

FEDERAL LAW
NO. 154-FZ OF JULY 9, 1999
ON THE INTRODUCTION OF AMENDMENTS AND ADDENDA TO THE FIRST PART OF
THE TAX CODE OF THE RUSSIAN FEDERATION

Adopted by the State Duma on June 23, 1999
Approved by the Federation Council on June 2, 1999

Article 1. The following amendments and addenda shall be introduced to the first part of the Tax Code of the Russian Federation (Collected Legislation of the Russian Federation, No. 31, 1998, item 3824; No. 14, 1999, item 1649):

1. In Article 1:

1) the word "or shall be excluded in Item 1;

2) in Item 2:

the first paragraph after the word "taxes" shall be supplemented with the word "and dues";

in Subitems 1 and 5 the word "determines" shall be excluded;

in Subitem 2 the word "establishes" and the word "or" shall be excluded;

Subitem 3 shall be worded as follows:

"3) the principles of the introduction, enforcement and invalidation of the earlier introduced taxes and dues of the subjects of the Russian Federation and local taxes and dues";

in Subitems 4, 6 and 7 the word "establishes" shall be excluded;

in Subitem 7 the words "tax bodies and" shall be excluded and after the words "appeal against" the text shall be supplemented with the words "reports by tax bodies and";

3) Item 4 shall be worded as follows:

"4. The legislation of the subjects of the Russian Federation on taxes and dues consists of laws and other normative legal acts on taxes and dues of the subjects of the Russian Federation adopted in accordance with the present Code";

4) Item 5 shall be worded as follows:

"5. Normative legal acts of the local self-government bodies on local taxes and dues shall be adopted by the representative bodies of local self-government in accordance with the present Code."

2. In Article 2:

1) the first part after the words "tax control" shall be supplemented with the words "the appeal against the acts of tax bodies, the actions or inaction of their officials";

2) the second part after the words "the disbursement of customs payments" shall be supplemented with the words "the appeal against the acts of customs bodies, the action or inaction of their officials."

3. In Article 3:

1) the third sentence in Item shall worded as follows: "Upon the introduction of taxes it is necessary to take into account the taxpayer's ability to pay the tax";

2) in the first paragraph of Item 2 the words "political, ideological, ethnical, confessional and other distinctions between the taxpayers" shall be replaced by the words: "social, racial, national, religious and other similar criteria";

3) in Item 4:

the word "pecuniary" shall be replaced with the word "financial";

the words "the lawful activity of the taxpayer" shall be replaced with the words "the economic activity of natural persons and organizations, which is not banned by law";

4) in the second paragraph of Item 5 the word "or" shall be excluded;

5) Item 6 shall be worded as follows:

"6. Upon the introduction of taxes it is necessary to define all the elements of taxation. The legislative acts on taxes and dues shall be formulated in a way to enable each person to know exactly which taxes or dues he should pay, when and in which procedure".

4. In Article 4:

1) the title of the Article shall be worded as follows:

"Article 4. Normative Legal Acts of the Organs of Executive Power, the Executive Bodies of the Local Self-government Bodies and the Agencies of the Governmental Extra-budgetary Funds on the Taxes and Dues.

2) the text of the Article shall be deemed to be Item 1:

3) in Item 1 the words "the executive bodies of the subjects of the Russian Federation and the executive bodies of local self-government" shall be replaced by the words: "the organs of the executive power of the subjects of the Russian Federation, the executive bodies of local self-government, the agencies of governmental extra-budgetary funds";

4) the Article shall be supplemented with Item 2:

"2. The Ministry of Taxes and Dues of the Russian Federation, the Ministry of Finance of the Russian Federation, the State Customs Committee of the Russian Federation, the agencies of the governmental extra-budgetary funds shall issue obligatory orders, instructions and methodological directions on the questions of taxation and collection of dues which are not pieces of legislation on the taxes and dues".

5. In Article 5:

1) the third paragraph of Item 1 shall be supplemented with the words "but not earlier than one month since the day of their official publication";

2) Item 2 after the word "rates" shall be supplemented with the words: "the amounts of dues"; the words "tax offences" shall be replaced by the words "breaches of the legislation on the taxes and dues";

3) in Item 3 the words "tax offences" shall be replaced by the words "breaches of the taxation on the taxes and dues"; the words "and other duty-bound persons" shall be replaced by the words "tax agents and their representatives";

4) in Item 4 the words "taxpayers or payers of dues, and also other duty-bound persons" shall be replaced by the words: "taxpayers, payers of dues, tax agents and their representatives";

5) the Article shall be supplemented with Item 5:

"5. Provisions provided for by this Article shall also extend to the normative legal acts regulating the collection of the taxes and dues subject to payment in connection with the movement of goods across the customs border of the Russian Federation".

6. In Article 6:

1) in Item 1:

in Subitem 2 the words "other duty-bound persons" shall be replaced by the words: "tax agents and their representatives", after the words "tax bodies" the text shall be supplemented with the words: "customs agencies of governmental extra-budgetary funds";

Subitem 3 shall be supplemented with the words: "other persons whose duties are established by the present Code";

in Subitem 4 the words "other duty-bound persons" shall be replaced by the words: "tax agents and their representatives";

Subitem 5 after the words "tax bodies" shall be supplemented with the words: "customs agencies, agencies by governmental extra-budgetary funds"; the word "and shall be excluded";

Subitem 7 shall be supplemented with the words "other persons whose duties are established by the present Code";

2) Item 3 shall be worded as follows:

"3. The recognition of a normative legal act as inconsistent with the present Code shall be effected through legal proceedings, unless otherwise stipulated by this Code. The Government of the Russian Federation, and also a different organ of the executive power or the executive body of local self-government, which have adopted the said act or their higher bodies shall be entitled to repeal this act to introduce the necessary amendments to it prior to its juridical examination";

3) the text shall be supplemented with Item 4:

"4. Provisions stipulated by this Article shall also extent to the normative legal acts regulating the collection of taxes and dues subject to payment in connection with the movement of goods across the customs border of the Russian Federation".

7. The Code shall be supplemented with Article 6.1:

Article 6.1. Procedure for the Calculation of Time-Limits Established by the Legislation on the Taxes and Dues

"The time-limit established by the legislation on the taxes and dues shall be determined by a calendar date or the expiry of the period of time that is calculated in terms of years, quarters, months weeks or days. The time-limit may also be determined by reference to the occurrence that should come inevitably.

"The time calculated in terms of years expires in the corresponding month and on the day of the last year of the period. Any period consisting of 12 calendar months succeeding in a row shall be recognized as a year (except for a calendar year).

"The time calculated in terms of quarters expires on the last day of the last month of the period. A quarter is deemed to be equal to 3 months and the counting off the quarters is kept from the beginning of the year.

"The time calculated in terms of months expires in the corresponding month and on the day of the last month of the period. A calendar month shall be deemed to be a mont. If the end of the time falls on the month in which there is no corresponding day, the time-limit expires on the last day of this month.

"The time calculated in terms of weeks expires on the last day of a week. The period of time consisting of five working days succeeding in a row shall be deemed to be a week.

"When the last day of the time falls on a day off, the next following working day shall be deemed to be the day of the end of the time.

"An action for which a time-limit is established may be performed until 24 hours of the last day of the time-limit. If documents or monetary sums were delivered to a post-office or a telegraph-office before 24 hours of the last day of the time-limit, this time-limit shall not be deemed to be missed.

"The time-limits for the performance of actions shall be determined by an exact calendar date, by a reference to the occurrence which should come without fail or a by a period of time. In the latter case an action may be performed during the entire period of time.

"The running of the time reckoned in terms of years, months, weeks or days shall begin on the next day after a calendar date or the onset of the occurrence, which determine its beginning."

8. In Item 2 of Article 8 the words "in the interests of" shall be replaced by the words "in relation to."

9. In Article 9:

in Item 3 the words "The State Tax Service of the Russian Federation and its territorial..." shall be replaced by the words: "the Ministry of Taxes and Dues of the Russian Federation and its..."; after the words "subdivisions in the Russian Federation" the text shall be supplemented with the words: "(hereinafter referred to as the tax bodies)";

in Item 4 the word "territorial" shall be excluded;

in Item 6 the words "other authorized bodies (hereinafter referred to as financial bodies)" shall be replaced by the words: "(hereinafter referred to as financial bodies), other authorized bodies";

the text shall be supplemented with Items 7 and 8:

"7) agencies of governmental extra-budgetary funds;

8) the Federal Tax Police Service of the Russian Federation and its territorial agencies (hereinafter referred to as the tax police agencies) - upon the solution of questions referred to their jurisdiction by the present Code".

10. Item 3 of Article 10 shall be supplemented with the words: "unless otherwise stipulated by the present Code".

11. In Article 11:

1) Item 2 shall be worded as follows:

"2. The following concepts shall be used for the purposes of this Code:

organizations are legal entities set up in accordance with the legislation of the Russian Federation (hereinafter referred to as Russian organizations), and also foreign legal entities, companies and other corporate associations with a civil passive capacity, set up in keeping with the legislation of foreign States, international organizations, their branches and representative offices set up on the territory of the Russian Federation (hereinafter referred to as foreign organizations);

natural persons are citizens of the Russian Federation, foreign nationals and stateless persons;

individual entrepreneurs are natural persons registered in the statutory manner and engaged in private business without the status of a legal entity, and also private notaries, private guardsmen and private detectives. Natural persons engaged in private business with the status of a legal entity, but not registered as individual entrepreneurs in contravention of the requirements of the civil legislation of the Russian Federation shall not be entitled to refer to the fact that they are not individual entrepreneurs, when they discharge the duties vested in them by this Code;

natural persons as tax residents of the Russian Federation are natural persons who stay in fact on the territory of the Russian Federation for not less than 183 days in a calendar year;

persons (a person) mean organizations and(or) natural persons;

budgets (the budget) mean the federal budget, the budgets of the subjects of the Russian Federation (regional budgets), the budgets of municipal formations (local budgets);

extra-budgetary funds mean governmental extra-budgetary funds formed outside the federal budget and the budgets of the subjects of the Russian Federation in conformity with the federal legislation;

banks (a bank) mean commercial banks and other credit organizations having a licence of the Central Bank of the Russian Federation;

accounts (an account) mean settlement (current) and other accounts with banks, opened on

the basis of a contract of a bank account, on which the pecuniary funds of organizations and individual entrepreneurs are placed and from which they may be spent;

a source of payment of incomes to a taxpayer means an organization or a natural person from whom a taxpayer received income;

arrears mean the amount of a tax or the amount of dues not paid out in the period of time fixed by the legislation on taxes and dues;

a certificate of registration by a tax body is a document issued by a tax body to an organization or a natural person registered as taxpayers;

seasonal production means production directly associated with natural and climatic conditions and the season. This concept is used in related to an organization or an individual entrepreneur, unless in definite tax periods (a quarter or a half-year) their production activity is carried out by reason of natural and climatic conditions;

the place of location of a Russian organization is a place of its state registration;

the place of location of a separate subdivision of a Russian organization is a place of the activity of this organization through its separate subdivision;

the place of residence of a natural person is a place where this natural person resides permanently or chiefly;

a separate subdivision of an organization means any territorially separated subdivision, in the place of whose location permanent places of employment are equipped. A separate subdivision of the organization is recognized as such, regardless of the fact whether its creation is reflected or not reflected in the organization's constituent instruments or their organizational and order documents and regardless of the powers vested in the said subdivision. In this case the place of employment shall be deemed to be permanent, if it is created for a term exceeding one month";

2) in Item 3 the words "the taxable base" shall be replaced by the words "tax base".

12. In Article 12:

1) in Item 1:

the words "and are collected" shall be excluded;

after the word "regional" the text shall be supplemented with the words: "taxes and dues";

2) Item 3 shall be worded as follows:

"3. Regional taxes and dues shall be recognized to be the taxes and dues established by this Code and the laws of the subjects of the Russian Federation, carried into effect in accordance with this Code, the laws of the subjects of the Russian Federation and subject to obligatory payment on the territories of the respective subjects of the Russian Federation. With the introduction of a regional tax by the legislative (representative) bodies of the subjects of the Russian Federation it is necessary to define the following elements of taxation: the tax rates within the limits fixed by this Code, the procedure and the terms of payment of the tax, and also the forms of reporting on the given regional tax. Other elements of taxation shall be established by this Code. With the introduction of the regional tax by the legislative (representative) bodies of the subjects of the Russian Federation it is possible to provide tax concessions and grounds for their use by a taxpayer.";

3) Item 4 shall be worded as follows:

"4. Local taxes and dues shall be recognized to be those established by this Code and the normative legal acts of the representative bodies of local self-government and those carried into effect in conformity with this Code by the normative legal acts of the representative bodies of

local self-government and subject to obligatory payment on the territories of the respective municipal entities.

Local taxes and dues in the cities of federal importance - Moscow and St.Petersburg - shall be established and carried into effect by the laws of the said subjects of the Russian Federation.

With the introduction of a local tax by the representative bodies of local self-government the normative legal acts define the following elements of taxation: the tax rates within the limits set by this Code, the procedure and the terms of the payment of the tax, and also the forms of accounting on this local tax. Other elements of taxation shall be established by this Code. Upon the establishment of the local tax the representative bodies of self-government may also provide for tax concessions and grounds for their use by a taxpayer."

13. In Article 16:

1) the title of the Article shall be worded as follows:

"Article 16. Information About Taxes and Dues;

2) in the first part:

the words "Information about the introduction of regional and local taxes and dues shall be sent" shall be replaced by the words: "Information and copies of laws and other normative legal acts about the introduction and repeal of regional and local taxes and duties shall be sent";

the words "The State Tax Service of the Russian Federation" shall be replaced by the words: "The Ministry of Taxes and Dues of the Russian Federation";

3) in the second part the words "the State Tax Service of the Russian Federation" shall be replaced by the words: "the Ministry of Taxes and Dues of the Russian Federation", the words "regional taxes or dues" shall be replaced by the words "regional taxes or dues", and the words "local taxes and dues".

14. In Article 17:

1) in Item 1 the words "the following" shall be excluded and the text after the words "elements of taxation" shall be supplemented with the word "namely";

2) in Item 2 the words "normative legal act" shall be replaced by the words "the legislative act on taxes and dues";

3) in Item 3 the words "elements of taxation are defined" shall be replaced by the words: "their payers and elements of taxation are defined".

15. Article 18 shall be worded as follows:

"Article 18. Special tax treatment

A special tax treatment shall be recognized to be a special procedure for the calculation of taxes and dues during a definite period of time, applicable in cases and in the order established by this Code and the federal laws adopted in accordance with it.

Upon the establishment of special tax treatments the elements of taxation, and also tax privileges shall be determined in the order prescribed by this Code.

Special tax treatments include: the simplified system of the taxation of small business subjects, the system of taxation in free economic zones, the system of taxation in closed administrative-territorial entities, and the system of taxation during the fulfilment of contracts of concessions and product-sharing agreements.

16. The second part of Article 19 shall be worded as follows:

"In the order prescribed by this Code the branches and other separate subdivisions of Russian organizations shall discharge their duties of these organizations in the payment of taxes and dues in the place of the location of these branches and other separate subdivisions".

17. In Article 20:

1) in Item 1:

in the first paragraph the word "direct" shall be excluded;

Subitem 1 shall be worded as follows:

"1) one organization shall take a direct and/or indirect part in another organization, and the summary share of such participation makes up over 20 per cent. The share of the indirect participation of one organization in another one through the sequence of other organizations shall be determined in the shape of a product of the shares of direct participation of the organization in this sequence of one in another one";

2) Item 2 shall be worded as follows:

"2. The court may recognize persons as interdependent on other grounds, which are not provided for by Item 1 of this Article, if the relations between these persons may influence the results of transactions in the sale of goods (works, services).

18. In Item 1 of Article 21:

Subitem 2 after the words "to receive from tax bodies" shall be supplemented with the words: "and other authorized state bodies";

subitem 5 shall be supplemented with the words: ", penalty interest, fines";

in subitem 9 the words "requirements for tax payment" shall be replaced by the words: "tax notices and requirements for tax payment";

in subitem 12 the word "decisions" shall be replaced by the word "acts".

19. In Article 23:

1) in Item 1:

in Subitem 2 the words "in the bodies of the State Tax Service of the Russian Federation" shall be replaced by the words "in the tax bodies";

Subitem 3 shall be supplemented with the words "and dues".

Subitem 4 shall be supplemented with the words: "and also accounting in accordance with the Federal Law on Accounting";

in subitem 8 the word "three" shall be replaced by the word "four";

2) in Item 2:

in the first paragraph the words "the first part" shall be replaced by the words "Item 1; after the word "obliged" the text shall be supplemented with the words: "in writing";

in the second paragraph the words "five days" shall be replaced by the words "ten days";

in the fifth paragraph the words "about the termination of the activity" shall be replaced by the word "about"; after the word "(bankruptcy)" the text shall be supplemented with the word "on";

in the sixth paragraph, after the words "about the change of its place of location" the text shall be supplemented with the words "or the place of residence" and the words "since the day of the adoption of such decision" shall be replaced by the words: "since the time of such change";

3) Item 5 shall be added to this item:

"In connection with the shifting of goods across the customs border of the Russian Federation the taxpayers or the payers of dues who pay their taxes and dues shall also bear the duties provided for by the customs legislation of the Russian Federation".

20. In Article 24:

1) in Subitem 1 of Item 3 the word "pecuniary" shall be excluded;

2) the text of the Article shall be supplement with a new item, Item 4:

"4. The tax agents shall transfer the collected taxes in the order prescribed by this Code for

the payment of the tax by a taxpayer";

3) Item 4 shall be regarded as Item 5.

21. In Article 29:

1) Item 1 after the words "with tax bodies" shall be supplemented with the words: "(customs agencies and agencies of governmental extra-budgetary funds)";

2) in Item 2 the words "tax and customs bodies" shall be replaced by the words: "tax bodies, customs agencies and agencies of governmental extra-budgetary funds".

22. The title of Section III shall be formulated as follows:

"Section III. Tax Bodies. Customs Agencies.
Agencies of the Governmental Extra-budgetary Funds.
Tax Police Bodies. The Responsibility of the Tax Bodies,
the Customs Agencies, the Agencies of the Governmental
Extra-budgetary Funds, the Tax Police Bodies and Their Officials".

23. The title of Chapter 5 shall be formulated as follows:

"Chapter 5. Tax Bodies, Customs Agencies.
Agencies of the Governmental Extra-budgetary Funds.
The Responsibility of the Tax Bodies, the Customs Agencies
and the Agencies of the Governmental Extra-budgetary Funds
and Their Officials".

24. In Article 30:

1) In Item 1 the words "the State Tax Service of the Russian Federation and its territorial agencies" shall be replaced by the words: "the Ministry of Taxes and Dues of the Russian Federation and its";

2) Item 2 shall be supplemented with the words: "and the agencies of the governmental extra-budgetary funds";

3) Item 3 after the words "Tax bodies" shall be supplemented with the words: "the agencies of the governmental extra-budgetary funds";

4) Item 4 after the words "Tax bodies" shall be supplemented with the words: "the agencies of the governmental extra-budgetary funds".

25. Article 31 shall be worded as follows:

"Article 31. The Rights of the Tax Bodies

"1. The tax bodies shall have the right:

1) to demand from a taxpayer or a tax agent documents in the forms established by state bodies and local self-government bodies to serve as grounds for the calculation and payment (deductions and transfers) of taxes, and also explanations and documents confirming the correctness of calculation and timeliness of payment (deduction and transfer) of taxes;

2) to carry on tax inspections in the order prescribed by this Code;

3) to make a seizure of documents, during tax inspections of a taxpayer or a tax agent, testifying to the commission of tax offences in cases when there are sufficient grounds to believe that these documents will be destroyed, concealed, changed or replaced;

4) to summon to tax bodies taxpayers, payers of dues or tax agents to give pertinent explanations by means of written notices in connection with the payment (deduction or transfer) of taxes by them or in connection with a tax inspection, and also in other cases associated with the execution by them of the legislation on taxes and dues;

5) to suspend transactions in the accounts of taxpayers, payers of dues and tax agents in banks and to distrain the property of taxpayers, payers of dues and tax agents in the order prescribed by this Code;

6) to examine (inspect) workrooms, depots, trading and other premises and areas used by taxpayers to derive income or connected with the maintenance of the objects of taxation, regardless of their place of location, to draw up an inventory of the property belonging to taxpayers. The procedure for drawing up an inventory of the taxpayer's property during a tax inspection shall be endorsed by the Ministry of Finance of the Russian Federation and the Ministry of Taxes and Dues of the Russian Federation;

7) to determine the sums of taxes to be paid by taxpayers to the budget or to the extra-budgetary funds and calculated on the basis of available information about a taxpayer, and also of the data on other similar taxpayers in case of the refusal of the taxpayer to admit tax officials to examination (inspection) of workrooms, depots, trading and other premises and areas, used by the taxpayer to derive income or connected with the maintenance of taxation, in case of the refusal to submit to a tax body documents necessary for the calculation of taxes during more than two months, in case of the absence of the record-keeping of incomes and expenses, of the objects of taxation, and in case of keeping a record with the contravention of the established order that has led to the impossibility of computing taxes;

8) to demand that taxpayers, tax agents and their representatives should remove the revealed breaches of the legislation on taxes and dues and to control the fulfilment of said requirements;

9) to recover tax and due arrears, and also penalties in the order established by this Code;

10) to control the compliance of big expenses of natural persons with their incomes;

11) to demand from banks documents confirming the execution of payment orders of taxpayers, payers of dues and tax agents and the fulfilment of collection letters (orders) of tax bodies on the write-off of the amounts of taxes and penalties from the accounts of tax payers, payers of dues and tax agents;

12) to attract specialists, experts and interpreters for tax control;

13) to summon as witnesses persons who may know any circumstances of relevance to tax control;

14) to apply for the cancellation or suspension the validity of licenses issued for the engagement in certain activities to juridical and natural persons;

15) to set up tax posts in the order prescribed by this Code;

16) to bring the following actions in courts of general jurisdiction or in courts of arbitration:
actions of recovery of tax sanctions from persons who breached the legislation on taxes and dues;

actions of the recognition as invalid of the state registration of a legal entity or of the state registration of a natural person in the capacity of an individual entrepreneur;

actions for the liquidation of an organization of any organizational structure or legal status on the grounds established by the legislation of the Russian Federation;

actions for the early dissolution of a contract of tax credit and a contract of investment tax credit;

actions of the recovery of the indebtedness of taxes duties which correspond to penalties and fines by the budgets or the extra-budgetary funds, if this indebtedness is attributed for more than three months to the organizations, which under the civil legislation of the Russian Federation dependent (affiliate) companies (enterprises, from the corresponding basic (prevalent, participating) companies (partnerships, enterprises), when their bank accounts receive the

proceeds from the sold goods (works, services) of (subsidiary) companies or enterprises, and also to the organizations which are under the civil legislation of the Russian Federation basic (prevalent, participating) companies (partnerships, enterprises), and from the dependent (subsidiary) companies or enterprises, when their bank account receive the proceeds from the sold goods (works, services) of the basic (prevalent, participating) companies (partnerships, enterprises);

in other cases provided for by this Code.

2. "The tax bodies shall also exercise other rights provided for by this Code.

3. "In cases stipulated by the legislation on taxes and duties, the Ministry of Taxes and Dues of the Russian Federation shall approve, within its terms of reference, the forms of applications for registration by tax bodies, the forms of calculations of taxes, and the forms of tax declarations, and shall establish the procedure for their completion, all of which shall be binding on the taxpayers".

26. In Article 32:

1) in Subitem 7 of Item 1:

the words "to another duty-bound person" shall be replaced by the words: "or to another tax agent";

the text after the words "and also" shall be supplemented by the words: "in cases provided for by this Code, the tax notice and";

2) in Item 3 the word "three days" shall be supplemented with the word "ten days".

27. Item 1 of Article 34 after the words: "bear the duties" shall be supplemented with the words: "tax bodies".

28. Article 34.1 shall be added to the Code:

"Article 34.1. The Powers of the Agencies of the Governmental Extra-budgetary Funds

"1. In cases when the legislation on taxes and dues charges the agencies of the governmental extra-budgetary funds with the duties of tax control, these agencies shall enjoy the rights and bear the duties of tax bodies, provided for by this Code.

"2. The officials of the agencies of the governmental extra-budgetary funds shall exercise the duties provided for by Article 33 of this Code".

29. In Article 35:

1) the title of the Article after the words "Customs Agencies" shall be supplemented with the words: "the Agencies of the Governmental Extra-budgetary Funds"; the word "and" shall be replaced by the words: "and also";

2) Item 2 shall be added to the text of this Article:

"2. The agencies of the governmental extra-budgetary funds shall bear liability for the losses caused to taxpayers owing to their unlawful actions (decisions) or inaction, and also to the unlawful actions (decisions) or inaction of the officials and other functionaries of said agencies during the performance of their duties.

"The losses caused to taxpayers shall be compensated at the expense of the corresponding extra-budgetary fund";

3) Item 2 shall be deemed to be Item 3;

4) in Item 3 the words: "in Item 1" shall be replaced by the words: "in Items 1 and 2".

30. In Article 36:

1) in Item 2:

in Subitem 1 the words "to the jurisdiction of said bodies" shall be replaced by the words: "to their jurisdiction";

in Subitem 2 the words "jurisdiction" shall be replaced by the words: "competence";

2) Item 3 shall be worded as follows:

"3. When the tax police bodies reveal the circumstances requiring the actions referred by this Code to the powers of the tax bodies, they shall be obliged to send relevant materials to the corresponding tax body during 10 days since the day of disclosing such circumstances for the adoption of a decision".

31. In Article 38:

1) in the first paragraph of Item 1:

after the words "is" the text shall be supplemented with the words: "operations in the sale of goods (works, services)";

the words "a different economic foundation, which has" shall be replaced by the words: "another object which has";

2) Item 2 the words "civil rights" shall be supplemented with the words: "(except for property rights)".

32. In Article 39:

1) in Item 1 the words "the rendering of services" shall be replaced by the words: "the repayable provision of services"; after the words "by this Code" the text shall be supplemented with the words: "the transfer of the right of ownership of goods, of the results of performed works by one persons for another person, the rendering of services by one person to another person"; the word "and" shall be excluded;

2) in Item 3:

a new subitem, Subitem 3 shall be added to this Item:

"3) the transfer of fixed assets, intangible assets and/or other property to non-profit organizations for the performance of the main statutory activity unrelated to business activity";

Subitems 3-8 shall be deemed to be subitems 4-9;

Subitem 4 shall be worded as follows:

"4) the transfer if assets, if such transfer is of an investment character (in particular, contributions to the authorized (pooled) capital of economic companies and partnerships, contributions under a contract of society in participation (a contract of joint work), shares in cooperatives' income funds);

Subitems 5 and 6 after the words "the transfer of assets" shall be supplemented with the words "within the limits of the original contribution".

33. In Article 40:

1) In Item 2:

In the first paragraph after the words "Tax bodies" the text shall be supplemented with the words: "during the exercise of control over the calculation of taxes" and the words "to control" shall be replaced by the words "to verify";

a new Subitem, Subitem 3, shall be added:

"3) at the time of completing foreign trade transactions";

Subitem 3 shall be deemed to be Subitem 4 and set forth as follows:

"4) in case of the derivation of prices upwards or downwards for more than 20 per cent of the level of prices applicable by a taxpayer to identical (homogeneous) goods (works, services) within a short period of time";

2) Item 3 shall be worded as follows:

"3. In cases provided for by Item 2 of this Article, when the prices of goods, works or

services applied by the parties to a transaction deviate upwards or downwards for more than 20 per cent from the market price of identical (homogenous) goods (works or services), the tax body shall have the right to pass a motivated decision on the additional charge of the tax and penalty, calculated in way as if the results of this transaction would have been assessed on the basis of the application of market prices for relevant goods, works or services.

"The market price shall be determined with an eye to the provisions provided for by Items 4-11 of this Article. Premium prices or concessions shall be taken into account, which are usual upon the conclusion of transactions between the non-mutually dependent persons. In particular, it is necessary to take into account the discounts caused by:

- seasonal or other swings of consumer demand for goods (works, services);
- the loss of the quality or other consumer properties of goods;
- the expiry (or the approach of the date of expiry) of the serviceable life or sale of goods;
- the marketing policy, especially at the time of the sales promotion to markets of new unique goods, and also at the time of the sales promotion to new markets of goods (works, services);
- the sale of experimental models and samples of goods for the purpose of the familiarization of customers with them";

3) in Item 5:

the words "works or services" shall be replaced by the words: "(works, services)"; after the word "the buyers" the text shall be supplemented with the word "(seller)"; after the word "acquire" the text shall be supplemented with the word "(sell)"; after the words "to the buyer" the text shall be supplemented with the word "(to the seller)";

4) in Item 6:

the first paragraph after the words "for them" shall be supplemented with the word "basic"; in the second paragraph the words "are not taken into consideration" shall be replaced by the words: "may not be taken into consideration";

5) in Item 7:

in the first paragraph the words "the functions and" shall be replaced by the words: "the functions and (or)";

the third paragraph shall be excluded;

6) in Item 8 the words "the provided that" shall be replaced by the words "in those cases when";

7) Item 9 shall be worded as follows:

"9. While determining market prices of goods, works or services, it is necessary to take into account information about deals made at the time of sale of these goods, works or services in identical (homogenous) goods, works or services in comparable conditions. It is necessary to take into account such terms of deals as the quantity (volume) of supplied goods (e.g. the size of a lot of goods), the time for the execution of obligations, the terms of payments, usually applicable in deals of this kind, and also other reasonable conditions, which may influence prices.

"The terms of deals on the market of identical (and in their absence homogenous) goods, works, or services shall be recognized as comparable, if the difference between such terms either does not influence substantially the price of such goods, works or services or may be taken into account with the aid of adjustments";

8) Item 10 shall be excluded;

9) Items 11-13 shall be deemed to be Items 10-12;

10) Item 10 shall be worded as follows:

"10. In the absence of transactions in identical (homogenous) goods, works, services on the corresponding market of such goods, works or services or in the absence on this market of the supply of such goods, works or services, and also when it is impossible to determine appropriate prices because of the absence or the inaccessibility of information sources for the determination of a market price, use shall be made of the method of the price of subsequent sale, under which the market price of goods, works, services sold by the seller is assessed as a difference of the price for which such goods, works or services were sold by the buyer of these goods, works or services in case of their subsequent sale (resale) and the expenses which are usual in similar cases borne by this buyer during the resale (with disregard for the price for which goods, works or services were acquired by the said buyer from the seller) and during the promotion to the market of the goods, works or services acquired from the buyer, and also during the receipt of the profit by the buyer that is usual in the given sphere of activity.

When it is impossible to use the method of the price of subsequent sale (in particular, in the absence of information about the price of goods, works or services later sold by the buyer) use shall be made of the cost method, under which the market price of the goods, works or services sold by the seller is determined as a sum of the effected costs and the profit which is usual for the given sphere of activity. In this case it is necessary to take into account the direct and indirect expenses on the production (acquisition), which are usual in similar cases, and (or) the sale of goods, works or services, the usual expenses on transportation, storage, insurance and other such expenses";

11) in Item 11 the words "the information base of the organs of state power and local self government and the information supplied by taxpayers to tax bodies" shall be excluded;

12) in Item 12 the words "for business" shall be replaced by the words: "for the determination of results of a transaction"; the words "in Items 4-12" shall be replaced by the words "in Item 4-11";

13) the text shall be supplemented with Article 13:

"13. When goods (works or services) are sold at state-controlled prices (tariffs), fixed in accordance with the legislation of the Russian Federation, the said prices (tariffs) shall be accepted for taxation purposes";

14) in Item 14 the figures "3, 10 and 11" shall be replaced by figures "3 and 10".

34. In Item 2 of Article 42 the words "on the proposal of the State Tax Service of the Russian Federation shall be excluded.

35. In Article 43:

1) Item 1:

shall be supplemented by the words: "in proportion to the shares of shareholders (participants) in the authorized (pooled) capital of the organization";

shall be supplemented by the following paragraph:

"The dividends also include any incomes received from the sources beyond the confines of the Russian Federation and referring to dividends in accordance with the legislation of foreign States";

2) in Item 2:

Subitem 1 shall be supplementing with the words: "which do not exceed the contributing of this shareholder (participant) to the authorized (pooled) capital of the organization";

the text shall be supplemented with Subitem 3:

"3) payments to a non-profit organization for the conduct of its main statutory activity

(unrelated to business), made by economic companies whose authorized capital consists in full the contributions of this non-profit organization".

36. In Article 45:

1) Item 1 shall be supplemented with a new paragraph, the third paragraph:

"Default on the duty of tax payment or improper discharge of this duty shall be ground for sending a claim for tax payment to a taxpayer by the tax body, the agency of the governmental extra-budgetary fund or the customs agency";

2) in Item 2:

The second sentence of the first paragraph shall be supplemented by the words: "and also if at the time of presenting by a taxpayer an order for tax payment this taxpayer has other non-fulfilled claims made to his account, which under the civil legislation of the Russian Federation are executed in a priority order and if the taxpayer has not sufficient monetary funds on the account to satisfy all claims";

the second paragraph shall be worded as follows:

"The duty of tax payment shall also be deemed to be discharged after the tax body or the court of law has passed a decision on the offset of the excessively paid or the excessively recovered tax amounts in the order established by Article 78 of this Code";

3) Item 3 shall be supplemented with the following sentence:

"Foreign organizations, and also natural persons who are not tax residents of the Russian Federation may discharge the duty of tax payment in foreign currency. The tax payment may be made in foreign currency also in other cases provided for by federal laws."

37. In Article 46:

1) in Item 3:

the first sentence of the first paragraph shall be formulated as follows: "A decision on recovery shall be taken after the expiry of the period fixed for the discharge of the duty of tax payment, but not later than 60 days after the expiry of the term of the execution of the claim for tax payment";

the second paragraph after the word "taxpayers" shall be supplemented with the words "(tax agent)";

2) in Item 5:

in the second paragraph the words: "unless otherwise stipulated by this Item" shall be excluded;

the first sentence of the third paragraph shall be supplemented with the words: "at the rate of the Central Bank of the Russian Federation on the date of the sale of foreign currency";

3) the first paragraph of Item 6 shall be supplemented with the words: "since this does not violate the order of sequence of payments, established by the civil legislation of the Russian Federation";

4) in Item 7 after the words "tax agent" the text shall be supplemented with the words: "or in the absence of information about the accounts of a taxpayer or a tax agent"; the words "other duty-bound persons" shall be replaced by the words "tax agent";

5) in Item 10 the words: "upon the payment of which a delay or an installment plan was granted" shall be excluded;

6) the text shall be supplemented with Item 11:

"11. Provisions provided for by this Article shall also apply in case of the collection of taxes and dues by customs agencies".

38. In Article 47:

- 1) the second sentence in Item 5 shall be omitted;
- 2) a new item, Item 7, shall be added to the text of this Article.

"7. Provision provided for by this Article also apply in case of the exaction of a penalty for the untimely payment of the tax and due";

- 3) Item 7 shall be deemed to be Item 8;
- 4) in Item 8 the words: "in case of granting a delay or an instalment plan" shall be omitted;
- 5) the text of the Article shall be supplemented with Item 9:

"9. provisions provided for by this Article shall also apply in case of the collection of taxes and dues by customs agencies".

39. In Article 48:

1) Item 1 after the words "tax body" shall be supplemented with the words "(customs agency)";

2) Item 3 after the words "tax body" shall be supplemented with the words "(customs agency)";

3) Item 4 after the words "tax body" shall be supplemented with the words "(customs agency)";

4) Item 9 after the words "tax body" shall be supplemented with the words "(customs agency)";

5) in Item 10 the words "in case of granting a delay or instalment plan of payment" shall be excluded.

40. In Article 49:

1) in Item 2 after the words "taxes and dues" the text shall be supplemented with the words "due penalties and fines"; the words "or constituent documents" shall be omitted;

2) Item 4 shall be worded as follows:

"4. If an organization being liquidated has to its credit the excessively paid taxes or dues and (or) penalties and fines, th said sums of money shall be offset by a tax body on account of the repayment of the debts of the liquidated organization for taxes and dues (penalties and fines) in the order prescribed by Chapter 12 of this Code within one month since the day of filing the application by the taxpaying organization.

The amount of the excessively paid tax and dues (penalties and fines) subject to offset shall be distributed among the budgets and/or extra-budgetary funds in proportion to the total amounts of tax and due (penalty and fine) indebtedness to the respective budgets and/or extra-budgetary funds.

If the organization being liquidated has no indebtedness for the discharge of the duty of paying taxes and dues, and also of paying penalties and fines, the amount of the taxes and dues (penalties and fines), excessively paid by this organization shall be repaid to this organization within one month since the day of filing the application by the taxpaying organization.

If the organization being liquidated has to its credit the sums of the excessively collected taxes and dues, and also penalties and fines, the said sums of money shall be repaid to the taxpaying organization in the order prescribed by Chapter 12 of this Code within one month since the day of filing the application by the taxpaying organization".

41. In Article 50:

1) in Item 2:

the second sentence of the second paragraph shall be worded as follows: "In this case the legal successor (legal successors) shall pay all the penalties due to the liabilities which have passed to him";

the second paragraph shall be supplemented by the following sentence: "The legal successor (legal successors) of a reorganized legal entity shall enjoy all rights and discharge all duties in the order prescribed for taxpayers by this Code, when he performs the duties of the payment of taxes and dues, vested in it by this Article.

2) in Item 4 the word "(legal successors)" shall be omitted;

3) in the second paragraph of Item 7 the words "or the deed of conveyance shall not allow" shall be replaced by the words "shall not allow"; the word "exclude" shall be replaced by the words "excludes";

4) in Item 10:

in the second paragraph the words "reorganized organization" shall be replaced by the words "reorganized legal entity", the words "this organization" shall be replaced by the words "this legal entity" and the words "the said organization" shall be replaced by the words "the said legal entity";

the third paragraph shall be worded as follows:

"If the reorganized legal entity has no debts for the duty of tax payment, and also of the payment of penalties and fines, the amount of the excessively paid tax (penalty, fine) by this legal entity shall be repaid to its legal successor (legal successors) within one month since the day the legal successor (legal successors) files an application in the order established by Chapter 12 of this Code. In this case the amount of the excessively paid tax (penalty, fine) by the legal entity before its reorganization shall be repaid to the legal successor (legal successors) of the reorganized legal entity in accordance with the share of each legal successor, which is assessed on the basis of the dividing balance";

the text of the Article shall be supplemented with the following paragraph:

"If the reorganized legal entity has to its credit the excessively collected taxes, and also penalties and fines, the said amounts shall be repaid to its legal successor or legal successors in the procedure prescribed by Chapter 12 of this Code within one month since the day of filing an application by the legal successor or successors. Before the reorganization the amount of the excessively collected tax (penalty, fine) of the legal entity shall be returned to the legal successor or successors of the reorganized legal entity in accordance with the share of each legal successor, which is assessed on the basis of the dividing balance";

5) the text shall be supplemented with Item 12:

"12. The rules stipulated by this Article shall also apply when it is necessary to determine a legal successor or successors of a foreign organization reorganized in keeping with the legislation of foreign State".

42. In Article 51:

1) Item 2 shall be worded as follows:

"2. The duty of the payment of taxes and dues by a natural person who is recognized by a court of law as legally incompetent shall be discharged by his guardian at the expense of the monetary funds of this legally incompetent person. The guardian of the natural person recognized by a court of law as legally incompetent shall be obliged to pay all the amount of taxes and dues unpaid by the taxpayer or the payer of the duty, and also the due penalties and fines in the day when the person was acknowledged as legally incompetent";

2) Item 4 shall be added to the text of the Article:

"4. Persons vested under this Article with the duty of the payment of taxes and dues by natural persons, recognized as missing or legally incompetent, shall enjoy all rights and perform

all the duties in the order prescribed by this Code for the taxpayers and payers of dues with an eye to the special features stipulated by this Article. When the said persons discharge the duties vested by this Article and are brought to account for the guilty commission of tax offences shall not have the right to pay the fines stipulated by this Code at the expense of the person recognized as missing or legally incompetent".

43. The second part of Article 52 shall be supplemented with the following sentences: "In these cases prior to 30 days before the maturity of payment the tax body shall send a tax notice to the respective taxpayer. This notice shall indicate the amount of the tax subject to payment, the calculation of the tax base, and also the time of tax payment. The form of tax notice shall be established by the Ministry of Taxes and Dues of the Russian Federation. A tax notice may be handed over to the manager of an organization (its lawful or authorized representative) or a natural person (his legal or authorized representative against receipt or in any other way that confirms the fact and the date of its reception. When said persons evade a tax notice, the latter shall be sent by registered mail. A tax notice shall be deemed to be received upon the expiry of 6 days since the date of sending a registered letter".

44. In Item 2 of Article 54 the words "the State Tax Service of the Russian Federation" shall be replaced by the words: "the Ministry of Taxes and Dues of the Russian Federation".

45. Item 1 of Article 55 shall be supplemented with the following sentence: "The tax period may consist of one or several reporting periods that are winded up with advance payments.

46. In Article 56:

- 1) Item 2 shall be omitted;
- 2) Item 3 shall be deemed to be Item 2.

47. In Article 57:

- 1) in the sentence of Item 3 the word "decade" shall be omitted;
- 2) Item 4 shall be added to the text of this Article:

"4. When the tax base is calculated a tax body, the duty of tax payment shall arise after the reception of a tax notice".

48. In Article 58:

- 1) Item 2 shall be worded as follows:

"2. The amount of the tax subject to payment shall be paid (transferred) by a taxpayer or a tax agent within the fixed periods of time";

- 2) in the second paragraph of Item 3 the words "a different duty-bound person" shall be replaced by the words: "a tax agent".

49. In Article 59:

- 1) the text of the Article shall be deemed to be Item 1;

- 2) in Item 1 the words "Indebtedness on taxes and dues" shall be replaced by the words "arrears";

- 3) the text of the Article shall be supplemented with Item 2:

"2. The rules provided for by Item 1 of this Article shall also apply when bad debts for penalties are written off."

50. In Article 60:

- 1) in Item 1:

the words "the tax agent or another duty-bound person" shall be replaced by the words: "or the tax agent";

the words "or another duty-bound person" shall be replaced by the words "or a tax agent";

- 2) in Item 3 the words "or another duty-bound person" shall be replaced by the words: "or a

tax agent";

3) Item 4 shall be supplemented with a new paragraph, the second paragraph:

"The application of measures of responsibility shall not release the bank of the duty of transferring the amount of the tax to budgets (extra-budgetary funds) and of paying a corresponding penalty. In case of the bank's default on the said duty within the fixed time, this bank shall be liable to measures of recovery of the non-transferred sums of the tax or the due and the corresponding penalties at the expense of pecuniary means in the order that is similar to that stipulated by Article 46 of this Code. Measures of recovery of such sums of the tax or duty at the expense of other assets shall be applied through legal proceedings".

51. In the title of Chapter 9 the words "Taxes and Dues" shall be replaced by the words: "the Tax and the Due, and also the Penalty."

52. In Article 61:

1) the title of the Article shall be supplemented with the words:

"And Also Penalties";

2) in the second paragraph of Item 2 the words "and the due" shall be omitted;

3) Item 5:

after the word "the tax" the item shall be supplemented with the words "and the due";

after the words "the pledge of assets" the item shall be supplemented with the words: "in conformity with Article 73 of this Code";

after the words "the warranty" the item shall be supplemented with the words: "in compliance with Article 74 of this Code";

4) the Article shall be supplemented with Items 6 and 7:

"6. The term of penalty payment shall be changed in the order prescribed by this Chapter.

"7. The rules provided for by this Chapter shall also apply to the changes in the term of the payment of the tax and the due to the governmental extra-budgetary funds. In this case the agencies of the governmental extra-budgetary funds, which exercise control over the payment of such taxes and dues shall enjoy the rights and bear the duties of the financial bodies, stipulated by this Chapter".

53. The first paragraph of Item 2 of Article 62 after the words "in the presence of" shall be supplemented with the words: "at the time of passing a decision on the change of the term of tax payment".

54. In Article 63:

1) in Item 1:

Subitem 1 shall be worded as follows:

"1) for federal taxes and dues - the Ministry of Finance of the Russian Federation (except for the cases stipulated by Subitems 3-5 of this Item, Item 2 of this Article and the third paragraph of Item 1 of Article 66 of this Code);

Subitem 2 after the words "this item" shall be supplemented with the words: "and Item 3 of this Article";

2) in Item 3 the words "by this Code" shall be replaced by the words: "the legislation on taxes and dues".

55. In Article 64:

1) in Item 1 the words "or by another duty-bound person" shall be omitted;

2) Subitem 6 of Item 2 shall be worded as follows:

"6) other grounds provided by the Customs Code of the Russian Federation for the taxes subject to payment in connection with the movement of goods across the customs border of the

Russian Federation";

3) in the first paragraph of Item 4 the words "in Subitems 3 and 4" shall be replaced by the words "in Subitem 3, 4 and 5 of Item 2";

4) in the first paragraph of Item 5:

the words "and with appended necessary documents" shall be omitted;

this paragraph shall be supplemented with the second sentence:

"This application shall be enclosed with the documents confirming the presence of the grounds indicated in Item 2 of this Article";

5) the second paragraph in Item 7 shall be omitted;

6) in the first paragraph of Item 9 the words "contain the reasons for such refusal" shall be replaced by the words: "to be motivated";

7) Item 11 shall be worded as follows:

"11. The rules provided for by this Article shall also apply when a delay or an instalment plan for the tax payment is granted in connection with the movement of goods across the customs border of the Russian Federation, with the exception of granting a delay or an instalment plan on the ground provided for by Subitem 5 of Item 2 of this Article";

8) Item 13 shall be supplemented with the words: "unless otherwise stipulated by the legislation on taxes and dues."

56. In Article 65:

1) Item 1 shall be worded as follows:

"1. Tax credit represents a change in the term of tax payment for a period of three to twelve months in the presence of at least one of the grounds indicated in Subitems 1-3 of Item 2 of Article 64 of this Code";

2) Item 5 shall be deemed to be Item 6;

3) Item 6 shall be deemed to be Item 5.

57. In Article 66:

1) in Item 1:

in the first paragraph the words "appropriate grounds" shall be replaced by the words: "the grounds referred to in Article 67 of this Code";

the third paragraph after the words "tax credit" shall be supplemented with the words "on the tax";

2) in Item 2:

the first paragraph after the words "their payments on" shall be supplemented with the words "appropriate";

in the second paragraph after the words "on each payment" shall be supplemented with the words "the corresponding tax for which an investment tax credit has been extended";

the second paragraph shall be supplemented with the following sentence: "A concrete order of reducing tax payments shall be determined by the concluded contract on the investment tax credit";

3) in Item 3:

in the first paragraph the first sentence after the words "50 per cent" shall be supplemented with the word "amount" and after the word "definite" shall be supplemented with the words "under general rules";

the first paragraph shall be supplemented with the following sentence: "If the accumulated sum of credit exceeds the maximum amounts for which it is possible to reduce the tax and which are fixed by this item for such reporting period, the difference between this amount and the

maximally admissible amount shall be shifted to the next reporting period";

the second sentence of the second paragraph shall be omitted.

58. The first paragraph of Item 6 of Article 67 after the word "provide for" shall be supplemented with the words "the order of reducing tax payments".

59. In Article 68:

1) in Item 2 the words "or by any other duty-bound person" shall be omitted;

2) in the first paragraph of Item 4 the words "or any other duty-bound person shall" shall be replaced by the word "shall";

3) in the first paragraph of Item 5:

the words "to the payer of the due or any other duty-bound person" shall be replaced by the words: "or to the payer of the due by registered mail";

this paragraph shall be supplemented with the following sentence: "A notice of the repeal of the decision on the delay or the instalment plan shall be deemed to be received upon the expiry of six days after the date of sending a registered letter";

4) in Item 6 the words "or by another duty-bound person" shall be replaced by the words: "or by the payer of the due";

5) in Item 9 the words "but not later than three months since the day of the dissolution of the contract" shall be replaced by the words "not later than three months since the day of the dissolution of the contract";

60. In Article 69:

1) in Item 1 the word "addressed" shall be replaced by the word "sent"; the words: "or to any other duty-bound person" shall be omitted;

2) in Item 2 the words "or to any other duty-bound person" shall be omitted; the word "them" shall be replaced by the word "him"; the words "the defaulted duty of tax payment" shall be replaced by the words "arrears";

3) in Item 3 the words "to any other duty-bound person" shall be omitted; the word "their" shall be replaced by the word "his";

4) in Item 4:

in the first paragraph the word "security" shall be replaced by the words: "for the recovery of the tax and the security of the discharge of the duty of tax payment"; the words "or by any other duty-bound person" shall be omitted;

in the second paragraph the words "any other duty-bound person" shall be omitted;

5) in Item 5:

the words "or the due" shall be omitted;

the words "or to any other duty-bound person" shall be omitted;

the words "in the place of registration of these persons" shall be replaced by the words "in the place of registration";

the words "the State Tax Service of the Russian Federation" shall be replaced by the words: "the Ministry of Taxes and Dues of the Russian Federation";

6) in Item 6:

in the first paragraph the words "or the due" shall be omitted;

in the second paragraph the words: "the tax officials shall draw up a relevant report whose date of the compilation is deemed to be the date of sending the claim" shall be replaced by the words: "the said claim shall be sent by registered mail"; the paragraph shall be supplemented with the following sentence: "A claim for tax payment shall be deemed to be received upon the expiry of six days after the date of sending a registered letter";

7) in Item 7 the words "or to any other duty-bound person" shall be omitted;

8) the Article shall be supplemented with Item 9:

"9. The rules provided for by this Article shall also apply to the claim for the transfer of the tax which is sent to the tax agent".

61. In Article 70:

1) the words "or to any other duty-bound person" in the first part of this Article shall be omitted; the words "10 days before" shall be replaced by the words "three months after"; the word "last" shall be omitted and the second sentence excluded;

2) in the second part of this Article the words "to any other duty-bound person" shall be excluded and the words "to said persons" shall be replaced by the words "to him";

3) this Article shall be supplemented with the fourth part:

"The rules provided for by this Article shall also apply to the terms of forwarding the claim for the transfer of the tax to be sent to the tax agent".

62. Article 72 shall be supplemented with Item 3:

"3. The rules stipulated by this Chapter, with the exception of Articles 76 and 77 of this Code, shall also apply to the method of providing security for the fulfilment of the obligations to pay taxes and dues to the governmental extra-budgetary funds. The agencies of the governmental extra-budgetary funds, which exercise control over the payment of these taxes and dues, shall enjoy the rights and bear the duties of tax bodies".

63. In Article 73:

1) in Item 2 the words "(any other duty-bound person)" shall be omitted;

2) in Item 3 the words "by the payer of the due or by any other duty-bound person" shall be replaced by the words "or by the payer of the due".

64. In Article 74:

1) in Item 3:

the words "and the due" shall be omitted;

the text shall be supplemented with the following sentence:

"The forced exaction of the tax and due penalties from the warrantor shall be effected by a tax body through legal proceedings";

2) Item 6 shall be omitted;

3) Items 7 and 8 shall be deemed to be Items 6 and 7.

65. In Article 75:

1) in Item 1 the words "the amounts of the tax and the due" shall be replaced by the words "the amounts of taxes or dues, including taxes or dues to be paid in connection with the transfer of goods across the customs border of the Russian Federation";

2) Item 3 shall be supplemented with the following paragraph:

"No penalties shall be charged to the amount of arrears which the taxpayer could not repay because by decision of a tax body or a court of law the taxpayer's transactions in bank had been suspended and his property had been under arrest. The filing of an application for granting a delay or an instalment plan, a tax credit or an investment tax credit shall not stay the addition of penalties to the amount of the tax subject to payment";

3) in Item 4:

in the second paragraph the words "but not more than 0.1 per cent a day" shall be omitted;

the third paragraph shall be excluded.

66. In Article 76:

1) the title of the Article shall be formulated as follows:

"Article 76. The Suspension of Transactions on the Accounts of a Taxpaying Organization, an Organization Acting as a Tax Agent, an Organization Paying the Due or a Taxpaying Individual Entrepreneur";

2) in the text the words "taxpayer", "tax agent", "payer of the due" shall be replaced accordingly by the words: "taxpaying organization", "organization acting as a tax agent" and "organization paying the due";

3) the first sentence in Item 1 shall be supplemented with the phrase: "unless otherwise stipulated by Item 2 of this Article";

4) Item 2 shall be worded as follows:

"2. A decision on the suspension of transactions of a taxpaying organization on its accounts with a bank shall be taken by the chief (or his deputy) of the tax body who has sent the demand for tax payment in case of the taxpaying organization's default on the duty of tax payment within the fixed period of time. In this case a decision on the suspension of the taxpaying organization's transactions on its bank accounts may be taken only simultaneously with the adoption of a decision on the exaction of the tax.

A decision on the suspension of transactions of a taxpaying organization and taxpaying individual entrepreneur on their bank accounts may also be taken by the chief (or his deputy) of a tax body in case these taxpayers failed to submit tax declarations to the tax body during two weeks upon the expiry of the fixed term of filing such declarations, and also in case of the refusal of a taxpaying organization or a taxpaying individual entrepreneur to file their tax declarations. In this case the suspension of transactions on accounts may be repealed by decision of a tax body within one transaction day that follows the day of submitting tax declarations by these taxpayers";

5) In Item 5 the words "but for not more than three days in a calendar year" shall be omitted;

6) the text shall be supplemented with Item 9:

"9. In the presence of a decision on the suspension of transactions on the organization's accounts, the bank shall have no right to open new accounts for this organization".

67. In Article 77:

1) in the text the words "taxpayer", "tax agent", "payer of the due" shall be replaced accordingly by the words: "taxpaying organization", "organization acting as a tax agent" and "organization paying the due";

2) Item 3 after the word "applied" shall be supplemented with the word "only";

3) in Item 4 the words: "and in case of a taxpaying natural person, with the exception of property against which no recovery may be taken recourse under federal laws" shall be excluded;

4) Item 5 after the word "execution" shall be supplemented with the word "duties";

5) in the first paragraph of Item 7 the words "(any other duty-bound person)" shall be omitted;

6) in Item 12 the words "by other laws of the Russian Federation" shall be replaced by the words: "by other federal laws".

68. In Article 78:

1) Item 1 after the words "by other taxes" shall be supplemented by the words "the repaying of arrears";

2) in Item 2 the words "customs payments" shall be replaced by the words: "the taxes which were counted towards the forthcoming taxes or were repaid by customs agencies";

3) Item 3 shall be supplemented with the following paragraph:

"In case of disclosing facts testifying to a possible excessive payment of a tax, the tax body shall have the right to send to a taxpayer its proposal on a joint checking of paid taxes. The checking results shall be completed with a report to be signed by the tax body and the taxpayer";

4) in Item 4:

the words "by a tax body" shall be omitted;

the text after the words "the taxpayer" shall be supplemented with the words: "by decision of a tax body";

the following sentence shall be added to the text: "Such decision shall be passed during five days after the receipt of an application, provided this sum of money is paid to the budget (extra-budgetary fund), to which the excessively paid amount of the tax was sent";

5) in Item 5:

after the words "according to the application by a taxpayer" the text shall be supplemented with the words "and by decision of a tax body";

the word "others" shall be omitted;

the words "and also fines for committing a tax offence" shall be replaced by the words "the repayment of arrears";

6) in Item 6:

the word "made" shall be replaced by the words: "the passed decision on";

the words "or a due on account of forthcoming payments" shall be omitted;

7) the second sentence of Item 7 shall be worded as follows:

"If a taxpayer has arrears for payment of taxes and dues or for debts penalties charged to the same budget/extra-budgetary fund), the excessively paid sum of money shall be repaid to a taxpayer only after the offset of the said sum of money on account of the repayment of arrears (debts)";

8. in Item 9:

in the first paragraph after the words "the tax is collected" the text shall be supplemented with the words "at the expense of the budget (extra-budgetary fund) to which overpayment was made", the words "two weeks" shall be replaced by the words "one month";

the third paragraph shall be supplemented with the following sentence: "If the tax was paid in foreign currency, interest fixed by this item shall be added to the sum of the excessively paid tax, which was recalculated at the exchange rate of the Central Bank of the Russian Federation on the day when the excessive tax payment was made";

9) Item 10 shall be supplemented with the following sentence:

"If tax payment was made in foreign currency, the amounts of the excessively paid tax shall be accepted for an offset or shall be repaid in the currency of the Russian Federation at the exchange rate of the Central Bank of the Russian Federation on the day when the excessive tax payment was made";

10) the text shall be supplemented with Items 12 and 13:

"12. The rules provided for by this Article shall also apply in case of the offset or the repayment of the excessively paid amount of the tax and the due in connection with the movement of goods across the customs border of the Russian Federation. The customs agencies shall enjoy the rights and bear the duties provided for by this Chapter for the tax bodies.

"13. The rules stipulated by this Article shall also apply in case of the offset or the repayment of the excessively paid sums of the tax and the due incoming to the governmental extra-budgetary funds. The agencies of the governmental extra-budgetary funds exercising control over the payment of said taxes and dues shall enjoy the rights and bear the duties

provided for by this Chapter for the tax bodies".

69. In Article 79:

1) Item 1 shall be supplemented with the following sentence:

"If a taxpayer has tax and due arrears or indebtedness on penalties due to the same budget (extra-budgetary fund), the excessively collected sum of money shall be repaid to the taxpayer only after the offset against the redemption of the arrears or the indebtedness";

2) the first paragraph of Item 2 shall be worded as follows:

"2. A decision on the repayment of the excessively collected tax shall be taken by a tax body on the basis of a written application by the taxpayer from whom this tax was collected within two weeks since the day of the registration of the said application. A court of shall take such a decision by way of an action in legal proceedings";

3) the first paragraph of Item 4 shall be supplemented by the words "at the expense of general receipts by the budget (extra-budgetary fund), to which the amounts of the excessively collected tax were charged";

4) in Item 5 the words "two weeks since the day of the repeal of the decision on collection" shall be replaced by the phrase: "within one month since the day of the adoption of the decision by a tax body and during one month after the adoption of such decision, if a court of law passes a decision on the repayment of the excessively collected sums of money";

5) the text shall be supplemented with Item 8:

"8. The rules stipulated by this Article shall also apply when the excessively collected amount of the tax or the due was repaid in connection with the movement of goods across the customs border of the Russian Federation".

70. In the titles of Section V and Chapter 13 the word "Accounting" shall be replaced by the word "Declaration".

71. In Item 80:

1) Item 3 shall be worded as follows:

"3. The forms of tax declarations, unless they are approved by the legislation on taxes and dues, shall be worked out and approved by the Ministry of Taxes and Dues of the Russian Federation";

2) in Item 7 the words "the State Tax Service of the Russian Federation" shall be replaced by the words "the Ministry of Taxes and Dues of the Russian Federation";

3) the text of the Article shall be supplemented by Item 9:

"9. The rules stipulated by this Chapter shall also apply to the order of declaring data on the calculation and payment of taxes and dues incoming to the governmental extra-budgetary funds. The agencies of the governmental extra-budgetary funds, which exercise control over the payment of taxes and dues incoming to these funds, shall elaborate the forms and the procedure of filing in tax declarations".

72. In Article 81:

1) in Item 3:

the words "provided for by Article 121 of this Code" shall be excluded;

the words "the service of a report on tax checking, which has revealed the circumstances stipulated by Item 1 of this Article" shall be replaced by the words: "when the taxpayer learned about the discovery by a tax body of the circumstances, stipulated by Item 1 of this Article or about the appointment of a mobile tax check";

2) in Item 4:

the words "provided for by Item 4 of Article 121 of this Code" shall be excluded;

the words "the service of a report on tax checking, which has revealed the circumstances stipulated by Item 1 of this Article, and also paid the deficient sum of the tax and penalty" shall be replaced by the words: "when the taxpayer learned about the discovery by a tax body of the circumstances, stipulated by Item 1 of this Article or about the appointment of a mobile tax check";

the text shall be supplemented with the following sentence:

"The taxpayer shall be released from liability in keeping with this item, provided that before the filing such application the taxpayer has paid the deficient amount of the tax the corresponding penalty".

73. In Article 82:

1) the text of the Article shall be deemed to be Item 1;

2) in Item 1 the words: "and other duty-bound persons" shall be replaced by the words: "tax agents and payers of the due";

3) the text shall be supplemented with Items 2, 3 and 4:

"2. The customs agencies and the agencies of the governmental extra-budgetary funds shall exercise tax control within their jurisdiction over the observance of the legislation on taxes and dues in the order prescribed by this Chapter. The customs agencies and the agencies of the governmental extra-budgetary funds shall enjoy the rights and bear the duties stipulated by this Chapter for tax bodies.

"3. The tax bodies, the customs agencies, the agencies the governmental extra-budgetary funds and the tax police agencies shall inform one another in the order, defined by the agreement between them, about the available materials on breaches of the legislation on taxes and dues and tax offences, about measures taken to thwart them, about the tax checks carried out by them, and also exchange with other necessary information with the aim of fulfilling their tasks.

4. In the exercise of tax control no allowance shall be made for the collection, storage, use and spread of information about a taxpayer (payer of dues or tax agent), received in violation of the provisions of the Constitution of the Russian Federation, the present Code, the federal laws, and also in contravention of the principle of preserving information that makes up a professional secret of other persons, in particular a legal secret or an audit secret".

74. In Article 83:

1) in Item 1:

in the first paragraph the words "branches and representative offices" shall be replaced by the words "separate units";

in the second paragraph the words "branches and/or representative offices" shall be replaced by the words "separate units" and the words "a branch and/or a representative office" shall be replaced by the words "a separate unit";

the text shall be supplemented with the following paragraphs:

"The Ministry of Taxes and Dues of the Russian Federation shall have the right to determine the specific aspects of the registration of major taxpayers.

The specific features of the record-keeping of foreign organizations shall be fixed by the Ministry of Taxes and Dues of the Russian Federation";

2) in Item 3:

the words "individual entrepreneur" shall be replaced by the phrase: "the natural person engaged in activity without the status of a legal entity";

the words "when they carry out the activity in the Russian Federation through a branch or a representative office during 10 days after the creation of the branch and the representative office"

shall be excluded;

3) the text shall be supplemented with Item 4:

"4. When the activity is carried in the Russian Federation through a separate unit, an application for registration of an organization in the place of location of a separate unit shall be filed during one month after the creation of the separate unit";

4) Items 4-9 shall be deemed to be Items 5-10;

5) in Item 5:

Subitem 1 shall be deemed to be Subitem 3 and formulated as follows:

"3) for other real estate - the place of the actual location of this estate";

Subitem 2 shall be deemed to be Subitem 1;

Subitem 3 shall be deemed to be Subitem 2;

in Subitem 2 the words "in Subitem 2" shall be replaced by the words "in Subitem 1";

6) in Item 7 the words "and persons indicated in Item 6 of this Article" shall be omitted;

7) in Item 8 the words "by the second paragraph of Item 4 and by Item 6" shall be replaced by the words: "by the second paragraph of Item 5 and by Item 7;"

8) Item 10 after the words "legal entities" shall be supplemented with the words: "natural persons as individual entrepreneurs, the issue to natural persons of licenses for the engagement in private practice, accounting and registration".

75. In Article 84:

1) in Item 1:

in the first paragraph the words "the State Tax Service of the Russian Federation" shall be replaced by the words "the Ministry of Taxes and Dues of the Russian Federation";

the text of the Article shall be supplemented with the following paragraph:

"Specific aspects of the registration of foreign organizations depending on the types of the received income shall be determined by the Ministry of Taxes and Dues of the Russian Federation";

2) In Item 2 the words "by the State Tax Service of the Russian Federation" shall be replaced by the words "by the Ministry of Taxes and Dues of the Russian Federation";

3) Item 3 shall be supplemented with the following sentence:

"Individual entrepreneurs shall be obliged to inform the tax body in which they are registered about the change of their places of residence within 10 days since the time of such change";

4) Item 4 shall be worded as follows:

"4. If a registered taxpayer has changed his place of location or place of residence, he shall be struck off the register by the tax body in which he was registered during five days after the filing of his application about the change of this place of location or place of residence. The taxpayer shall be obliged to inform the respective tax body about the change of the place of location or place of residence within 10 days since the time of such change";

5) Item 5 shall be supplemented with the words: "during 14 days since the day of filing such application";

6) in Item 6 the word "stock-taking" shall be omitted;

7) in the fourth paragraph of Item 7 the words "the State Tax Service of the Russian Federation" shall be replaced by the words "the Ministry of Taxes and Dues of the Russian Federation";

8) in Item 8 the words "the State Tax Service of the Russian Federation" shall be replaced by the words "the Ministry of Taxes and Dues of the Russian Federation";

9) the text shall be supplemented with Item 11:

"11. The registration of taxpayers in the agencies of the governmental extra-budgetary funds shall be carried out in the order prescribed by this Article. The form of applications for registration shall be worked out by the agencies of the governmental extra-budgetary funds by agreement with the Ministry of Taxes and Dues of the Russian Federation".

76. In Article 85:

1) the title of the Article after the words "Individual Entrepreneurs" shall be supplemented with the words "Place of Residence"; the words "Birth and Death" shall be replaced by the words "Civil Status"; after the word "Property" the title shall be supplemented with the words "And Transactions with Him";

2) in the second paragraph of Item 2 the words "to the natural persons who are engaged at their risk in the activity aimed at the systematic receipt of income from rendering paid services and who are not subject to registration in this capacity in accordance with the legislation of the Russian Federation" shall be superseded by the words "to private notaries, private detectives and private guardsmen";

3) in Item 3 the words "the registration of births and deaths" shall be replaced by the words "the registration of certificates of civil status";

4) the text shall be supplemented by Item 7:

"7. The bodies engaged in the accounting and/or registration of users of natural resources, and also in the licensing the activity for the use of these resources, shall be obliged to provide information about the granting in rights to such use, which are objects of taxation, to the tax bodies in the place of their location during 10 days after the registration (issue of a relevant licence or permit) of the user of natural resources".

77. In Article 86:

1) the text of the Article shall be deemed to be Item 1;

2) in Item 1:

in the first paragraph the words: "and also to the persons listed in Item 5 of Article 83 of this Code" shall be omitted;

in the second paragraph the words: "the persons indicated in Item 5 of Article 83 of this Code" shall be omitted;

3) the text shall be supplemented with Item 2;

"The banks shall be obliged to issue to tax bodies references on the transactions and accounts of organizations and individual entrepreneurs without the status of a legal entity in the order prescribed by the legislation of the Russian Federation during five days after the tax body's motivated inquiry".

78. The Code shall be supplemented by Article 86.1, 86.2 and 86.3:

"Article 86.1. Tax Control over the Expenses of a Natural Person

1. Tax control shall be exercised over the expenses of a natural person, a tax resident of the Russian Federation, who acquires the property indicated in this Article (hereinafter referred to as tax control over the expenses of a natural person). The purpose of tax control over the expenses of a natural person is to ascertain the compliance of big expenses of this person with his incomes.

"2. The property, the acquisition of which is controlled by tax bodies, include the following objects of ownership:

1) real estate, except for perennial plantations;

2) motor transport vehicles unrelated to immovable property;

3) shares of public joint-stock companies, government and municipal securities, and also savings certificates;

4) cultural values;

5) gold bars.

"3. Tax control over the expenses of a natural person shall be exercised by tax officials by means of receiving information from organizations or authorized persons who carry out the registration of the property indicated in this Article, the registration of transactions in this property, and also the registration of right to this property.

"Article 86.2. The Duty of the Organizations or Authorized Persons Associated with Tax Control Over the Expenses of Natural Persons

"1. The body that carries out the state registration of rights to real estate and of transactions in it shall be obliged to send information about the registered transactions not later than 15 days after the registration of transactions of purchase and sale of real estate to the tax body in the place of its location.

"2. The body that registers motor transport vehicles shall be obliged to send information about the registered transport vehicles unrelated to real estate not later than 15 days after registration to the tax body in the place of its location.

"3. Persons registering transactions in securities shall be obliged to send to the tax body in the place of their location information about the registered transactions in the purchase and sale of securities not later than 15 days after the registration of transactions of purchase and sale of securities, indicated in Article 2 of this Code.

"4. Not later than 15 days after the registration of a transaction of purchase and sale of cultural values the notary shall be obliged to send information about this transaction.

"5. The authorized persons and organizations registering transactions in gold bars shall be obliged to send to the tax body in the place of their location information about the registered transaction not later than 15 days after the registration of the transaction of purchase and sale of gold bars.

"6. The form of the notice by which the organizations or the authorized persons indicated in Items 1-5 of this Article inform the tax bodies about completed transactions, and also the list of documents appended to such notice, shall be approved by the Ministry of taxes and Dues of the Russian Federation.

"7. A non-submission by an organization or an authorized person of information indicated in this Article shall be regarded as a tax offence and shall involve the responsibility stipulated by Article 126 of this Code.

"Article 86.3. Tax Control over the Expenses of a Natural Person

"1. If administered expenses exceed the incomes stated by a natural person in his declaration over the previous tax period, or if tax bodies do not possess information about the incomes of a natural person over the previous tax period, the tax bodies shall be obliged to make out a report on the revealed inconsistency and shall send within a month to the natural person a written demand for explanations about the sources and amounts of the monetary funds which were used to acquire property.

"2. Upon the receipt of the written demand of a tax body, based on available data the natural persons shall be obliged to submit during 60 calendar days a special declaration with an indication of all sources and amounts of monetary funds used to acquire property indicated in the

tax body's demand.

"3. A person submitting a special declaration shall have the right to append to it copies of documents certified in the statutory order and confirming the data indicated in it.

On the demand of tax bodies the drawer of a special declaration or his representative shall be obliged to submit for perusal the originals of documents whose copies were appended to the said declaration.

"4. The form of a special declaration shall be worked out by the Ministry of Taxes and Dues by agreement with the Ministry of Finance of the Russian Federation".

79. In Article 87:

1) the title of the Article shall be worded as follows:

"Article 87. Tax Checks

2) the first part of the Article shall be formulated as follows:

"The tax bodies shall carry on chamber and field tax checks of taxpayer, payers of dues and tax agents. A tax check may cover only three calendar years of the activity of the taxpayer, the payer of the due and the tax agent, which directly precede the year of the respective check";

3) the second part of the Article shall be supplemented with the words "(the payer of the due)" after the word "taxpayer";

4) the third part of the Article after the words "by the taxpayer" shall be supplemented with the words "(payer of the due)" and after the words "the taxpaying organization" the text shall be supplemented with the words: "(organization paying the due)".

80. Article 87.1 shall be added to the Code:

"Article 87.1. Tax Checks by Customs Agencies

"The customs agencies shall conduct chamber and field checks of the taxes to be paid in connection with the movement of goods across the customs border of the Russian Federation in accordance with the rules provided for by Articles 87-89 of this Code".

81. In the second part of Article 88 the words "during two months" shall be replaced by the words "during three months".

82. In Article 89:

1) the second part of this Article shall be worded as follows:

"A field tax checks may be carried out in respect of one taxpayer (the payer of the due or the tax agent) for one or several taxes. The tax body shall not be entitled to carry on during one calendar year two and more field tax checks of the same taxes over one and the same period. A field tax check may not last for more than two months, unless otherwise stipulated by this Article. In exceptional cases the higher tax body may extend the duration of field tax check up to three months. When field checks are carried out with regard to the organizations having branches and representative offices, the term of checks shall be extended by one month in order to verify each branch and representative office. The tax bodies shall have the right to check the branches and representative offices of a taxpayer (a tax agent or a payer of dues), regardless of the conduct of checks of the taxpayer (tax agent or payer of the due) himself. The time of a check shall include the time of the actual stay of the checking officials on the territory of the verified taxpayer, the payer of the due or the tax agent. The said periods of time shall not include the periods between the service of the demand for the submission of documents on the taxpayer (tax agent) in accordance with Article 93 of this Code and the submission by him of the documents questioned during the conduct of the check";

2) in the third part of this Article the text after the words "taxpaying organization" shall be supplemented with the words "duty-paying organization";

3) in the first part of this Article the words " a withdrawal is carried out" shall be replaced by the words "a seizure is carried out"; the words "by Article 93" shall be replaced by the words "by Article 94"; the words "In the report on the withdrawal" shall be replaced by the words "In the report on the seizure"; the words "the need for withdrawal" shall be replaced by the words "the need for seizure"; the words "at the time of withdrawal" shall be replaced by the words "at the time of seizure"; the words "the report on withdrawal" shall be replaced by the words "the report on seizure"; after the word "taxpayer" the text shall be supplemented with the words "(tax agent or duty-payer)";

4) the text shall be supplemented by the following parts:

"The form of the decision by the manager (deputy manager) of a tax body on the conduct of a field tax check shall be worked out and approved by the Ministry of Taxes and Dues of the Russian Federation.

"At the end of a field tax check the checking official shall draw up a reference on the carried check in which he fixed the subject of the check and the time for its conduct".

83. In Article 90:

1) Item 2 shall be worded as follows:

"2. The following persons may not be interrogated as witnesses:

1) persons who by reason of their small age, physical and psychic drawbacks are unable to correctly perceive circumstances of relevance to tax control;

2) persons who have received information needed to exercise tax control in connection with the discharge by them of their professional duties, and similar information shall refer to the professional secret of these persons, in particular a lawyer and an auditor";

3) in Item 5 the words "explains to the witness his rights and duties and" shall be omitted; after the word "warns" the text shall be supplemented with the word "witness".

84. In Article 91:

1) in Item 1 the word "ruling" shall be replaced by the word "decision"; after the word "taxpayer" the text shall be supplemented with the words: "the duty payer and the tax agent";

2) in Item 4 the words "(except for living accommodation) shall be omitted;

3) in Item 5 the text after the words "natural persons" shall be supplemented with the words: "differently as in cases established by the federal law or on the basis of a court decision".

85. In Article 93:

1) in the first paragraph of Item 1 the words "(any other duty-bound person)" shall be replaced by the words: "the duty-bound payer and the tax agent";

2) in the first paragraph of Item 2 the words "or any other duty-bound person" shall be superseded by the words "the duty payer or the tax agent"; the words "the term fixed by Item 1 of Article 127" shall be replaced by the words "fixed terms", the words "provided for by this Code" shall be replaced by the words: "stipulated by Article 126 of this Code".

86. The first paragraph of Item 1 of Article 95 shall be worded as follows:

"1. In cases of necessity for the participation in concrete actions of tax control and in field tax checks an expert may be attracted on a contractual basis".

87. Item 1 of Article 96 after the words "tax control" shall be supplemented with the words: "including during the conduct of field tax checks".

88. Item 1 of Article 97 after the words "tax control" shall be supplemented with the words "on a contractual basis".

89. In Article 100:

1) in Item 1:

the first sentence after the words "According to the results of a field tax check" shall be supplemented with the phrase: "not later than two months after the compilation of the reference on the carried check"; after the words "by the entrepreneur" the text shall be supplemented with the words "or by their representatives";

in the second sentence the words "the said persons" shall be replaced by the words "representatives of organizations";

in the third sentence the words "the officials of the tax body shall compile a relevant report, the date of whose compilation is to be recognized as a date of the handing in of the report of tax checking" shall be replaced by the words "this shall be reflected in a report of tax checking";

2) In Item 2 the words "and the application of sanctions for the violation of the legislation on taxes and dues" shall be superseded by the words: "and references to the Article of this Code, which provide for responsibility of this type of tax offences";

3) in Item 3 the words "the State Tax Service of the Russian Federation" shall be replaced by the words "the Ministry of Taxes and Dues of the Russian Federation".

4) in Item 4:

the first paragraph after the word "entrepreneur" shall be supplemented with the words "(their representatives)"; the words "by the taxpayer" shall be supplemented with the words "or by its representatives"; after the words "by post" the text shall be supplemented with the words "by registered mail";

the second paragraph shall be omitted;

5) in Item 6 the phrase: "which fixes tax offences and proposals of checking officials on the elimination of the revealed breaches and on the application of relevant sanctions, documents withdrawn from the taxpayer" shall be omitted;

6) Item 7 shall be excluded.

90. In Article 101:

1) the title of the Article after the word "Offence" shall be supplemented with the words: "Committed by a Taxpayer, a Duty Payer or by a Tax Agent";

2) the text shall be supplemented with Item 1:

"1. Checking materials shall be examined by the manager (deputy manager) of a tax body. In the event of submitting by the taxpayer written explanations or objections to the report of a tax check, the materials of the check shall be examined in the presence of the officials of a taxpaying organization or an individual entrepreneur or of their representative. The tax body shall notify the taxpayer about the time and the place of the examination of the checking materials well in advance. If despite the notification the taxpayer failed to appear, the checking materials, including the objections, explanations and other documents and materials presented by the taxpayer shall be considered in his absence";

3) Items 1-7 shall be regarded as Items 2-8;

4) in the first paragraph of Item 2 the words "during 10 days" and the words "(decision)" shall be omitted;

5) in Item 3 the word "ruling" shall be replaced by the word "decision" and the words "to tax responsibility" shall be replaced by the words "to responsibility";

6) in Item 4 the words "the amounts of tax sanctions, and also about the removal of revealed breaches" shall be omitted; the word "penalty" shall be superseded by the words "and the penalty";

7) the second sentence of Item 5 shall be worded as follows:

" If it is impossible to hand in the decision of a tax body to a taxpayer or his representatives

by the above-said methods, this decision shall be sent by registered mail and shall be deemed to be received upon the expiration of six days after its dispatch";

8) Item 8 after the words "also for" shall be supplemented with the words "duty payers and".

91. Article 101.1 shall be added to the Code:

"Article 101.1. Proceedings in the Case of the Code-stipulated Breaches of the Legislation on Taxes and Dues, Committed by Persons Who Are Not Taxpayer, Duty Payers or Tax Agents

1. Upon the discovery of facts testifying to the violation of the legislation on taxes and dues (including tax offences) by persons who are not taxpayer, duty payer or tax agents, the tax official shall draw up in a statutory manner a report to be signed by this official and the person who has committed a breach of the legislation on taxes and dues. A corresponding entry shall be made in this report to testify the fact of the refusal of the person who has committed a breach of the legislation on taxes and dues to sign this report. When the said person evades to receive the report, the tax official shall make a relevant entry in the report.

2. The report shall indicate the documentally confirmed facts of a breach of the legislation on taxes and dues, and also the conclusions and proposals of the official who has discovered the facts of breaking the legislation on taxes and dues to eliminate the revealed breaches and to apply sanctions for breaking the legislation on taxes and dues.

3. The form of the report and the demand for its drawing up shall be established by the Ministry of Taxes and Dues of the Russian Federation.

4. A report shall be presented to the persons who has committed the legislation on taxes and dues against receipt or conveyed in any other way testifying to the date of its receipt. In the event of sending the said report by registered mail the sixth day beginning with the date of its dispatch shall be deemed to be the date of handing in the report.

5. A person who has committed a breach of the legislation on taxes and dues shall have the right, in case of disagreement with the facts set forth in the checking report, and also with the conclusions and proposals of checking officials, to submit, within two weeks since the day of the receipt of the checking report, to the respective tax body his written explanation of the reasons for the refusal to sign the report or for the objection to the report as a whole or to its particular provisions, In this case the person who has committed a breach of the legislation on taxes and dues shall have the right to append to the written explanations (objections) the documents or their certified copies confirming the validity of objections or reasons for non-signing the checking report or to transfer such documents to the tax body in the agreed period of time.

6. Upon the expiry of the time indicated in Item 5 of this Article, during 14 days the manager (deputy manager) of the tax body shall consider the report which has fixed the facts of breaking the legislation on taxes and dues, and also the documents and materials submitted by the person who has committed a breach of the legislation on taxes and dues.

7. If a person who has breached the legislation on taxes and dues fails to submit explanations of, or objections to, the report, the checking materials shall be examined in the presence of this person or of his representatives. The tax body shall notify the person who has committed a breach of the legislation on taxes and dues about the time and place of the examination of these materials well in advance. If the person who has breached the legislation on taxes and dues has not appeared despite the notification, the report and the materials appended to it shall be examined in his absence.

8. The manager (deputy manager) of a tax body shall pass his decision according to the results of the examination of the report and the appended materials:

- 1) on the calling to account of a person for breaking the legislation on taxes and dues;
- 2) on the refusal to call to account a person for breaking the legislation on taxes and dues;
- 3) on additional measures of tax control.

9. The decision on calling a person to account for breaking the legislation on taxes and dues shall set forth the circumstances of the committed breach, indicate documents and other information confirming the said circumstances, the reasons adduced by the person who is called to account in his defence, and the results of checking these agreements, the decision on calling the person to account for concrete breaches of the legislation on taxes and dues, with an indication of the Articles of this Code which provide for such breaches and the applicable measures of responsibility.

10. A demand for penalty payment shall be forwarded to the person on the basis of the passed decision on calling him to account for breaking the legislation on taxes and duties.

11. A copy of the decision taken by the tax body manager and the demand shall be handed in to the persons who has breaches the legislation on taxes and dues against receipt or shall be conveyed in any other way that testifies to the date of its reception by the taxpayer or by his representative. If a copy of the tax body's decision and/or demand may not be handed in to him, they shall be deemed to be received by the person who has breached the legislation on taxes and dues or by his representative upon the expiry of six days after they were sent by registered mail.

12. Non-observance by tax officials of the requirements of this Article may be a ground for the repeal of the decision of the tax body by a higher tax body or by a court of law.

13. The authorized official of a tax body shall draw up a record of administrative offences about the tax body-revealed breaches of the legislation on taxes and dues, for which persons are liable to administrative responsibility. Cases of these offences and of the application of administrative sanctions to the persons guilty of their commission shall be examined by tax bodies in accordance with the legislation on administrative offences".

92. In Article 102:

1) in Item 1:

the first paragraph after the words "by the tax body" shall be supplemented by the words "the agency of the governmental extra-budgetary fund and the customs agency";

Subitem 3 shall be omitted;

Subitems 4 and 5 shall be regarded as Subitems 3 and 4;

Subitem 4 after the word "tax" shall be supplemented by the word "(customs)"; after the word "tax" the text shall be supplemented with the word "(customs)"; the words "the submission to these bodies" shall be replaced by the words "information submitted to these bodies";

2) in Item 2:

the first paragraph after the words "by tax bodies" shall be supplemented with the words "the agencies of the governmental extra-budgetary funds and customs agencies";

the second paragraph after the words "tax body" shall be supplemented with the words "the agency of the governmental extra-budgetary fund or the customs agency";

3) in Item 3:

the first paragraph after the words "tax bodies" shall be supplemented with the words "the agencies of the governmental extra-budgetary funds or the customs agencies";

in the second paragraph the words "the State Tax Service of the Russian Federation" shall be replaced by the words "the Ministry of Taxes and Dues of the Russian Federation"; the words "by the Federal Tax Police Service of the Russian Federation" shall be superseded by the words "the agencies of the governmental extra-budgetary funds".

93. In Article 103:

1) in Item 1 the words "(to any other duty-bound person)" shall be replaced by the words "duty payers, the tax agent or to their representatives"; the word "his" shall be superseded by the word "their";

2) in Item 3 the words "(to any other duty-bound person)" shall be replaced by the words "to the tax agent or their representatives";

3) in Item 4 the words "(to any other duty-bound person)" shall be replaced by the words "to the tax agent or their representatives".

94. In Article 104:

1) in Item 1:

in the first paragraph the word "obliged" shall be omitted;

in the second paragraph the word "obliged" and the words "by sending the appropriate demand for tax payment" shall be excluded;

in the first paragraph the word "obliged" shall be omitted;

2) in Item 3 the words "on the arrest of the defendant's property by way of securing the claim" shall be replaced by the words: "on the security of the claim in the order envisaged by the civil procedure legislation of the Russian Federation and by the arbitration procedure legislation of the Russian Federation";

3) the text shall be supplemented with Item 4:

"4. The rules of this Article shall also apply in case of calling a taxpayer to account for breaking the legislation on taxes and dues in connection with the shifting of goods across the customs border of the Russian Federation".

95. In Article 106 the words "their representatives" shall be replaced by the words "other persons".

96. In Article 108:

1) in Item 2 the word "tax" shall be omitted;

2) in Item 5:

the words "or a tax agent" shall be excluded;

the word "them" shall be replaced by the word "him";

after the words "the amount of the tax" the Item shall be supplemented with the words "and penalties";

the Item shall be supplemented with the following sentence:

"The calling of a tax agent to account for committing a tax offence shall not release him from the duty of transferring the due sums of the tax and the penalty";

3) in Item 6:

in the first sentence the words "Each taxpayer" shall be replaced by the word "A person";

in the second sentence the words "the taxpayer is not obliged" shall be superseded by the words "the person called to account is not obliged";

in the third sentence the word "taxpayer" shall be replaced by the word "person";

in the fourth sentence the words "the taxpayer in the commission of a tax offence" shall be replaced by the words: "the person called to account"; the words "the taxpayer" shall be replaced by the words "this person";

the fifth and sixth sentences shall be omitted.

97. In Item 1 of Article 111:

Subitem 1 after the word "circumstances" shall be supplemented with the words: "(said circumstances shall be established by the presence of generally known facts, by publications in

mass media and by any methods that are not in need of special means of proof)";

Subitem 2 after the words "in a bad state" shall be supplemented with the words: "(said circumstances shall be proved by submitting to a tax body documents, which by their meaning, content and date relate to that tax period in which a tax offence was committed)";

in Subitem 3:

the words "instructions and" shall be omitted, after the word "explanations" the text shall be supplemented with the words "on the questions of the application of the legislation on taxes and dues";

after the words "within their jurisdiction the text shall be supplemented with the words: "(said circumstances shall be established, given appropriate documents of these bodies, which by their meaning and content relate to tax periods in which a tax offence was committed, regardless of the date of the date of the publication of these documents)".

98. In Article 112:

1) in Subitem 3 of Article 1 the words "by the tax body" shall be omitted;

2) the text of the Article shall be supplemented with Item 4:

"4. Circumstances mitigating or aggravating the responsibility for the commission of a tax offence shall be established by a court of law and taken into its consideration when it imposes sanctions for tax offences in the order prescribed by Article 114 of this Code".

99. Item 2 of Article 113 shall be excluded.

100. In Article 114:

1) In Item 4 the words "by part 2" shall be replaced by the words "by Item 2";

2) the text shall be supplemented with Item 7:

"7. Tax sanctions shall be recovered from taxpayers only in court proceedings".

101. In Item 1 of Article 115 the word "three" shall be replaced by the word "six", the words "(period of limitation)" shall be replaced by the words "(the period of limitation for the recovery of sanctions)".

102. In Article 116:

1) the text of the Article shall be deemed to be Item 1;

2) in Item 1 the words "by Article 117 of this Code" shall be superseded by the words "by Item 2 of this Article";

3) the text of the Article shall be supplemented with Item 2:

"2. A breach by the taxpayer of the time-limit of filing an application for registration with a tax body for a period of over 90 days according to Article 83 of this Code shall involve the exaction of a fine in the amount of 10,000 roubles.

103. In Article 117:

1) the text of the Article shall be regarded as Item 1;

2) the first paragraph of Item 1 shall be worded as follows:

"1. The activity by an organization or an individual entrepreneur without registration with a tax body";

3) the text of the Article shall be supplemented with Item 2 of the following wording:

"2. The activity by an organization or an individual entrepreneur without registration with a tax body for more than three months shall involve the exaction of a fine in the amount of 20 per cent of the incomes received during the period of activity without registration for more than 90 days".

104. In Article 118:

1) in Item 1:

the word "and" shall be replaced by the word "or";
the words "unless this involved the non-payment of taxes" shall be omitted;
2) Item 2 shall be excluded.

105. In Article 119:

1) the title of the Article shall be formulated as follows:

"Article 119. Non-submission of a Tax Declaration";

2) in Item 1:

in the first paragraph the words "or by his legal representative" shall be excluded;

the second paragraph shall be worded as follows:

" shall involve the exaction of a fine in the amount of 5 per cent of the amount of the tax subject to payment (additional payment) on the basis of this declaration for each full or partial month since the day fixed for its submission, but not more than 30 per cent of the said sum and not less than 100 roubles";

3) in Item 2:

in the first paragraph "or by his legal representative" shall be excluded;

the second paragraph shall be worded as follows:

"shall involve the exaction of a fine in the amount of 30 per cent of the sum of the tax subject to payment on the basis of this declaration and 10 per cent of the sum of the tax subject to payment on the basis of this declaration for each complete or incomplete month beginning with the 181st day";

4) Item 3 shall be omitted.

106. In Article 120:

the words "incomes and expenses and objects" shall be replaced by the words "incomes and/or expenses and/or objects";

the text of the Article shall be supplemented with the words: "in the absence of signs of a tax offence provided for by Item 2 of this Article";

2) in Item 2:

the word "Deeds" shall be replaced by the words "The same deeds";

the words "stipulated by Item 1 of this Article" shall be omitted;

3) in Item 3:

the word "Deeds" shall be replaced by the words "The same deeds";

the words "provided for by Article 1 of this Article" shall be omitted;

the word "income" shall be replaced by the words "tax base";

after the words "source documents" the text shall be supplemented with the words: "or the absence of invoices, or";

after the word "systematic" the text shall be supplemented with the words: "(twice and more times during a calendar year)";

4) Item 4 shall be omitted.

107. Article 121 shall be excluded.

108. In Article 122:

1) the first paragraph of Item 1 shall be worded as follows:

"1. Non-payment or incomplete payment of the sums of the tax as a result of understanding the tax base, of another wrong calculation of the tax or of any other unlawful actions or inaction";

2) the text shall be supplemented with Item 2:

"2. Non-payment or incomplete payment of the sums of the tax as a result of understating

the tax base or of any other wrong calculation of the tax subject to payment in connection with the movement of goods across the customs border of the Russian Federation shall involve the exaction of a fine in the amount of 20 per cent of the unpaid amount of the tax";

3) Item 2 shall be deemed to be Item 3;

4) in Item 3 the words "The same actions" shall be replaced by the words "Deeds provided for by Items 1 and 2 of this Article".

109. In Article 123:

the first paragraph of the first part shall be worded as follows:

"The unlawful non-transfer or the incomplete transfer of the sums of the tax subject to deduction and transfer by a tax agent";

in the second paragraph of the first part of the Article the words "the deduction and" shall be excluded.

110. In Article 124:

1) the title of the Article after the words "the Tax Body" shall be supplemented with the words: "the Customs Agency and the Agency of the Governmental Extra-budgetary Fund";

2) the first paragraph of the first part of the Article shall be worded as follows:

"The unlawful prevention of the access of the official of a tax body, the customs agency and the agency of the governmental extra-budgetary fund, who carried out a tax check in accordance with this Code, to the territory or the premises of a taxpayer or a tax agent".

111. In the first paragraph of the first part of Article 125 the words "by the taxpayer or the tax agent" shall be omitted.

112. In Article 126:

1) in the title of this Article the words "about the taxpayer" shall be superseded by the words "necessary for the exercise of tax control";

2) this Article shall be supplemented with Item 1:

"1. Non-submission by a taxpayer or a tax agent to tax bodies within the fixed period of time of documents and/or other information, provided for by this Code and other legislative acts on taxes and dues, shall involve the exaction of a fine in the amount of 50 roubles for each non-presented document";

3) Items 1 and 2 shall be regarded as Item 2 and 3;

4) in Item 2:

the words "who carries the tax check" shall be excluded;

after the words "unreliable information" the text shall be supplemented with the words: "unless such deed contains the signs of a breach of the legislation on taxes and dues which is stipulated by Article 135.1 of this Code";

5) in Item 3 the words "Item 12" shall be replaced by the words "Item 2".

113. Article 127 shall be omitted.

114. In the first paragraph of the second part of Article 128 the word "Refusal" shall be replaced by the words "Unlawful Refusal".

115. Article 129.1 shall be added to the Code:

"Article 129.1. Unlawful Non-dispatch of Information to a Tax Body

1. Unlawful non-dispatch or untimely dispatch by a person of information, which under this Code this Person should provide the respective tax body, in the absence of signs of a tax offence stipulated by Article 126 of this Code shall involve the exaction of a fine in the amount of 1,000 roubles.

2. The same deeds committed for a second time during a calendar year shall involve the exaction of a fine in the amount of 5,000 roubles".

116. In Article 130:

in the title of this Article the words "in a case of a tax offence" shall be superseded by the words "connected with tax control";

in the first paragraph the words "in case of a tax offence" shall be replaced by the words "associated with tax control".

117. In Item 3 of Article 131 the second paragraph shall be omitted.

118. Article 132 shall be worded as follows:

"Article 132. Violation by a bank of a procedure of the opening of account for a taxpayer.

1. The opening by a bank of an account to an organization or an individual entrepreneur without the production by them of a certificate of registration with a tax body, and also the opening of an account in the presence in the bank of the decision of the tax body on the suspension of transactions in the accounts of this person, shall involve the exaction of a fine in the amount of 10,000 roubles.

2. Non-supply by a bank to a tax body of information about the opening or the closing of an account by an organization or an individual entrepreneur shall involve the exaction of a fine in the amount of 20,000 roubles".

119. Item 2 in Article 133 shall be omitted.

120. In Article 134:

the title and the text of this Article after the word "taxpayer" shall be supplemented with the words "duty-payer";

the word "demand" shall be replaced by the words: "the duties of paying the tax or the due, or any other payment order";

the words "the demand of a tax body for the payment of due sums of the tax or the due" shall be replaced by the words: "payments to the budget or the extra-budgetary fund".

121. Article 135 shall be worded as follows:

"Article 135. Non-fulfilment by a Bank of the Decision on the Collection of the Tax or the Due, and Also the Penalty

1. The unlawful non-fulfilment by a bank of the decision of a tax body on the collection of the tax or the due and also the penalty within the period of time fixed by this Code, shall involve the exaction of the penalty in the amount of one hundred and fiftieth rate of refinancing of the Central Bank of the Russian Federation, but not more than 0.2 per cent for each day of delay.

2. The commission by a bank of actions aimed at creating a situation of the absence of monetary funds on the account of a taxpayer, a duty payer or a tax agent, with regard to which the tax body has in the bank its collection letter under Article 46 of this Code, shall involve the exaction of a fine in the amount of 30 per cent of the sum of money that has been received as a result of such actions".

122. Article 135.1 shall be added to the Code:

"Article 135.1. Non-submission to Tax Bodies of Information About the Financial and Economic Activity of Taxpaying Clients of a Bank

1. Non-submission by banks on a motivated inquiry of a tax body of inferences on the transactions and accounts of the organizations or individuals, engaged in business without the status of a legal entity, within the time fixed by this Code in the absence of signs of the offence, provided for by Item 2 of this Article, shall involve the exaction of a fine in the amount of

10,000 roubles.

2. Non-submission by banks on a motivated inquiry of a tax body of references on the transactions and accounts of the organizations or individual entrepreneurs without the status of a legal entity within the time fixed by this Code shall involve the exaction of a fine in the amount of 20,000 roubles".

123. In the second part of Article 136 the words "on the basis of the decision by the chief (or his deputy) of the tax body on the basis of its collection letter in the extra-judicial order" shall be replaced by the words: "in the order prescribed by Article 60 of this Code".

124. In the first part of Article 137 the words "any other duty-bound person" shall be replaced by the words "the tax agent" and the words "of any other duty bound person" shall be replaced by the words "of a tax agent".

125. In the first paragraph of Item 2 of Article 139:

the words "or any other duty-bound person has known or should have known" shall be superseded by the words: "he has learned or should have learned";

the text shall be supplemented with the following sentence:

"Documents supporting the complaint may be appended to this complaint".

126. In Item 1 of Article 140 the words "(any other duty-bound person)" shall be excluded.

Article 2. The present Federal Law shall enter into force upon the expiry of one month since the day of its official publication, with the exception of the provisions for which this Article establishes difference time-limits of enforcement.

Items 12 and 15 of Article 1 of this Federal Law shall be carried into effect in the order stipulated by Article 3 of the Federal Law on the Enforcement of the First Part of the Tax Code of the Russian Federation.

Provisions stipulated by Subitems 2 and 10 of Item 33 of Article 1 of this Federal Law shall apply in the order prescribed by Article 6 of the Federal Law on the Enforcement of the First Part of the Tax Code of the Russian Federation.

Subitem 1 of Item 5 and Item 78 of Article 1 of the present Federal Law shall be carried into effect since January 1, 2000.

Individual tax concessions granted by the representative bodies in the subjects of the Russian Federation and by the representative bodies of local self-government in the period from January 1, 1999 to the day of the enforcement of this Federal Law shall be valid during the period for which these concessions were granted. If at the time of the introduction of individual tax concessions the period of time during which these privileged may be used was not fixed, then the said individual tax concessions shall become invalid since January 1, 2000.

If at the time of the entry into force of this Federal Law the three-month period was not expired for the recourse of a tax body to a court of law with an action on the recovery of the tax sanction, stipulated by Item 1 of Article 115 of the first part of the Tax Code of the Russian Federation, then the said period shall be extended to six months.

If at the time of the entry into force of the present Federal Law the ten-day period for the adoption of a decision on the recovery of the tax (due or penalty) from the monetary funds of a taxpayer or a tax agent, provided for by Item 3 of Article 46 of the first part of the Tax Code of the Russian Federation was not expired, then the said period shall be extended to 60 days.

In connection with the adoption of the present Federal Law the following laws shall be deemed to be invalid:

the Federal Law of July 20, 1998 of the State Control Over the Compliance of Big Expenses

on Consumption with the Incomes Actually Received by Natural Persons (Collected Legislation of the Russian Federation, No. 30, 1998, item 3612);

the Federal Law of February 9, 1999 on the Introduction of the Amendment to Article 11 of the Federal Law on the State Control Over the Compliance of Big Expenses on Consumption with the Incomes Actually Received by Natural Persons (Collected Legislation of the Russian Federation, No. 7, 1999, item 874).

Article 3. The first part of the Tax Code of the Russian Federation shall be officially published for a second time in full scope, with an eye to the amendments and the addenda adopted by this Federal Law.

President of the Russian Federation

Boris Yeltsin

Moscow, the Kremlin