements to an operator subject to the latter’s consent. The operator shall exercise the powers conferred on it by the taxpayer in accordance with this Code on the basis of a notarized power of attorney to be issued in accordance with the procedure established by the civil legislation of the Russian Federation as the taxpayer’s authorized representative.

**Article 346.37. Special Considerations Relating to the Determination of the Tax Base and the Calculation and Payment of Mineral Extraction Tax in the Context of the Performance of Agreements**

1. The provisions of this Article shall apply in the context of the performance of agreements which lay down conditions for the sharing of extracted production in accordance with clause 1 of Article 8 of the Federal Law “Concerning Production Sharing Agreements”.

2. Taxpayers shall determine the amount of mineral extraction tax which is payable in accordance with Chapter 26 of this Code with account taken of the special considerations established by this Article.

3. The tax base arising from the extraction of oil and gas condensate from oil and gas condensate deposits shall be determined as the quantity of extracted commercial minerals expressed in physical terms in accordance with Article 339 of this Code.

4. The tax base shall be determined separately for each agreement.

5. The tax rate applied in respect to the extraction of oil and gas condensate from oil and gas condensate deposits shall be 340 roubles per one tonne. In this respect, that tax rate shall be applied with a coefficient which reflects the movement in world oil prices – Cp.

This coefficient shall be independently determined by the taxpayer on a monthly basis according to the formula:

$$C_p = (P - 8) \times R / 252,$$

where P is the average level of prices for Urals crude oil for the tax period in US dollars per one barrel;

R is the average value for the tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation.

The average value for the tax period of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation shall be determined by the taxpayer independently as the arithmetic mean of the exchange rate of the US dollar to the Russian Federation rouble which is established by the Central Bank of the Russian Federation for all days in the relevant tax period.

The average level of prices for Urals crude oil for a tax period shall be determined as the sum of the average arithmetical purchase and sale prices on world crude oil markets (Mediterranean and Rotterdam) for all calendar days of trading, divided by the number of days of trading in the relevant tax period. *[as amended by Federal Law No. 137-FZ of 27.07.2006]*

The average levels of prices for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a month which has ended shall be communicated on a monthly basis, not later than the 15th of the following month, through official sources of information in accordance with the procedure established by the Government of the Russian Federation.

In the event that this information is not available in official sources of information, the average level of prices for Urals crude oil on world crude oil markets (Mediterranean and Rotterdam) for a tax period which has ended shall be determined by the taxpayer independently.

The coefficient (Cp) which is calculated in accordance with the procedure determined by this Article shall be rounded off to the fourth decimal place in accordance with the current procedure for rounding off.

The amount of mineral extraction tax upon the extraction of oil and gas condensate from oil and gas condensate deposits shall be calculated as the product of the relevant tax rate calculated with account taken of the coefficient (Cp) and the amount of the tax base which is determined in accordance with this Article.

6. In the context of the performance of agreements, the tax rates established by Article 342 of this Code for the extraction of commercial minerals other than oil and gas condensate shall be applied with a coefficient of 0.5.

7. The tax rate established by clause 5 of this Article shall be applied in relation to the extraction of oil and gas condensate from oil and gas condensate deposits with a coefficient of 0.5 until the maximum level of commercial extraction of oil and gas condensate, which may be established by an agreement, is reached.

Where an agreement establishes a maximum level of commercial extraction of oil and gas condensate, once that maximum level has been reached the tax rate shall be applied with a coefficient of 1, which shall not change during the entire period of validity of the agreement.

**Article 346.38. Special Considerations Relating to the Determination of the Tax Base and the Calculation and Payment of Tax on the Profit of Organizations in the Context of the Performance of Agreements**

1. The provisions of this Article shall apply in the context of the performance of agreements which lay down the production sharing procedure which is established by clause 1 of Article 8 of the Federal Law “Concerning Production Sharing Agreements”.

2. Taxpayers shall determine the amount of tax on the profit of organizations (hereafter in this Chapter referred to as “tax”) which is payable in accordance with Chapter 25 of this Code with account taken of the special considerations established by this Article.

3. The taxable object shall be profit earned by a taxpayer in connection with the performance of an agreement.

For the purposes of this Article, the profit of a taxpayer shall be its income from the performance of an agreement, reduced by the amount of expenses as determined in accordance with this Article.

Where one of the parties to an agreement is an association of organizations which does not have the status of a legal entity, income received by each organization which is a member of that association shall be determined in proportion to that member’s share of the total income of the association concerned for the reporting (tax) period.

4. Income of a taxpayer from the performance of an agreement shall be taken to be the value of profit production belonging to an investor in accordance with the conditions of an agreement and non-sale income as determined in accordance with Article 250 of this Code.

The value of profit production shall be determined as the product of the volume of profit production and the price of extracted production which is established by the agreement, excluding the price of production (price of oil) which is determined in accordance with this Chapter.

5. Expenses of a taxpayer shall be taken to mean justified and documented expenses incurred by a taxpayer in the context of the performance of an agreement.

The composition of expenses and the amount and procedure for the recognition thereof shall be determined in accordance with Chapter 25 of this Code with account taken of the special considerations established by this Article.

For the purposes of this Chapter, justified expenses shall be taken to mean expenses incurred by the taxpayer in accordance with the work programme and cost estimate approved by the management committee in accordance with the procedure prescribed by the agreement and non-sale expenses which are directly connected with the performance of the agreement.

6. For the purposes of this Chapter, expenses of a taxpayer shall be subdivided into:

1) expenses which are reimbursable out of compensatory production (reimbursable expenses);

2) expenses which reduce the tax base for tax.

7. Reimbursable expenses shall be taken to mean expenses incurred by a taxpayer in a reporting (tax) period for the purpose of performing work under an agreement in accordance with the work programme and cost estimate. There shall not be deemed to be reimbursable:

1) the following expenses incurred prior to the entry into force of an agreement:

- expenses associated with the acquisition of a package of geological information for participation in an auction;

- expenses associated with payment of the fee for participation in an auction for the right to use a site of subsurface resources on the basis of an agreement;

2) the following expenses incurred on or after the date of entry into force of an agreement:

- one-time payments for the use of subsurface resources upon the occurrence of particular events specified in the agreement;

- mineral extraction tax;

- payments (interest) on credit and loan resources received and commission payments thereon and other expenses associated with the receipt and use of loan resources for the financing of activities under the agreement;

- expenses provided for in subsection 6 of clause 2 of Article 262 of this Code; *[as amended by Federal Law No. 132-FZ of 07.06.2011]*

- expenses provided for in subsections 10 and 13 of clause 1 and subsection 5 of clause 2 of Article 265 of this Code.

8. Reimbursable expenses the composition of which is stipulated by an agreement in accordance with this Article shall be approved by the management committee in accordance with the procedure established by the agreement.

For the purposes of this Article, the amount of reimbursable expenses shall be determined for each reporting (tax) period and must be reimbursed to the taxpayer out of compensatory production in accordance with the procedure established by clause 10 of this Article.

9. The following shall be included in the composition of reimbursable expenses:

1) expenses incurred by a taxpayer prior to the entry into force of an agreement. Expenses incurred prior to the entry into force of an agreement shall be deemed to be reimbursable if the agreement has been concluded in relation to deposits of commercial minerals not previously developed and the expenses concerned were not previously recognised by the user of the site of subsurface resources for the purposes of calculating tax in accordance with Chapter 25 of this Code. Those expenses must be reflected in an expense estimate which is submitted at the same time as the expense estimate for the first year of work under the agreement, and shall be reimbursed according to the procedure and in the amount which are provided for by this Article.



For the purposes of the application of this Article amortization shall not be charged on this type of amortizable property. Where expenses are attributable to amortizable property in accordance with Article 256 of this Code, they shall be reimbursed according to the following procedure:

- if the expenses concerned were incurred by a taxpayer which is a Russian organization, they should be reimbursed in an amount not exceeding the net book value of the amortizable property as determined in accordance with Article 257 of this Code;

- if the expenses concerned were incurred by a taxpayer which is a foreign organization, they should be reimbursed in an amount not exceeding the level of market prices;

2) expenses incurred by a taxpayer on or after the date of entry into force of an agreement and over the entire period of validity of the agreement. In this respect, the following special considerations shall be established in relation to those expenses:

- expenses for the development of natural resources as referred to in clause 1 of Article 261 of this Code and similar expenses relating to contiguous sites of subsurface resources if this is provided for by the agreement shall be included in the composition of expenses evenly over 12 months;

- expenses associated with the acquisition, erection, manufacture and delivery of amortizable property (fixed assets and intangible assets) and rendering them fit for use shall be included in the composition of reimbursable expenses in the amount of expenditures actually incurred provided that they are included in the work programme and cost estimate and with account taken of the limits established by the agreement. Amortization shall not be charged on such expenses in accordance with the procedure established by this Code;

- expenses incurred in the form of allocations to the abandonment fund for the financing of abandonment work shall be taken into account for taxation purposes to the extent and according to the procedure which are established by the agreement. The procedure for the formation and use of the abandonment fund shall be established by the Government of the Russian Federation;

- expenses associated with the maintenance and operation of property that was transferred to the taxpayer by the state for use without consideration in accordance with Article 11 of the Federal Law “Concerning Production Sharing Agreements” shall be taken into account for taxation purposes to the extent of expenses actually incurred;

- management expenses associated with the performance of an agreement, which shall include expenses associated with payment for the rent of the taxpayer’s offices, including those located outside the Russian Federation, expenses for the maintenance of those offices, information and consulting services, representational expenses, advertising expenses and other management expenses according to the conditions of the agreement shall be reimbursed to the extent of the norm of management expenses which is established by the agreement, but not more than 2 per cent of the total amount of expenses which are reimbursable to the taxpayer in a reporting (tax) period. The amount by which management expenses exceed the norm established by this clause shall be taken into account in calculating the tax base of an investor for tax.

10. For the purposes of this Chapter, reimbursable expenses must be reimbursed to a taxpayer in an amount not exceeding the maximum level of compensatory production established by the

agreement, which may not be higher than the amount which is determined in accordance with Article 346.34 of this Code.

Compensatory production for a reporting (tax) period shall be computed by means of dividing the reimbursable amount of expenses of a taxpayer by the price of production which is determined in accordance with the conditions of the agreement or by the price of oil which is determined in accordance with this Chapter.

If the amount of reimbursable expenses falls short of the maximum level of compensatory production in a reporting (tax) period, the entire amount of reimbursable expenses shall be reimbursed to the taxpayer in that period. If the amount of reimbursable expenses exceeds the maximum level of compensatory production in a reporting (tax) period, expenses shall be reimbursed to the extent of that maximum level. Reimbursable expenses which are not reimbursed in a reporting (tax) period should be included in the composition of reimbursable expenses for the following reporting (tax) period.

Capital expenses shall be allowed for reimbursement subject to compliance with the requirement to use a proportion of goods of Russian origin in carrying out work under an agreement which is established by clause 2 of Article 7 of the Federal Law “Concerning Production Sharing Agreements”. Failure to meet this requirement shall constitute grounds for the non-reimbursement of the relevant expenditures incurred by the investor. In this respect, the procedure for the amortization of property which is established by Articles 256 to 259 of this Code shall apply to acquired equipment and other property.

11. Expenses which reduce the tax base for tax shall include expenses which are taken into account for taxation purposes in accordance with Chapter 25 of this Code and are not included in the composition of reimbursable expenses which are determined in accordance with the provisions of this Article. The expenses referred to in this clause shall not include amounts of mineral extraction tax.

12. The following procedure for the recognition of income and expenses shall apply for the purposes of this Chapter:

1) for income received by a taxpayer in the form of a part of profit production, the date of receipt of income shall be taken to be the last day of the reporting (tax) period in which the sharing of profit production took place; *[as amended by Federal Law No. 137-FZ of 27.07.2006]*

2) for other types of income and expenses the procedure for the recognition of income and expenses which is established by Chapter 25 of this Code shall apply.

13. The tax base for the purposes of this Article shall be taken to be taxable profit as determined in accordance with clause 3 of this Article, expressed in monetary terms.

The tax base shall be determined separately for each agreement.

14. In the event that the tax base calculated in accordance with the provisions of this Article for a particular tax period is a negative value, it shall be taken to be equal to zero for that tax period. The taxpayer shall have the right to reduce the tax base by the amount of the obtained negative

value in subsequent tax periods over the 10 years following the tax period in which the negative value was obtained, but not more than the period of validity of the agreement.

15. The amount of the tax rate shall be determined in accordance with clause 1 of Article 284 of this Code.

The tax rate which is in effect as at the date of entry into force of an agreement shall be applied over the entire period of validity of that agreement.

16. Taxpayers shall calculate the tax base according to the results for each reporting (tax) period on the basis of tax accounting data. Tax accounting shall be carried out in accordance with Chapter 25 of this Code.

The procedure for the maintenance of tax records shall be established by the taxpayer in tax policies for taxation purposes which are approved in accordance with the established procedure.

17. The tax and reporting periods for tax shall be established in accordance with Article 285 of this Code.

18. The procedure for the calculation of tax (advance payments) and the time limits for payment shall be determined in accordance with Chapter 25 of this Code.

*[Paragraph lost force – Federal Law No. 205-FZ of 24.11.2008]*

19. Special considerations relating to the calculation and payment of tax by a taxpayer which has economically autonomous subdivisions are determined by Article 288 of this Code. In this respect, amounts of tax (advance payments) which are payable as revenue to the budgets of constituent entities of the Russian Federation and local budgets shall be paid by a taxpayer at the location of the site of subsurface resources which is granted for use under an agreement.

20. For the purposes of this Article, a taxpayer shall be obliged to maintain separate records of income and expenses associated with operations which arise in the course of the performance of an agreement.

If separate records are not maintained, the procedure for the taxation of profit which is established by Chapter 25 of this Code shall be applied without taking into account the special considerations which are established by this Article.

21. Income and expenses of a taxpayer which arise from other types of activity not connected with the performance of an agreement, including income in the form of a fee for the performance of the functions of an operator and (or) for the sale of production belonging to the state under the conditions of an agreement, shall be taxable according to the procedure established by Chapter 25 of this Code.

Profit earned by an investor from the sale of compensatory production shall be taxable according to the procedure established by Chapter 25 of this Code and shall be defined as receipts from the sale of compensatory production (as determined in accordance with Article 249 of this Code), reduced by the amount of expenses associated with the sale of that production (as determined in accordance with Article 253 of this Code) which are not included in the value

of compensatory production, reduced by the value of compensatory production as determined in accordance with clause 10 of this Article.

Where a taxpayer makes a loss from the sale of compensatory production, that loss shall be taken into account for taxation purposes according to the procedure and subject to the conditions which are established by Article 283 of this Code.

### **Article 346.39. Special Considerations Relating to the Payment of Value Added Tax in the Context of the Performance of Agreements**

1. In the context of the performance of agreements, value added tax (hereafter in this Article referred to as “tax”) shall be paid in accordance with Chapter 21 of this Code with account taken of the special considerations which are established by this Article.

2. In the context of the performance of agreements, the tax rate which is current in the relevant tax period in accordance with Chapter 21 of the Code shall be applied.

3. In the event that, according to the results for a tax period, the amount of tax deductions arising from the performance of work under an agreement exceeds the total amount of tax calculated in respect of goods (work and services) sold (transferred, performed, rendered) in the reporting (tax) period (including in the absence of such sales), the resulting difference must be reimbursed (offset, refunded) to the taxpayer in accordance with the procedure established by Articles 176 or 176.1 of this Code. *[as amended by Federal Law No. 318-FZ of 17.12.2009]*

*[EY Note: Clause 4 of Article 346.39 is amended from 01.01.2022 – Federal Law No. 305-FZ of 02.07.2021]*

4. In the event that the reimbursement (refund) time limits established by Articles 176 or 176.1 of this Code are not observed, amounts refundable to the taxpayer shall be increased on the basis of one three-hundred-and-sixtieth of the refinancing rate of the Central Bank of the Russian Federation for each calendar day of the delay (where records are maintained in the currency of the Russian Federation) or one three-hundred-and-sixtieth of the LIBOR rate in force in the period in question for each calendar day of the delay (where records are maintained in foreign currency). *[as amended by Federal Laws No. 137-FZ of 27.07.2006, No. 318-FZ of 17.12.2009]*

5. The following shall not be taxable (shall be exempt from taxation):

- the transfer without consideration of property needed for the performance of work under an agreement between the investor under the agreement and the operator of the agreement in accordance with the work programme and expense estimate which have been approved in accordance with the procedure established by the agreement;

- the transfer by an organization which is a member of an association of legal entities which does not have the status of a legal entity and acts as investor under the agreement to other members of that association of an appropriate portion of the extracted production received by the investor under the conditions of the agreement;

- the transfer by a taxpayer to the state of ownership of property newly created or acquired by the taxpayer that was used for the performance of work under an agreement and is transferable to the state in accordance with the conditions of the agreement.

**Article 346.40. Special Considerations Relating to the Submission of Tax Declarations in the Context of the Performance of Agreements**

1. For the taxes provided for in Article 346.35 of this Code, a taxpayer shall submit to the tax authorities with which it is registered at the location of a site of subsurface resources, unless otherwise provided by this clause, which has been granted for use on the basis of an agreement tax declarations for each tax and for each agreement separately from other activities. *[as amended by Federal Laws No. 268-FZ of 30.12.2006, No. 229-FZ of 27.07.2010]*

Where a site of subsurface resources which is granted for use on the basis of an agreement is situated on the continental shelf of the Russian Federation and (or) within the exclusive economic zone of the Russian Federation, the taxpayer shall submit tax declarations for the taxes provided for in Article 346.35 of this Code to the tax authorities with which it is registered at its location. *[as amended by Federal Law No. 229-FZ of 27.07.2010]*

Taxpayers which have been classified in accordance with Article 83 of this Code as major taxpayers shall submit tax declarations (computations) to the tax authority where they are registered as major taxpayers. *[paragraph inserted by Federal Law No. 268-FZ of 30.12.2006]*

*[2. Lost force – Federal Law No. 229-FZ of 27.07.2010]*

*[3. Lost force – Federal Law No. 58-FZ of 29.06.2004]*

4. A taxpayer shall, on an annual basis and not later than 31 December of the year preceding a planned year, submit to the tax authorities referred to in clause 1 of this Article a work programme and cost estimate for the agreement for the following year, approved in accordance with the procedure established by the agreement.

In the case of newly implemented agreements, before work commences the taxpayer shall submit to the tax authorities referred to in clause 1 of this Article a work programme and cost estimate for the agreement for the current year, approved in accordance with the procedure established by the agreement.

In the event that amendments and (or) additions are made to the work programme and expense estimate, the taxpayer shall be obliged to submit those amendments and (or) additions not later than 10 days from the date on which they are approved in accordance with the procedure approved by the agreement.

**Article 346.41. Special Considerations Relating to the Registration of Taxpayers in the Context of the Performance of Agreements**

1. Taxpayers must register with the tax authority at the location of a site of subsurface resources which has been granted to an investor for use on the basis of an agreement, except in the cases provided for in clause 3 of this Article.

2. Where an investor under an agreement is an association of organizations which does not have the status of a legal entity, all the organizations within that association must register with the tax authority for the location of a site of subsurface resources which is granted for use on the basis of the agreement, except in the cases provided for in clause 3 of this Article.
3. Where a site of subsurface resources which is granted for use on the basis of an agreement is situated on the continental shelf of the Russian Federation and (or) within the exclusive economic zone of the Russian Federation, the taxpayer shall be registered with the tax authority at its location.
4. Special considerations relating to the registration of foreign organizations which act as an investor under an agreement or as the operator of an agreement shall be established by the Ministry of Finance of the Russian Federation. *[as amended by Federal Law No. 58-FZ of 29.06.2004]*
5. An application for registration with a tax authority shall be submitted to the tax authorities in accordance with clauses 1 and 3 of this Article within 10 days from the date of entry into force of the agreement in question.
6. The form of the application for registration with a tax authority shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies. *[as amended by Federal Laws No. 58-FZ of 29.06.2004, No. 95-FZ of 29.07.2004]*
7. When submitting an application for registration with a tax authority, a taxpayer shall submit together with that application, in addition to the documents which are referred to in Article 84 of this Code, the documents provided for in clause 2 of Article 346.35 of this Code.
8. The form of a certificate of registration with a tax authority of an investor under an agreement as a taxpayer which carries out activities associated with the performance of an agreement shall be established by the federal executive body in charge of control and supervision in the area of taxes and levies. *[as amended by Federal Laws No. 58-FZ of 29.06.2004, No. 95-FZ of 29.07.2004]*

The above-mentioned certificate must contain the name of the agreement, an indication of the date of entry into force and period of validity of the agreement, the name of the site of subsurface resources granted for use in accordance with the conditions of the agreement and an indication of the location thereof, and a reference to the fact that the taxpayer in question is an investor under the agreement or the operator of the agreement and the special tax regime which is established by this Chapter applies to that taxpayer.

**Article 346.42. Special Considerations Relating to the Conduct of On-Site Tax Audits in the Context of the Performance of Agreements**

1. An on-site tax audit may cover any period during the period of validity of an agreement with account taken of the provisions of Article 87 of this Code beginning in the year in which the agreement entered into force.
2. For tax control purposes, an investor under an agreement or the operator of an agreement shall be obliged to retain primary documents relating to the calculation and payment of taxes during the entire period of validity of the agreement.

3. An on-site tax audit of an investor under an agreement or the operator of an agreement in connection with activities under the agreement may not continue for more than six months. In the case of the performance of on-site audits of organizations which have branches and representations, the period allowed for the performance of the audit shall be increased by one month for the performance of an audit of each branch and representation.

## **CHAPTER 26.5. THE LICENCE-BASED TAXATION SYSTEM**

*[inserted by Federal Law No. 94-FZ of 25.06.2012]*

### **Article 346.43. General Provisions**

1. The licence-based taxation system is established by this Code, shall be implemented in accordance with this Code by laws of constituent entities of the Russian Federation and shall be applied in the territories of those constituent entities of the Russian Federation.

The licence-based taxation system shall be applied by private entrepreneurs in addition to other taxation regimes provided for in the tax and levy legislation of the Russian Federation.

2. The licence-based taxation system shall be applied in relation to types of entrepreneurial activity included in a list to be established by laws of constituent entities of the Russian Federation, with the exception of activities established by clause 6 of this Article. In particular, the licence-based taxation system shall be applied in relation to the following types of entrepreneurial activity: *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

1) the repair and tailoring of garments, fur and leather articles, head-dresses and textile accessories, and the repair, tailoring and knitting of knitted garments according to individual order; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

2) the repair, cleaning, dyeing and tailoring of footwear;

3) hairdressing and cosmetic services;

4) washing, dry cleaning and dyeing of textile and fur articles;

*[subsection 4 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

5) the manufacture and repair of metal accessories, keys, number plates and street name signs;

6) repair of consumer electronics, household appliances, watches, clocks, personal and household metal articles, and objects and articles of metal, and manufacture of fabricated metal household articles according to individual order;

*[subsection 6 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

7) repair of furniture and home furnishings;

*[subsection 7 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

8) photography services;

*[subsection 8 as reworded by Federal Law No. 8-FZ of 06.02.2020]*

9) repair and maintenance of motor vehicles, motorcycles, machinery and equipment, washing of motor vehicles, polishing and provision of similar services;

*[subsection 9 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

10) the rendering of motor transport services involving the carriage of goods by motor transport by private entrepreneurs who own or otherwise have (on the basis of use, possession and (or) disposal) vehicles intended for the rendering of such services; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

11) the rendering of motor transport services involving the carriage of passengers by motor transport by private entrepreneurs who own or otherwise have (on the basis of use, possession and (or) disposal) vehicles intended for the rendering of such services; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

12) the renovation or repair of existing residential and non-residential buildings and sports facilities;

*[subsection 12 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

13) services involving the performance of assembly, electrical wiring, plumbing and welding work;

14) services involving the glazing of balconies and loggias, glass and mirror cutting and glass decoration;

15) services in the area of the pre-school education and further education of children and adults;

*[subsection 15 as reworded by Federal Law No. 8-FZ of 06.02.2020]*

16) services involving the supervision of and care for children and sick people;

17) collection of packaging and recyclable materials;

*[subsection 17 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

18) veterinary activities;

*[subsection 18 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

19) the renting (letting) of own or leased residential premises and the renting of own or leased non-residential premises (including exhibition halls and storage facilities) and land parcels;

*[subsection 19 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

20) the manufacture of folk craft articles;

21) services involving the processing of products of agriculture, forestry and fishing to make food for humans and fodder for animals, and the production of various intermediate products that are not food products;

*[subsection 21 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

22) the production and restoration of carpets and carpet products;

23) the manufacture of jewellery and costume jewellery;

24) jewellery stamping and engraving;



25) sound recording and music publishing activities;

*[subsection 25 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

26) services involving the cleaning of apartments and private houses, activities of households as employers of domestic personnel;

*[subsection 26 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

27) specialized design activities, interior decoration services;

*[subsection 27 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

28) the conduct of fitness and sports lessons;

29) porter services at railway terminals, coach terminals and air terminals and at airports, seaports and river ports;

30) pay toilet services;

31) services involving the preparation and supply of dishes for functions or other events;

*[subsection 31 as reworded by Federal Law No. 8-FZ of 06.02.2020]*

32) rendering of services involving the carriage of passengers by water transport;

33) rendering of services involving the carriage of goods by water transport;

34) services associated with the sale of agricultural produce (storage, grading, drying, washing, prepacking, packing and transportation);

35) rendering of services associated with support for agricultural production (mechanical, agrochemical, reclamation and transport work);

36) landscape service activities;

*[subsection 36 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

37) hunting, trapping and culling of wild animals, including the provision of related services, activities associated with hunting for sport or recreation;

*[subsection 37 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

38) medical activities or pharmaceutical activities carried out by a person who possesses a licence for those types of activity, with the exception of sales of medicinal products that are required to be marked with means of identification, including control (identification) marks, in accordance with the Federal Law “Concerning the Circulation of Medicines; *[as amended by Federal Law No. 325-FZ of 29.09.2019]*

39) private detective activities carried out by a person possessing a licence;

40) hire services;

41) tourist excursion services;

*[subsection 41 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

42) organization of ceremonies (weddings, anniversary celebrations), including musical accompaniment;

*[subsection 42 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

43) organization of funerals and provision of related services;

*[subsection 43 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

44) street patroller, security guard, watchman and janitor services;

45) retail trade carried on through fixed-location trading outlets with sales floors; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

46) retail trade carried on through fixed-location trading outlets without sales floors and through non-fixed-location trading outlets;

47) public catering services rendered through public catering outlets; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

48) catering services which are rendered through catering establishments which do not have a patron service area;

*[subsection 48 inserted by Federal Law No. 232-FZ of 13.07.2015]*

49) the rendering of livestock slaughtering and transportation services;

*[subsection 49 as reworded by Federal Law No. 8-FZ of 06.02.2020]*

50) manufacture of leather and articles of leather;

*[subsection 50 inserted by Federal Law No. 232-FZ of 13.07.2015]*

51) gathering and procurement of edible forest products, non-wood forest products and medicinal plants;

*[subsection 51 inserted by Federal Law No. 232-FZ of 13.07.2015]*

52) processing and preserving of fruit and vegetables;

*[subsection 52 as reworded by Federal Law No. 232-FZ of 13.07.2015]*

53) manufacture of dairy products;

*[subsection 53 inserted by Federal Law No. 232-FZ of 13.07.2015]*

54) crop husbandry and services in the area of crop husbandry;

*[subsection 54 as reworded by Federal Law No. 8-FZ of 06.02.2020]*

55) production of bakery products and flour confectionery;

*[subsection 55 inserted by Federal Law No. 232-FZ of 13.07.2015]*

56) fishing and aquaculture, fishing for recreation and sport;

*[subsection 56 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

57) silviculture and other forestry activities;

*[subsection 57 inserted by Federal Law No. 232-FZ of 13.07.2015]*

58) translation and interpretation activities;

*[subsection 58 inserted by Federal Law No. 232-FZ of 13.07.2015]*

59) care activities for the elderly and disabled;

*[subsection 59 inserted by Federal Law No. 232-FZ of 13.07.2015]*

60) waste collection, treatment and recycling, and processing of secondary materials;

*[subsection 60 inserted by Federal Law No. 232-FZ of 13.07.2015]*

61) cutting, shaping and finishing of stone for monuments;

*[subsection 61 inserted by Federal Law No. 232-FZ of 13.07.2015]*

62) design of computer software, including systems software, software applications, databases, and web pages, including adaptation and modification thereof;

*[subsection 62 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

63) repair of computers and communication equipment;

*[subsection 63 inserted by Federal Law No. 232-FZ of 13.07.2015]*

64) animal husbandry and services in the area of animal husbandry;

*[subsection 64 inserted by Federal Law No. 8-FZ of 06.02.2020]*

65) activities of parking lots;

*[subsection 65 inserted by Federal Law No. 373-FZ of 23.11.2020]*

66) grain milling, production of flour and groats of wheat, rye, oats, corn or other cereal grains;

*[subsection 66 inserted by Federal Law No. 373-FZ of 23.11.2020]*

67) pet care services;

*[subsection 67 inserted by Federal Law No. 373-FZ of 23.11.2020]*

68) custom manufacture and repair of coopers' products and pottery;

*[subsection 68 inserted by Federal Law No. 373-FZ of 23.11.2020]*

69) services involving the manufacture of felted footwear;

*[subsection 69 inserted by Federal Law No. 373-FZ of 23.11.2020]*

70) services involving the custom manufacture of agricultural implements from the customer's material;

*[subsection 70 inserted by Federal Law No. 373-FZ of 23.11.2020]*

71) custom engraving of metal, glass, china, wood and ceramics other than jewellery;

*[subsection 71 inserted by Federal Law No. 373-FZ of 23.11.2020]*

72) custom manufacture and repair of wooden boats;

*[subsection 72 inserted by Federal Law No. 373-FZ of 23.11.2020]*

73) repair of toys and similar articles;

*[subsection 73 inserted by Federal Law No. 373-FZ of 23.11.2020]*

74) repair of sporting and camping equipment;

*[subsection 74 inserted by Federal Law No. 373-FZ of 23.11.2020]*

75) services involving the tilling of kitchen gardens according to individual order;

*[subsection 75 inserted by Federal Law No. 373-FZ of 23.11.2020]*

76) log splitting services according to individual order;

*[subsection 76 inserted by Federal Law No. 373-FZ of 23.11.2020]*

77) assembly and repair of eyeglasses;

*[subsection 77 inserted by Federal Law No. 373-FZ of 23.11.2020]*

78) manufacture and printing of business cards and invitations to family celebrations;

*[subsection 78 inserted by Federal Law No. 373-FZ of 23.11.2020]*

79) bookbinding, book stitching, creasing and box stitching;

*[subsection 79 inserted by Federal Law No. 373-FZ of 23.11.2020]*

80) services involving the repair of siphons and auto-siphons, including filling of gas cartridges for siphons.

*[subsection 80 inserted by Federal Law No. 373-FZ of 23.11.2020]*

3. The following definitions shall apply for the purposes of clause 2 of this Article:

1) retail trade – entrepreneurial activities associated with trade in goods (including for cash payment and with the use of payment cards) on the basis of retail purchase-sale contracts. This type of entrepreneurial activity shall not include the sale of excisable goods such as are referred to in subsections 6 to 10 of clause 1 of Article 181 of this Code, foodstuffs and beverages, including alcoholic beverages, whether in the manufacturer’s containers and packaging or without such containers and packaging, in bars, restaurants, cafés and other public catering outlets, gas, goods vehicles, special vehicles, trailers, semi-trailers, pole trailers, any types of omnibuses, goods ordered on the basis of samples and catalogues outside a fixed-location trading network (including by mail (mail-order trade) and through teleshopping channels, telephone communication and computer networks), the supply of reduced-price (free) prescription medicines, and products of own production (manufacture). Sales of medicinal products that are required to be marked with means of identification, including control (identification) marks, in accordance with the Federal Law “Concerning the Circulation of Medicines”, footwear products and articles of apparel, clothing accessories and other articles of natural fur that are required to be marked with means of identification, including control (identification) marks, according to the list of codes of the All-Russian Classification of Products by Economic Activity and (or) according to the list of codes of products in accordance with the Product Nomenclature for Foreign Economic Activities of the Eurasian Economic Union, to be determined by the Government of the Russian Federation, shall not constitute retail trade for the purposes of this Chapter. The sale through vending machines of goods and (or) catering products prepared within those vending machines shall be classed as retail trade for the purposes of this Chapter; *[as amended by Federal Law No. 325-FZ of 29.09.2019]*

2) fixed-location trading network with sales floors – a trading network which is accommodated in buildings and structures (parts thereof) which are designed for carrying on trade and have specially equipped segregated premises which are designed for carrying on retail trade and serving customers. This category of trading establishments shall include shops and pavilions;

- 3) shop – a specially equipped building (part thereof) which is intended for the sale of goods and the rendering of services to customers and has trading, ancillary, administrative and utility premises and premises for receiving and storing goods and preparing them for sale;
- 4) pavilion – a structure which has a sales floor and is designed for one or more employee workspaces;
- 5) area of sales floor – the part of a shop or pavilion (open area) which is occupied by equipment intended for laying out and displaying goods, carrying out monetary settlements and serving customers, the area of checkout points and cashier booths, the area of the workspaces of service personnel and the area of aisles for customers. The area of the sales floor shall also include any rented part of the area of the sales floor. The area of ancillary, administrative and utility premises and premises used for accepting and storing goods and preparing them for sale in which customers are not served shall not be included in the area of the sales floor. The area of the sales floor shall be determined on the basis of inventory documents and deeds of rights;
- 6) area of patron service area – the area of specially equipped spaces (outdoor areas) of a public catering establishment which are intended to be used for the consumption of prepared food items, confectionery and (or) bought-in goods and for leisure activity, which is determined on the basis of inventory documents and deeds of rights;
- 7) fixed-location trading network without sales floors – a trading network situated in buildings, structures and installations (parts thereof) designed for carrying on trade that do not have segregated premises specially designed for those purposes, and in buildings, structures and installations (parts thereof) used for concluding retail purchase-sale agreements and for the conduct of bidding processes. This category of trading facilities shall include retail markets, street markets, kiosks, booths, vending machines and other similar facilities; *[as amended by Federal Law No. 470-FZ of 29.12.2020]*
- 8) kiosk – a structure which does not have a sales floor and is designed for one vendor workspace;
- 9) stand – a collapsible structure fitted with a counter which does not have a sales floor;
- 10) non-fixed-location trading network – a trading network which operates on the basis of the principles of retail delivery trade and peddling and other trading establishments which cannot be classified as belonging to a fixed-premises trading network;
- 11) retail delivery trade – retail trade which is conducted other than through a fixed-location retail network using specialized transport vehicles or transport vehicles which are specially designed for trade, and mobile equipment which is used only with a transport vehicle. This type of trade shall include trade carried on using a motor vehicle, sales van, mobile shop, vending trailer, vehicle trailer or mobile vending machine;
- 12) peddling – retail trade which is conducted other than through a fixed-location retail network by means of direct contact between seller and purchaser at organizations, on transport, in the home or in the street. This type of trade shall include trade from hand to hand, from a hawker's tray and from baskets and hand-carts;

13) public catering services – services involving the preparation of food items and (or) confectionery, the creation of conditions for the consumption and (or) sale of prepared food items and confectionery and (or) bought-in goods, and involving leisure activity. Public catering services shall not include services involving the production and sale of the excisable goods referred to in subsection 3 of clause 1 of Article 181 of this Code;

14) public catering establishment with a patron service area – a building (part thereof) or structure which is intended for the rendering of public catering services and has a specially equipped space (outdoor area) for the consumption of prepared food items, confectionery and (or) bought-in goods and for leisure activity;

15) public catering establishment without a patron service area – a public catering establishment which does not have a specially equipped space (outdoor area) for the consumption of prepared food items, confectionery and (or) bought-in goods. This category of public catering establishments shall include kiosks, stalls, delicatessen shops (departments) attached to restaurants, bars, cafés, canteens and snack bars and other similar public catering outlets;

16) outdoor area – an area specially equipped for public catering which is situated on a land parcel;

17) repair and maintenance of motor vehicles, motorcycles, machinery and equipment, washing of motor vehicles, polishing and provision of similar services – paid services rendered to physical persons and organizations according to the list of services laid down in the All-Russian Classification of Economic Activities, and paid services involving the technical inspection of motor vehicles to assess whether they meet safety requirements for use on roads in the territory of the Russian Federation and, in cases provided for in international agreements of the Russian Federation, outside the territory of the Russian Federation. The services in question shall not include services involving the refuelling of motor vehicles, repair and maintenance services provided under warranty and services involving the storage of motor vehicles in paid parking lots and vehicle pounds;

*[subsection 17 inserted by Federal Law No. 373-FZ of 23.11.2020]*

18) parking lots – areas used as places for the rendering of paid services involving the provision for temporary possession use of spaces for the parking of vehicles and involving the storage of vehicles (excluding vehicle pounds);

*[subsection 18 inserted by Federal Law No. 373-FZ of 23.11.2020]*

19) area of a parking lot – the total area of a parking lot determined on the basis of title and inventory documents;

*[subsection 19 inserted by Federal Law No. 373-FZ of 23.11.2020]*

20) vehicles (for the purposes of subsections 10 and 11 of clause 2 of this Article) – motor vehicles intended for the carriage by road of goods and passengers (omnibuses of any kinds, motor cars and goods vehicles). Vehicles shall not include trailers, semi-trailers and pole trailers.

*[subsection 20 inserted by Federal Law No. 373-FZ of 23.11.2020]*

4. For the purposes of this Chapter, inventory documents and deeds of rights shall include any documents in the possession of a private entrepreneur relating to a fixed-location trading network (public catering) facility which contain necessary information concerning the purpose,

structural characteristics and layout of the premises of which the facility is comprised and information confirming the right to use that facility (agreement on the purchase and sale of non-residential premises; technical certificate for non-residential premises; plans, diagrams, legends; lease (sublease) agreement for non-residential premises or a part (parts) thereof; permit to serve customers outdoors and other documents).

5. When applying the licence-based taxation system a private entrepreneur shall have the right to engage hired workers, including under civil contracts. In this respect, the average number of hired workers, as determined according to a procedure to be established by the federal executive body in charge of statistics, must not exceed 15 persons for the tax period for all types of entrepreneurial activities carried out by the private entrepreneur in relation to which the licence-based taxation system is applied. *[as amended by Federal Law No. 325-FZ of 29.09.2019]*

6. The licence-based taxation system shall not be applied in relation to:

1) activities carried on under a simple partnership agreement (joint activity agreement) or an agreement on the fiduciary management of property;

2) activities involving the manufacture of excisable goods or the production and sale of commercial minerals;

3) retail trade carried on through fixed-location trading outlets with a sales floor area exceeding 150 square metres;

4) public catering services rendered through public catering outlets with a customer service floor area exceeding 150 square metres;

5) wholesale trade and trade carried on under supply agreements;

6) services involving the carriage of goods and passengers by private entrepreneurs who own or otherwise have (on the basis of use, possession and (or) disposal) more than 20 vehicles intended for the rendering of such services;

7) activities involving the execution of securities and (or) derivatives transactions and involving the rendering of credit and other financial services.

*[clause 6 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

7. Laws of constituent entities of the Russian Federation shall establish amounts of annual income potentially receivable by a private entrepreneur for types of entrepreneurial activities in relation to which the licence-based taxation system is applied. *[as amended by Federal Laws No. 244-FZ of 21.07.2014, No. 373-FZ of 23.11.2020]*

8. Constituent entities of the Russian Federation shall have the right:

1) for the purpose of establishing the amounts of annual income potentially receivable by a private entrepreneur for activities in relation to which the licence-based taxation system is applied, to differentiate entrepreneurial activities referred to in clause 2 of this Article where such differentiation is provided for in the All-Russian Classification of Economic Activities or the All-Russian Classification of Products by Economic Activity;

*[subsection 1 as reworded by Federal Law No. 248-FZ of 03.07.2016]*

1.1) for the purposes of establishing amounts of annual income potentially receivable by a private entrepreneur for types of activity in relation to which the licence-based taxation system is applied, to divide the territory of a constituent entity of the Russian Federation into areas of operation of licences in terms of municipalities (groups of municipalities), with the exception of licences to carry out the types of entrepreneurial activities referred to in subsections 10, 11, 32 and 33 and subsection 46 (insofar as retail delivery trade and peddling are concerned) of clause 2 of this Article;

*[subsection 1.1 inserted by Federal Law No. 244-FZ of 21.07.2014]*

2) to include activities provided for in the All-Russian Classification of Economic Activities and the All-Russian Classification of Products by Economic Activity in the list of entrepreneurial activities in relation to which the licence-based taxation system may be applied, subject to the restrictions laid down in clause 6 of this Article;

*[subsection 2 as reworded by Federal Law No. 373-FZ of 23.11.2020]*

2.1) to establish the following restrictions on the application of the licence-based taxation system:

- relating to the total area of own or leased residential premises and (or) non-residential premises (including exhibition halls and storage facilities) and land parcels that are rented (let) – for the entrepreneurial activity referred to in subsection 19 of clause 2 of this Article; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

- relating to the total quantity of motor vehicles and water vessels – for the types of entrepreneurial activity specified in subsections 10, 11, 32 and 33 of clause 2 of this Article;

- relating to the total number of fixed-location and non-fixed-location trading outlets and public catering outlets and (or) the total area thereof – for the types of entrepreneurial activity specified in subsections 45 to 48 of clause 2 of this Article;

- relating to the area of the sales floor and (or) customer service floor of fixed-location trading outlets and public catering outlets – for the entrepreneurial activities referred to in subsections 45 and 47 of clause 2 of this Article; *[paragraph inserted by Federal Law No. 373-FZ of 23.11.2020]*

- relating to other physical indicators characterizing entrepreneurial activities in relation to which the licence-based taxation system may be applied in accordance with subsection 2 of this clause; *[paragraph inserted by Federal Law No. 373-FZ of 23.11.2020]*

*[subsection 2.1 inserted by Federal Law No. 325-FZ of 29.09.2019]*

3) to establish the amount of annual income potentially receivable by a private entrepreneur, including in particular: *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

- per unit of the average number of employees;

- per unit of motor vehicles and water vessels;

- per 1 tonne of carrying capacity of means of transport and per one passenger seat – for the types of entrepreneurial activity specified in subsections 10, 11, 32 and 33 of clause 2 of this Article;



- per 1 square metre of area of an owned or leased residential and non-residential facility (including exhibition halls and storage facilities) or land parcel that is rented (let) – for the entrepreneurial activity referred to in subsection 19 of clause 2 of this Article; *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

- per one fixed-location (non-fixed-location) trading outlet or public catering outlet and (or) per 1 square metre of a fixed-location (non-fixed-location) trading outlet or public catering outlet – for the types of entrepreneurial activity specified in subsections 45 to 48 of clause 2 of this Article;

- depending on the territorial extent of the licence with account taken of the provisions of subsection 1.1 of this clause;

- per 1 square metre of area of a parking lot – for the entrepreneurial activity referred to in subsection 65 of clause 2 of this Article; *[paragraph inserted by Federal Law No. 373-FZ of 23.11.2020]*  
*[subsection 3 as reworded by Federal Law No. 325-FZ of 29.09.2019]*

*[4) Lost force from 01.01.2021 – Federal Law No.. 373-FZ of 23.11.2020]*

5) to combine entrepreneurial activities in the field of animal husbandry and in the field of crop husbandry and (or) services in those fields in one licence for the purpose of the establishment of a unified amount of annual income potentially receivable by a private entrepreneur.

*[subsection 5 inserted by Federal Law No. 8-FZ of 06.02.2020]*

*[9. Lost force from 01.01.2021 – Federal Law No.. 373-FZ of 23.11.2020]*

10. The application of the licence-based taxation system by private entrepreneurs shall provide for them to be exempted from the obligation to pay:

1) tax on income of physical persons (with respect to income received in carrying out types of entrepreneurial activities in relation to which the licence-based taxation system is applied);

2) tax on property of physical persons (with respect to property which is used in carrying out types of entrepreneurial activities in relation to which the licence-based taxation system is applied, with the exception of objects of assessment to tax on property of physical persons which are included in the list which is determined in accordance with clause 7 of Article 378.2 of this Code with account taken of the special considerations laid down in paragraph 2 of clause 10 of Article 378.2 of this Code). *[as amended by Federal Law No. 382-FZ of 29.11.2014]*

11. Private entrepreneurs who apply the licence-based taxation system shall not be deemed to be taxpayers of value added tax, with the exception of value added tax which is payable in accordance with this Code:

1) in connection with the carrying out of types of entrepreneurial activities in relation to which the licence-based taxation system is not applied;

2) in connection with the importation of goods into the territory of the Russian Federation and other territories under its jurisdiction, including amounts of tax payable upon the completion

of the customs procedure of free customs zone in the territory of the Special Economic Zone in the Kaliningrad Province; *[as amended by Federal Law No. 72-FZ of 30.03.2016]*

3) in connection with the carrying out of operations which are taxable in accordance with Articles 161 and 174.1 of this Code. *[as amended by Federal Law No. 335-FZ of 27.11.2017]*

12. Private entrepreneurs who apply the licence-based taxation system shall pay other taxes in accordance with tax and levy legislation and shall fulfil tax agent obligations provided for in this Code.

#### **Article 346.44. Taxpayers**

1. Taxpayers shall be private entrepreneurs who have transferred to the licence-based taxation system in accordance with the procedure established by this Chapter.

2. Private entrepreneurs shall transfer to the licence-based taxation system and back to other taxation regimes on a voluntary basis in accordance with the procedure established by this Chapter.

#### **Article 346.45. Procedure and Conditions for the Commencement and Cessation of the Application of the Licence-Based Taxation System**

1. The document which certifies the right to apply the licence-based taxation system shall be a licence to carry out one of the types of entrepreneurial activity (except as otherwise provided by subsection 5 of clause 8 of Article 346.43 of this Code) in relation to which the licence-based taxation system has been introduced by a law of a constituent entity of the Russian Federation. *[as amended by Federal Law No. 8-FZ of 06.02.2020]*

The standard form of a licence and the standard form of an application for a licence shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies. *[as amended by Federal Law No. 244-FZ of 21.07.2014]*

*[Paragraph lost force – Federal Law No. 334-FZ of 2.12.2013]*

A licence shall be valid in the entire territory of a constituent entity of the Russian Federation, except in cases where a law of a constituent entity of the Russian Federation specifies an area of operation of licences in accordance with subsection 1.1 of clause 8 of Article 346.43 of this Code. A licence must also contain an indication of its area of operation. *[as amended by Federal Law No. 244-FZ of 21.07.2014]*

A private entrepreneur shall have the right to receive more than one licence. *[as amended by Federal Law No. 244-FZ of 21.07.2014]*

2. A private entrepreneur shall submit an application for a licence in person or through a representative, send it by post with an enclosure list or transmit it via telecommunications channels to the tax authority for his place of residence not later than 10 days before the date on which the private entrepreneur is to begin applying the licence-based taxation system, except as otherwise provided in this clause. Where a private entrepreneur plans to carry on entrepreneurial activities on the basis of a licence in a constituent entity of the Russian

Federation in which he is not registered with the tax authority for his place of residence or as a taxpayer applying the licence-based taxation system, that application shall be submitted to any territorial tax authority of that constituent entity of the Russian Federation at the choice of the private entrepreneur. Where a private entrepreneur plans to carry on entrepreneurial activities on the basis of a licence (with the exception of licences to carry out the types of entrepreneurial activity which are referred to in subsections 10, 11, 32 and 33 and subsection 46 (insofar as retail delivery trade and peddling are concerned) of clause 2 of Article 346.43 of this Code) in an area which has been designated by a law of a constituent entity of the Russian Federation in accordance with subsection 1.1 of clause 8 of Article 346.43 of this Code and in which he is not registered with the tax authority for his place of residence or as a taxpayer who applies the licence-based taxation system, the above-mentioned application shall be submitted to any territorial tax authority for the location where that private entrepreneur plans to carry out entrepreneurial activities, except in the case provided for in paragraph 2 of this clause. *[as amended by Federal Laws No. 334-FZ of 02.12.2013, No. 244-FZ of 21.07.2014, No. 401-FZ of 30.11.2016]*

Where a private entrepreneur plans to carry on entrepreneurial activities on the basis of a licence in the territory of the cities of federal significance Moscow, Saint Petersburg and Sevastopol, an application for a licence shall be submitted to any territorial tax authority of the private entrepreneur's choice within the city of federal significance in which the private entrepreneur plans to carry on entrepreneurial activities on the basis of the licence, except in the case provided for in paragraph 3 of this clause. *[paragraph inserted by Federal Law No. 401-FZ of 30.11.2016]*

Where a physical person plans, from the day of his state registration as a private entrepreneur, to carry on entrepreneurial activities on the basis of a licence in the constituent entity of the Russian Federation in whose territory that person is registered with the tax authority for his place of residence, the application for a licence shall be submitted together with documents which are presented for the purpose of the state registration of the physical person as a private entrepreneur. In this case the licence issued to the private entrepreneur shall take effect from the day of his state registration. *[paragraph inserted by Federal Law No. 334-FZ of 02.12.2013]*

When an application for a licence is sent by post the date of submission of the application shall be considered to be the date of posting. Where an application for a licence is transmitted via telecommunications channels the date of submission of the application shall be considered to be the date of sending.

3. A tax authority shall be obliged, within five days from the day on which it receives an application for a licence or, in the case provided for in paragraph 3 of clause 2 of this Article, from the day of the state registration of a physical person as a private entrepreneur, to issue or send to the private entrepreneur a licence or a notification of refusal to issue a licence. *[as amended by Federal Law No. 401-FZ of 30.11.2016]*

The licence or the notification of refusal to issue a licence shall be issued to the private entrepreneur against signed receipt or shall be transmitted by another means which provides evidence of the date on which it was received. *[clause 3 as reworded by Federal Law No. 334-FZ of 02.12.2013]*

4. The basis for a refusal by a tax authority to issue a licence to a private entrepreneur shall be:

1) the indication in the application for a licence of a type of activity which is not on the list of types of entrepreneurial activities in relation to which the licence-based taxation system has

been introduced in the territory of a constituent entity of the Russian Federation in accordance with Article 346.43 of this Code;

2) the indication of a period of validity for the licence which does not conform to clause 5 of this Article;

3) a violation of the condition for transferring to the licence-based taxation system which is established by paragraph 2 of clause 8 of this Article;

4) the existence of arrears in respect of a tax which is payable in connection with the application of the licence-based taxation system; *[as amended by Federal Law No. 334-FZ of 02.12.2013]*

5) a failure to complete mandatory fields in an application for a licence.

*[subsection 5 inserted by Federal Law No. 244-FZ of 21.07.2014]*

5. A licence shall be issued for a period chosen by the taxpayer ranging from one to twelve months inclusively within a calendar year.

6. A taxpayer shall be considered to have lost the right to apply the licence-based taxation system and to have transferred to the general taxation regime (to the simplified taxation system or the taxation system for agricultural goods producers (if the taxpayer applies the taxation regime in question)) from the beginning of the tax period for which he was issued a licence in the event that: *[as amended by Federal Law No. 401-FZ of 30.11.2016]*

1) the taxpayer's income from sales as determined from the beginning of the calendar year in accordance with Article 249 of this Code for all types of entrepreneurial activities in relation to which the licence-based taxation system is applied has exceeded 60 million roubles;

2) the taxpayer was in breach of the requirement established by clause 5 of Article 346.43 of this Code during the tax period; *[as amended by Federal Law No. 8-FZ of 06.02.2020]*

*[3) Lost force from 01.01.2017 – Federal Law No. 401-FZ of 30.11.2016]*

4) during the tax period, a taxpayer that applies the licence-based taxation system for the types of entrepreneurial activity specified in subsections 45 and 46 of clause 2 of Article 346.43 of this Code carried out sales of goods that do not constitute retail trade in accordance with subsection 1 of clause 3 of Article 346.43 of this Code.

*[subsection 4 inserted by Federal Law No. 325-FZ of 29.09.2019]*

Where a taxpayer simultaneously applies the licence-based taxation system and the simplified taxation system, income under both of those special tax regimes shall be taken into account in determining income from sales for the purposes of compliance with the limitation established by this clause.

7. Amounts of taxes which are payable in accordance with the general taxation regime (the simplified taxation system or the taxation system for agricultural goods producers) and amounts of the trade levy for the period in which a private entrepreneur lost the right to apply the licence-based taxation system on grounds referred to in clause 6 of this Article shall be calculated and paid by the private entrepreneur in accordance with the procedure prescribed by the tax and

levy legislation of the Russian Federation for newly registered private entrepreneurs. In this respect, those private entrepreneurs shall not pay penalties in the event of the late payment of taxes (advance tax payments) payable in accordance with the general taxation regime (the simplified taxation system or the taxation system for agricultural goods producers) and amounts of the trade levy during the period in which the licence-based taxation system was applied.

The amount of tax on income of physical persons, the amount of tax payable in connection with the application of the simplified taxation system and the amount of tax payable in connection with the application of the taxation system for agricultural goods producers which are payable for the tax period in which a private entrepreneur lost the right to apply the licence-based taxation system in accordance with clause 6 of this Article shall be reduced by the amount of tax paid in connection with the application of the licence-based taxation system.

*[clause 7 as reworded by Federal Law No. 401-FZ of 30.11.2016]*

8. A private entrepreneur shall be obliged to give notice to a tax authority of the loss of the right to apply the licence-based taxation system on grounds referred to in clause 6 of this Article or the cessation of entrepreneurial activities in relation to which the licence-based taxation system is applied within 10 calendar days from the date of occurrence of the circumstance which is the basis for the loss of the right to apply the licence-based taxation system or from the date of cessation of entrepreneurial activities in relation to which the licence-based taxation system is applied. *[as amended by Federal Laws No. 334-FZ of 02.12.2013, No. 401-FZ of 30.11.2016, No. 335-FZ of 27.11.2017]*

A private entrepreneur who has lost the right to apply the licence-based taxation system or has ceased entrepreneurial activities in relation to which the licence-based taxation system was applied before the expiry of the period of validity of the licence shall have the right to transfer to the licence-based taxation system again for the same type of entrepreneurial activity not earlier than from the following calendar year.

A declaration of the loss of the right to apply the licence-based taxation system shall be submitted to any of the tax authorities with which a private entrepreneur is registered as a taxpayer applying the licence-based taxation system, selected by that private entrepreneur, stating the particulars of all licences which remain unexpired at the date of submission of that declaration. The form of the above-mentioned declaration shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies. *[paragraph inserted by Federal Law No. 334-FZ of 02.12.2013; as amended by Federal Law No. 335-FZ of 27.11.2017]*

#### **Article 346.46. Registration of Taxpayers**

1. The registration of a private entrepreneur as a taxpayer applying the licence-based taxation system shall be carried out by the tax authority to which he submitted the application for a licence on the basis of that application within five days from the day on which it is received.

In the case provided for in paragraph 3 of clause 2 of Article 346.45 of this Code, a private entrepreneur shall be registered as a taxpayer applying the licence-based taxation system with the tax authority for his place of residence from the day of the state registration of that physical person as a private entrepreneur. *[paragraph inserted by Federal Law No. 334-FZ of 02.12.2013; as amended by Federal Law No. 401-FZ of 30.11.2016]*

The date of registration of a private entrepreneur with a tax authority on the ground provided for in this clause shall be the commencement date of the validity of the licence.

The submission by a private entrepreneur of an application for a licence to the tax authority with which that private entrepreneur is registered as a taxpayer applying the licence-based taxation system shall not cause him to be registered again with that tax authority as a taxpayer applying the licence-based taxation system. *[paragraph inserted by Federal Law No. 334-FZ of 02.12.2013]*

2. The deregistration with a tax authority of a private entrepreneur applying the licence-based taxation system shall be carried out within five days from the expiry date of the licence, except as otherwise provided by this Article.

The deregistration with a tax authority of a private entrepreneur who applies the licence-based taxation system and simultaneously has more than one licence issued by that tax authority shall take place after all the licences have expired. *[paragraph inserted by Federal Law No. 334-FZ of 02.12.2013]*

3. The deregistration with a tax authority as a taxpayer applying the licence-based taxation system of a private entrepreneur who has lost the right to apply the licence-based taxation system or has ceased entrepreneurial activities in relation to which the licence-based taxation system is applied shall take place within five days from the day on which the tax authority received an application submitted to the tax authority in accordance with clause 8 of Article 346.45 of this Code or a notice from the tax authority which accepted that application of the loss by the taxpayer of the right to apply the licence-based taxation system. *[as amended by Federal Law No. 401-FZ of 30.11.2016]*

The date of deregistration of a private entrepreneur with a tax authority shall be the date on which the private entrepreneur transfers to the general taxation regime (to the simplified taxation system or to the taxation system for agricultural goods producers (if the taxpayer applies the respective special tax regime)) or the date of cessation of entrepreneurial activities in relation to which the licence-based taxation system is applied. *[as amended by Federal Laws No. 335-FZ of 27.11.2017, No. 305-FZ of 02.07.2021]*

4. A document confirming registration (deregistration) as a taxpayer applying the licence-based taxation system shall not be issued.

*[clause 4 inserted by Federal Law No. 401-FZ of 30.11.2016; as amended by Federal Law No. 305-FZ of 02.07.2021]*

### **Article 346.47. Taxable Object**

The taxable object shall be the potentially receivable annual income of a private entrepreneur for a particular type of entrepreneurial activity as established by a law of a constituent entity of the Russian Federation.

### **Article 346.48. Tax Base**

1. The tax base shall be determined as the amount expressed in monetary terms of annual income potentially receivable by a private entrepreneur for a type of entrepreneurial activity in

relation to which the licence-based taxation system is applied, as established for a calendar year by a law of a constituent entity of the Russian Federation.

2. The amount of annual income potentially receivable by a private entrepreneur which has been established for a calendar year by a law of a constituent entity of the Russian Federation shall apply in the following calendar year (in following calendar years) unless it is amended by a law of the constituent entity of the Russian Federation.

**Article 346.49. Tax Period**

1. The tax period shall be a calendar year, except as otherwise established by clauses 1.1, 2 and 3 of this Article. *[as amended by Federal Law No. 373-FZ of 23.11.2020]*

1.1. In 2021 the tax period shall be a calendar month, except as otherwise provided by clause 2 of this Article.

*[clause 1.1 inserted by Federal Law No. 373-FZ of 23.11.2020]*

2. Where, on the basis of clause 5 of Article 346.45 of this Code, a licence has been issued for a period of less than a calendar year, the tax period shall be the period for which the licence has been issued.

3. Where a private entrepreneur ceases entrepreneurial activities in relation to which the licence-based taxation system was applied before the licence has expired, the tax period shall be the period from the commencement date of the validity of the licence to the date of cessation of the activities in question as stated in the application submitted to the tax authority in accordance with clause 8 of Article 346.45 of this Code. *[as amended by Federal Law No. 325-FZ of 29.09.2019]*

**Article 346.50. Tax Rate** *[article as reworded by Federal Law No. 379-FZ of 29.11.2014]*

1. The tax rate shall be established at 6 per cent.

2. Laws of the Republic of Crimea and the city of federal significance Sevastopol may reduce the tax rate in the territories of those constituent entities of the Russian Federation for all or some categories of taxpayers:

- for the periods of 2015 to 2016 – to 0 per cent;

- for the periods of 2017 to 2021 – to 4 per cent.

Tax rates which are established in accordance with this clause by laws of the Republic of Crimea and the city of federal significance Sevastopol may not be raised during the periods specified in this clause commencing from the calendar year from which a reduced tax rate is applied.

*[EY Note: Clause 3 of Article 346.50 loses force – Federal Law No. 477-FZ of 29.12.2014]*

3. Laws of constituent entities of the Russian Federation may set a tax rate of 0 per cent for taxpayers that are private entrepreneurs who were registered for the first time after the entry

into force of those laws and carry on entrepreneurial activities in the production, social and (or) scientific spheres. *[as amended by Federal Law No. 232-FZ of 13.07.2015]*

Private entrepreneurs referred to in paragraph 1 of this clause shall have the right to apply a tax rate of 0 per cent from the day of their state registration as a private entrepreneur continuously for not more than two tax periods within two calendar years.

*[Paragraph lost force from 01.01.2021 – Federal Law No. 373-FZ of 23.11.2020]*

Where a taxpayer carries on types of entrepreneurial activity in relation to which the licence-based taxation system with the 0 per cent tax rate is applied and other types of entrepreneurial activity in relation to which the licence-based taxation system with a tax rate at the level established by clause 1 of this Article or another taxation regime is applied, that taxpayer shall be obliged to maintain separate records of income.

Laws of constituent entities of the Russian Federation may establish limitations on the application of the 0 per cent tax rate by taxpayers referred to in paragraph 1 of this clause, including in the form of:

- a limit on the average number of employees;
- a limit on the maximum amount of income from sales, determined in accordance with Article 249 of this Code, which is received by a private entrepreneur in carrying out a type of entrepreneurial activity in relation to which the 0 per cent tax rate is applied.

In the event that limits on the application of the 0 per cent tax rate which are established by this Chapter and a law of a constituent entity of the Russian Federation are violated, a private entrepreneur shall be considered to have lost the right to apply it and shall be obliged to pay tax at the rates stipulated by clause 1 or 2 of this Article for the tax period in which those limitations were violated.

The entrepreneurial activities in the production, social and scientific spheres and in the area of consumer services in relation to which a tax rate of 0 per cent applies shall be established by constituent entities of the Russian Federation on the basis of the All-Russian Classification of Economic Activities and the codes of services in accordance with the All-Russian Classification of Products by Economic Activity which are classed as consumer services, as determined by the Government of the Russian Federation. *[paragraph inserted by Federal Law No. 248-FZ of 03.07.2016; as amended by Federal Law No. 373-FZ of 23.11.2020]*  
*[clause 3 inserted by Federal Law No. 477-FZ of 29.12.2014]*

### **Article 346.51. Procedure for the Calculation of Tax, Procedure and Time Limits for the Payment of Tax**

1. Tax shall be calculated as a percentage of the tax base which corresponds to the tax rate.

Where a private entrepreneur receives a licence for a period of less than a calendar year, tax shall be computed by means of dividing the amount of annual income potentially receivable by the private entrepreneur by the number of days in the calendar year and multiplying the result obtained by the tax rate and the number of days of the period for which the licence was issued. *[as amended by Federal Law No. 325-FZ of 29.09.2019]*



In the event that an entrepreneurial activity in relation to which the licence-based taxation system is applied is terminated before the expiry of the term of the licence, the amount of tax shall be recalculated by dividing the amount of annual income potentially receivable by the private entrepreneur by the number of days in that calendar year and multiplying the result obtained by the tax rate and the number of days for which the private entrepreneur applied the licence-based taxation system. *[paragraph inserted by Federal Law No. 325-FZ of 29.09.2019]*

1.1. Taxpayers shall have the right to reduce the amount of tax by the amount of expenses associated with the acquisition of cash register equipment included in the register of cash register equipment for use in making settlements in the course of entrepreneurial activities in relation to which the licence-based taxation system is applied, not exceeding 18,000 roubles for each unit of cash register equipment, provided that the cash register equipment is registered with the tax authorities in the period from 1 February 2017 to 1 July 2019, except as otherwise provided by paragraph 2 of this clause.

Private entrepreneurs who carry on entrepreneurial activities such as are provided for in subsections 45 to 48 of clause 2 of Article 346.43 of this Code and have employees with whom employment agreements have been concluded as at the date of registration of cash register equipment in relation to which the amount of tax is reduced shall have the right to reduce the amount of tax by the amount of expenses referred to in paragraph 1 of this clause provided that the cash register equipment in question is registered in the period from 1 February 2017 to 1 July 2018.

For the purposes of this clause, expenses associated with the acquisition of cash register equipment shall include expenditures on the purchase of cash register equipment, a fiscal drive and necessary software, the performance of related work and the rendering of services (cash register set-up services, etc.), including expenditures on bringing cash register equipment into line with the requirements established by Federal Law No. 54-FZ of 22 May 2003 “Concerning the Use of Cash Register Equipment in Carrying Out Settlements in the Russian Federation”. *[as amended by Federal Law No. 302-FZ of 03.08.2018]*

The reduction of the amount of tax in accordance with paragraph 1 of this clause shall take place for tax periods which begin in 2018 and 2019 and end after the private entrepreneur registered the relevant cash register equipment.

The reduction of the amount of unified tax in accordance with paragraph 2 of this clause shall take place for tax periods which begin in 2018 and end after the private entrepreneur registered the relevant cash register equipment.

If a taxpayer received a number of licences in the respective periods referred to in paragraphs 4 and 5 of this clause, and when tax was calculated for one of them, expenses associated with the acquisition of cash register equipment, with account taken of the limit established by paragraph 1 of this clause, exceeded the amount of that tax, he shall have the right to reduce the amount of tax calculated for another licence (other licences) by the amount of that excess.

The taxpayer shall send a notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system by the amount of expenses associated with the acquisition of cash register equipment, in written or electronic form using

an enhanced qualified electronic signature via telecommunications channels, to the tax authority with which it is registered as a taxpayer and to which the amount of tax to be reduced was paid (is to be paid).

The form, format and procedure for the submission of the above-mentioned notification shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

If the amount of tax to be reduced was paid before the reduction is made, the amount of overpaid tax shall be credited (refunded) in accordance with the procedure established by Article 78 of this Code. An application for a credit (refund) of the amount of overpaid tax shall be submitted by the taxpayer at the place where he is registered with a tax authority as a taxpayer applying the licence-based taxation system to which the notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system was submitted (at his place of residence (place of stay) if he has been deregistered as a taxpayer under the licence-based taxation system).

Where a tax authority establishes on the basis of information in its possession that information given in a notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system is inaccurate or does not comply with the requirements of this clause, the tax authority shall give notice of the refusal to allow the reduction of the amount of tax by expenses associated with the acquisition of the cash register equipment in relation to which the inaccuracy or non-compliance has been established not later than 20 days from the day on which that notification was received. The taxpayer shall have the right to re-submit a notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system with corrected information. If the non-compliance of information referred to in this paragraph is due to the statement in the notification of a reduction amount which is greater than the amount established by paragraph 1 of this clause, the tax authority shall disallow the reduction of tax by the corresponding amount.

Expenses associated with the acquisition of cash register equipment shall not be taken into account in calculating tax if they were taken into account in calculating taxes payable in connection with the application of other taxation regimes.

*[clause 1.1 inserted by Federal Law No. 349-FZ of 27.11.2017]*

1.2. The amount of tax calculated for a tax period shall be reduced by the amount of:

1) insurance contributions for compulsory pension insurance, compulsory social insurance in case of temporary incapacity for work and maternity, compulsory medical insurance and compulsory social insurance against industrial accidents and occupational illnesses that were paid (within the limits of calculated amounts) in the tax period concerned in accordance with the legislation of the Russian Federation;

2) expenses associated with the payment in accordance with the legislation of the Russian Federation of a benefit for temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of an employee's temporary incapacity for work that are paid out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance in Case of Temporary Incapacity and Maternity", to the extent not covered by insurance payments made to employees

by insurance organizations possessing licences issued in accordance with the legislation of the Russian Federation to carry on the relevant activity under agreements with employers for the benefit of employees in case of their temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of temporary incapacity for work that are paid out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance in Case of Temporary Incapacity and Maternity";

3) payments (contributions) under voluntary personal insurance agreements concluded with insurance organizations possessing licences issued in accordance with the legislation of the Russian Federation to carry on the relevant activity for the benefit of employees in case of their temporary incapacity for work (excluding industrial accidents and occupational illnesses) for days of temporary incapacity for work that are paid out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance in Case of Temporary Incapacity and Maternity". Those payments (contributions) shall reduce the amount of tax if the amount of the insurance payment under the agreements in question does not exceed the amount of the benefit for temporary incapacity for work (excluding industrial accidents and occupational illnesses) that is determined in accordance with the legislation of the Russian Federation for days of temporary incapacity for work that are paid out of the employer's resources and the number of which is established by Federal Law No. 255-FZ of 29 December 2006 "Concerning Compulsory Social Insurance in Case of Temporary Incapacity and Maternity".

The insurance payments (contributions) and benefits referred to in this clause shall reduce the amount of tax calculated for the tax period in favour of employees engaged in areas of activity of the taxpayer for which tax is paid in connection with the application of the licence-based taxation system.

In this respect, taxpayers (other than taxpayers referred to in paragraph 7 of this clause) shall have the right to reduce the amount of tax by the amount of insurance payments (contributions) referred to in this clause, but not by more than 50 per cent.

Taxpayers that do not make payments and other remunerations to physical persons shall have the right to reduce the amount of tax by insurance contributions for compulsory pension insurance and compulsory medical insurance paid in amounts determined in accordance with clause 1 of Article 430 of this Code.

Where, in a calendar year in which a taxpayer paid insurance payments (contributions), he received multiple licences, and when tax was calculated for one of them the amount of insurance payments (contributions) and benefits referred to in this clause exceeded the amount of that tax, with account taken of the restriction established by paragraph 6 of this clause, he shall have the right to reduce the amount of tax calculated for another licence (other licences) effective in the same calendar year by the amount of that excess.

The taxpayer shall send a notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system by the amount of insurance payments (contributions) and benefits referred to in this clause in written or electronic form using an enhanced qualified electronic signature via telecommunications channels to the tax authority where he is registered as a taxpayer applying the licence-based taxation system.

The form, format and procedure for the submission of that notification shall be approved by the federal executive body in charge of control and supervision in the area of taxes and levies.

If the amount of tax to be reduced was paid before that reduction, the amount of overpaid tax shall be credited (refunded) in the manner prescribed by Article 78 of this Code. A claim for a credit (refund) of the amount of overpaid tax shall be submitted by the taxpayer to the tax authority where he is registered as a taxpayer applying the licence-based taxation system to which the notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system by the amount of insurance payments (contributions) and benefits referred to in this clause was submitted (where he is resident (staying) if he has been deregistered as a payer of the licence-based taxation system).

If the amount of insurance payments (contributions) and benefits shown in the notification as deductible from the amount of tax payable in connection with the application of the licence-based taxation system has not been paid by the taxpayer, the tax authority shall notify its disallowance of the reduction of the amount of tax not later than 20 days from the day on which the notification was received. In this case the taxpayer must pay tax within the prescribed time limit without the reduction in question. The taxpayer shall have the right to re-submit a notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system by the amount of insurance payments (contributions) and benefits.

Where a notification of the reduction of the amount of tax payable in connection with the application of the licence-based taxation system by the amount of insurance payments (contributions) and benefits referred to in this clause specifies a greater amount of insurance payments (contributions) and benefits deductible from the amount of tax payable in connection with the application of the licence-based taxation system than the amount of tax that is to be reduced in accordance with this clause, the tax authority shall disallow the reduction of the amount of tax to the corresponding extent.

Insurance payments (contributions) and benefits referred to in this clause shall not be taken into account in calculating taxes if they were taken into account for taxation purposes in the relevant tax period, including in calculating taxes payable in connection with the application of other taxation regimes.

*[clause 1.2 inserted by Federal Law No. 373-FZ of 23.11.2020]*

2. Taxpayers shall pay tax at the location where they are registered with a tax authority within the following time limits (except as otherwise established by clause 3 of this Article):

1) where a licence was received for a period of up to six months – in an amount equal to the full amount of tax not later than the expiry date of the licence;

2) where a licence was received for a period of from six months to a calendar year:

- in an amount equal to one third of the amount of tax not later than ninety calendar days after the commencement date of the licence;

- in an amount equal to two thirds of the amount of tax not later than the expiry date of the licence;

3) where the amount of tax has been recalculated in accordance with paragraph 3 of clause 1 of this Article, the amount of tax additionally payable shall be paid not later than 20 days from the day on which the taxpayer is deregistered with the tax authority in accordance with clause 3 of Article 346.46 of this Code.

If, as a result of the recalculation of the amount of tax in accordance with paragraph 3 of clause 1 of this Article, the amount of tax paid exceeds the calculated amount of tax, the overpaid amount of tax shall be refunded in the manner prescribed by Article 78 of this Code.

*[subsection 3 inserted by Federal Law No. 325-FZ of 29.09.2019] [clause 2 as reworded by Federal Law No. 477-FZ of 29.12.2014]*

2.1. Where tax is not paid or is not paid in full by a private entrepreneur, the tax authority shall, upon the lapse of the time period established by subsection 1 or 2 of clause 2 of this Article, send the private entrepreneur a demand for the payment of tax, penalties and a fine.

*[clause 2.1 inserted by Federal Law No. 401-FZ of 30.11.2016]*

3. Taxpayers who have lost the right to apply the 0 per cent tax rate in accordance with clause 3 of Article 346.50 of this Code shall pay tax not later than the expiry date of a licence.

*[clause 3 inserted by Federal Law No. 477-FZ of 29.12.2014]*

### **Article 346.52. Tax Declaration**

No tax declaration shall be submitted to the tax authorities for tax payable in connection with the application of the licence-based taxation system.

### **Article 346.53. Tax Accounting**

1. For the purposes of subsection 1 of clause 6 of Article 346.45 of this Code, taxpayers shall maintain records of income from sales which was received in carrying on types of entrepreneurial activity in relation to which the licence-based taxation system is applied in the income ledger of a private entrepreneur who applies the licence-based taxation system, the standard form and procedure for the completion of which shall be approved by the Ministry of Finance of the Russian Federation.

*[clause 1 as reworded by Federal Law No. 401-FZ of 30.11.2016]*

2. For the purposes of this Chapter, the date of receipt of income shall be defined as the day on which:

1) income is paid, including by transfer to the taxpayer's bank accounts or by transfer at the taxpayer's instruction to accounts of third parties – where income is received in monetary form;

2) income in kind is transferred – where income is received in kind;

3) other property (work, services) or property rights are received or indebtedness to the taxpayer is settled (payment is made to the taxpayer) by other means.

3. Where a purchaser uses a promissory note / bill of exchange in settlements for goods (work and services) and property rights acquired, the date on which income is considered to be received by the taxpayer shall be the date on which the promissory note / bill of exchange is paid (the day on which monetary resources are received from the drawer of the note / bill or another liable person in respect of the bill / note) or the day on which the taxpayer transfers the bill / note to a third party by endorsement.

4. Where a taxpayer refunds amounts which were previously received as advance payment for the supply of goods, the performance of work, the rendering of services or the transfer of property rights, income for the tax period in which the refund occurred shall be reduced by the amount refunded.

5. Income expressed in foreign currency shall be recorded together with income expressed in roubles. In this respect, income expressed in foreign currency shall be translated into roubles using the official exchange rate of the Central Bank of the Russian Federation as at the date of receipt of the income.

Income received in kind shall be recognised on the basis of market prices determined with account taken of the provisions of Article 105.3 of this Code.

6. Where a private entrepreneur applies the licence-based taxation system and carries out other types of entrepreneurial activity in relation to which another taxation regime is applied, he shall be obliged to maintain records of property, obligations and economic operations in accordance with the procedure established for the taxation regime in question.