

INSTRUCTIONS
OF THE STATE TAX SERVICE OF THE RUSSIAN FEDERATION
NO. 39 OF OCTOBER 11, 1995
ON PROCEDURE FOR CALCULATION AND PAYMENT OF THE VALUE-ADDED TAX
(with the Additions and Amendments of January 23, March 14,
August 22, 1996, March 12, December 29, 1997, August 7, 1998,
July 19, 1999, April 4, 2000)

Order of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/77 of March 6, 2001 abolished these Instructions

On the Value-Added Tax see, [Chapter 21](#) of the Tax Code of the Russian Federation and the [Methodical Recommendations](#) for the Application of Chapter 21 "Value-Added Tax" of the Tax Code of the Russian Federation, endorsed by [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/447 of December 20, 2000

See [Order](#) of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/407 of November 27, 2000 on the approval of the forms of declarations on the value-added tax and of the instructions on their completion

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These Instructions are issued on the basis of:

Law of the Russian Federation No. 1992-1 of December 6, 1991 on Value-Added Tax with amendments and the Resolution of the Supreme Soviet of the Russian Federation No. 1994-1 of December 6, 1991 on Procedure for Enacting the Law of the Russian Federation on Value-Added Tax; Law of the Russian Federation No. 2118-1, of December 27, 1991 on the Basics of Tax System of the Russian Federation; Law of the RSFSR No. 943-1 of March 21, 1991 on the State Tax Service of the RSFSR; Decree of the President of the Russian Federation No. 2270 of December 22, 1993 on Changes in Taxation System and Relations Between Budget Systems of Various Levels.

I. General Provisions

1. The Value-Added Tax (VAT) is a form of withdrawal into the budget system of a portion of the Value-Added at all production stages and defined as the difference between the cost of commodities, works, and services sold and the cost of material investments referred to production and distribution costs.

The procedure for calculating and paying of the VAT for commodities imported to and exported from the Russian Federation shall be determined by the Instructions of the State Customs Committee and the State Tax Service of the Russian Federation No. 01-20/741, 16 of January 30, 1993 on the Procedure for Application of the Value-Added Tax and Excise Duties to Commodities Imported to and Exported from the Russian Federation.

On the procedure for the application of excises with respect to goods imported into the territory of the Russian Federation see Instructions of the State Customs Committee of the Russian Federation and the Ministry for Taxes and Fees of the Russian Federation Nos 01-100/4 and 57 of March 3, 2000

II. Tax Payers

2. The payers of the Value-Added Tax shall be:

a) organizations, regardless of their forms of ownership and agency affiliation, which, in compliance with legislation of the Russian Federation, enjoy the status of legal entities (state- and municipal-run enterprises; economic partnerships and societies; institutions; other types of organizations) engaged in production and other commercial activities;

b) enterprises involving foreign investments engaged in production and other commercial activities;

c) individual (family-run) private enterprises engaged in production and other commercial activities*;

d) branches, divisions, and other isolated parts of organizations (enterprises) located in the Russian Federation, which sell commodities (works, services) independently;

About procedure for the payment of taxes and fees by the branches and other isolated units of Russian organizations in connection with the putting into force of the [Tax Code](#) of the Russian Federation see [Letter](#) of the Ministry of Taxes and Fees of the Russian Federation No. VG-6-18/151 of March 2, 1999

e) international associations and foreign legal entities engaged in production and other commercial activities in the Russian Federation.

3. Tax payers indicated in Subitems (a)-(e) of the present Item shall hereinafter be referred to as "organizations" or "enterprises".

[Federal Law](#) No. 25-FZ of April 1, 1996 excluded from VAT-payers the persons engaged in business activities without creation of a legal entity

III. Objects of Taxation

4. The objects of taxation shall be:

a) turnovers of commodities sold, works carried out, and services rendered in the Russian Federation;

b) commodities imported to the Russian Federation in compliance with customs regimes set forth by the customs legislation of the Russian Federation.

5. When selling commodities, the object of taxation shall be turnovers of all commodities sold - both own-made and purchased elsewhere.

Commodities for taxation purposes mean: products (objects, manufactured articles), including those of production and technical destination; buildings, structures, and other types of immovable properties; electrical and thermal power, gas, and water.

6. When selling works, the object of taxation shall be the volumes of erection and installation carried out, repairs, research, experiments and engineering, and technological, design, restoration, and other works.

7. When selling services, the object of taxation shall be receipts obtained from rendering:

a) services of passenger and cargo transportation, including shipment (transfer) of gas, oil, oil products, electrical and thermal power, services in loading, unloading, re-loading of commodities, and storage;

b) services in leasing property and real estate objects, including those on lease;

c) intermediary services;

d) services in communication, domestic, and communal services;

e) physical culture and sports services;

f) services in fulfilling orders of trade enterprises;

g) advertising services;

h) innovation services, services in data processing, and information support;

i) other paid services except for land leasing.

8. Other taxable turnovers shall also include:

a) turnovers of commodities (works, services) sold within the organization (enterprise) for its

own consumption, if these costs are not registered as production and distribution costs, and also sold to the enterprise's employees;

According to [Amendments and Addenda No. 3](#) of August 22, 1996 the words "without payment" were excluded from subitem (b) of Item 8 of Section III of these Instructions

b) turnovers of commodities (works, services) sold ~~without payment~~, in exchange for other commodities (works, services);

c) turnovers of commodities (works, services) paid partly or donated freely to other organizations (enterprises) or natural persons, including enterprise employees;

d) turnovers of mortgage items sold, including their transfer to mortgage holders in case of failure to fulfill the secured liability.

According to [amendments](#) introduced into the [Law](#) of the Russian Federation No. 1992-I on Value Added Tax, taxable turnovers shall also include the turnovers of the transfer of goods (works, services) under a smart-money agreement or an agreement for replacement of an original obligation that existed between parties, other obligations between these persons

IV. Determination of the Taxable Turnover

On the issue of the compliance with the Russian legislation of Item 9 of these Instructions see [Letter](#) of the State Tax Service of the Russian Federation No. PV-6-18/368 of May 15, 1997

9. Taxable turnover is determined as the cost of the commodities (works, services) sold, calculated on the basis of:

- free (market) prices and tariff rates, without including the value-added tax in them;
- state regulated wholesale prices and tariff rates, without including the value-added tax in them;
- state regulated retail prices and tariff rates, including the Value-Added Tax.

When calculating the taxable turnover of commodities liable to excise duties, the turnover shall include also the amount of excise duties.

*According to [Amendments and Addenda No. 3](#) of August 22, 1996 the sixth paragraph of Item 9 of these Instructions was reworded
[see the previous text of the paragraph](#)*

On the consideration of the issue of invalidation (as illegal) of Item 9 of Section IV of these Instructions see [Decision](#) of the Supreme Court of the Russian Federation No. GKPI 98-404 of August 26, 1998

Any monetary means, received by organizations (enterprises), shall also be included in the taxable turnover, if their receipt is associated with the settlements on payment for goods (works, services), including the sums of advance and other payments made in account of the deliveries of goods performance of works (services) in future to accounts with banking establishments or to the cashier's and also the sums, received as partial payment according to the payment documents for sold goods (works, services).

The value-added tax shall be imposed on the advance payment sums, received by Russian organizations (enterprises) from foreign and Russian private persons in account of the forth-coming export of goods, works and services. After the confirmation of the actual export of goods, works and services in the established procedure, the Value-Added Tax imposed on the advance payments, which have been received by Russian Federation organizations (enterprises), shall be offset.

For the confirmation of the actual of goods, works and services it is necessary to present the documents to the tax bodies, stipulated:

for the export goods-in [Item 22 of Section IX](#) of the Instructions;

for the export works and services - in [Section IV](#) of the Instructions.

The value-added tax shall be imposed on the sums of advance and other payments, made in account of the forthcoming deliveries of goods or performance of works (rendering of services), exempt from the tax in keeping with [Article 5](#) of the Law of the Russian Federation on the Value-Added Tax, except for [Subitem \(a\) of Item 1 \(Item 12\)](#) of the Instructions, except for Subitem (a)), and also in account of the performance of works (rendering of services) which, according to [Item 5 of Article 4](#) of the above-mentioned Law, shall not be sold in the Russian Federation.

See the [list](#) of the documents shall be submitted to the tax bodies for confirming the actual export of the goods given by [Letter](#) of the State Tax Service of the Russian Federation and the Ministry of Finance of the Russian Federation Nos VZ-8-05/848, 04-03-08 of December 21, 1995

About the application of VAT to the advance and other payments received against future deliveries of goods or execution of works (services), including those intended for export see [Letter](#) of the State Tax Service of the Russian Federation No. VZ-8-03/215 of March 28, 1996

Resources donated freely by foreign organizations to Russian organizations (enterprises) in the form of grants for purpose-oriented programs on account shall not be objects of taxation.

See [List](#) of International and Foreign Institutions, International and Foreign Non-Profit and Charitable Organizations (Foundations), Grants (Gratuitous Help) Given for Support of Russian Science Which Are Exempt from the Payment of Income Tax on Natural Persons (Receivers of Grants) approved by the Order of the State Committee of the Russian Federation for Science and Technology No. 56 of November 5, 1996

Resources of tied budget financing excluded from VAT-liable turnover shall also include resources transferred to respective accounts of enterprises and institutions (avoiding [Account 46](#) (Sales of Products (Works, Services)) allocated in budget systems of various levels to finance purpose-oriented programs and events.

Commodities (works, services) purchased at the expense of tied budget financing shall be covered with an allowance for the Value-Added Tax not liable to reimbursement. Amounts of the mentioned tax in this case shall not be referred to production and distribution costs and are covered at the expense of above-mentioned sources.

Joint venture without the creation of a legal entity for this purpose shall be carried out on the basis of an agreement between their participants. The parties (participants) in an agreement on joint ventures undertake to operate jointly by uniting their property and efforts with the aim of attaining a common economic or other goal not violating legislative acts.

The property created or purchased in the course of joint ventures, and the results obtained shall be registered in a separate (isolated) balance with the participant entrusted with supervising the joint venture in accordance with the agreement. Commodities (works, services) sold in the framework of joint ventures are liable to the VAT in compliance with the generally established procedure. The data of the separate (isolated) balance shall not be included in the balance of the organization (enterprise) in charge of the joint venture. Accounting records of participants of the agreement on the joint venture shall register profits, losses, and other results of the joint venture due to each participant in compliance with the agreement.

The portion of profits received by each participant of a joint venture, after deducting all taxes including the Value-Added Tax shall not be liable to taxation.

Organizations (enterprises) selling their products (works, services) at prices which do not exceed their actual net cost shall be taxed on the basis of market prices for similar products (works, services) available at the moment of sale, but not lower than the actual net cost.

In case the organizations (enterprise) could not sell their products at prices higher than the net cost because of reduced quality or marketable properties (including esthetic depreciation), or if the available market prices for this or similar products appear to be lower than the actual net cost of these products, then the actual selling price of these products shall be used for taxation purposes.

The market prices are assumed to be the market prices available in the region at the moment of

selling the commodities (works, services) when making the transaction. The region is assumed to be the sphere of product circulation in the given locality determined on the basis of economic capability of the buyer to purchase the commodity in the territory nearest to him. The nearest territory is assumed to be a particular residential settlement, or group of settlements, located within the boundaries of administrative and national formations.

If the organization (enterprise), within 30 days before selling the products at prices below their actual net costs, have sold (or have been selling) similar products at prices above their actual net costs, then all transactions shall be taxed at the maximum calculated prices of the sale of these products.

In case products were sold at prices below their net cost (purchase cost), the resulting negative difference between tax amounts paid out to suppliers and the tax amounts calculated upon selling the commodities shall be referred to profits left over at the disposal of organizations (enterprises) after deducting the profit tax, and shall not be offset in anticipated payments or reimbursed from the budget.

When exchanging products (works, services) between organizations (enterprises), or when donating them freely, the taxable turnover shall be determined on the basis of the average selling price (VAT not included) for the same or similar products (works, services) calculated for the month of the mentioned transaction ([Example 1](#)). If such or similar products (works, services) were not sold during the months, then calculation shall be - on the basis of the price of their latest sale (value added tax not included) ([Example 2](#)), however, no less than the actual net cost.

Example 1. In December, 150 running meters of cotton fabric were donated free of charge to another enterprise, with the actual net cost of one meter being Rbl 3,600. This month, 100 running meters of this fabric were sold to clients at Rbl 4,000 per meter, 200 running meters at Rbl 4,200 per meter, and 500 running meters at Rbl 4,500 (VAT not included).

For taxation purposes, the turnover for a free donation of this fabric ought to be determined at the average selling price of Rbl 4,362 (VAT not included). $(Rbl\ 4,000 \times 100\ m + Rbl\ 4,200 \times 200\ m + Rbl\ 4,500 \times 500\ m) : (100\ m + 200\ m + 500\ m)$. If the actual net cost of one running meter is Rbl 4,600, then the price Rbl 4,600 shall be applied for taxation purposes.

Example 2. In December, 150 running meters of cotton fabric was donated free of charge to another enterprise. There were no sales of this fabric in the current month. The last sale of the mentioned product was effected at Rbl 3,800 per meter (VAT not included). The taxable turnover for this operation shall be fixed at Rbl 300 (with the actual net cost of one running meter being Rbl 3,600).

If an organization (enterprise) exchanges a newly launched product not produced earlier, or exchanges a purchased product, then the actual market prices for similar products available in the given region for the moment of selling this product when committing the transaction are taken for taxation purposes, however not less than its actual net cost.

When selling a purchased product, its net cost shall include the cost of purchase, costs of delivery, storage, selling, and other similar expenses. For fixed assets and other depreciating items, their residual cost is used in the calculations.

In cases of labor remuneration in kind (including own-made products) or selling this product to the population or the enterprise's own employees through the cash department at prices not higher than the net cost, the taxable turnover shall be determined similarly.

When products (works, services) are donated free of charge, the paying party shall be the one donating them.

When using own-made commodities (works, services) within the organization (enterprise), whose costs are not referred to production and distribution costs, the basis for determination of the taxable turnover shall be the cost of these or similar commodities (works, services) calculated on the basis of prices used (tariff rates), and if these are not available, then on the actual net cost.

When making commodities from customer-supplied raw and other materials, the taxable turnover shall be the cost of their processing (including expenses and profits), and for commodities

liable to excise duties, the cost of processing including excise duties.

Tax sums for reusable containers which have a resale value shall be paid when they are sold by producer organizations (producer enterprises) to buyers.

If products and commodities are loaded in disposable consumer containers (boxes, polyethylene bags, other packing materials) included in the price of the finished product, or in shipping containers (wooden, cardboard) covered in addition to prices of the finished product, then the cost of these containers shall be included in the taxable turnover.

Sums of taxes and other payments to the budget system referred to the net cost of products (works, services) in compliance with actual legislation shall not be excluded from the taxable turnover when calculating the VAT.

According to [Amendments and Addenda No. 3](#) of August 22, 1996 Item 9 of these Instructions was supplemented with the following text:

The following shall be recognized as place of sale of works (services):

a) the place of location of the real estate, if the works (services) are directly associated with this estate. Construction, construction - and assembly, repairs, restoration works, landscape and shade gardening works and similar services;

According to [Amendments No. 5](#) subitem (a) of Item 9 of these Instructions was supplemented with the following text

For the purpose of the location of Russian air craft and sea vessels, domestic navigation vessels provided under a lease (charter contract for a term) with the crew on the temporary possession and use terms to foreign lessees (implementation locations) there shall be presented documents confirming the location where such services are provided outside the member-states of the Commonwealth of Independent States:

leases for Russian means of transportation with the crew, concluded by Russian vessel owners being tax payers with foreign persons;

bank statement confirming the actual receipt of proceeds from the foreign persons for the services provided, on the account of the Russian tax payer at a Russian Bank registered in tax bodies;

copies of documents confirming that the services have been actually provided outside the member-states of the Commonwealth of Independent States, attested in accordance with the established procedure.

The tax sums paid to suppliers in respect to the material resources as the said works and services were performed, the location of the actual providing thereof is outside the territory of the member-states of the Commonwealth of Independent States are not subject to be reimbursed from the budget.

b) the place of the actual performance of work (services), if they are associated with movable property;

c) the place of the actual rendering of services if they are rendered in the sphere of culture, art, education, physical culture or sport or in any other similar sphere of activity;

d) the place of the economic activity of the buyer of services, if the place of location of the buyer of these services is in one State and that of the seller, in another.

The provision of subitem (d) shall be applied with respect to the following services:

for the transfer in to ownership or assignment of patents, licenses, trademarks, author's rights or other similar rights:

the consultation, legal, accounting, engineering, advertising services and also those for processing information and other similar services (for the purposes of the application of the Instructions of the engineering-consultation services in the sphere of the preparation of the process of turning out and sale of products (works, services), the preparation of the construction and operation of industrial, infrastructure, agricultural and other projects, the predesign and design services (preparation of the feasibility studies, design - and - engineering developments and similar

services refer to engineering services); the services for gathering, generalizing and systematizing information files and for placing the results of processing of information at the disposal of the user refer to the services for processing information;

for the supply of personnel, if the personnel is employed at the buyer's place of economic activity;

for leasing out movable property (except for the transport vehicles of transport enterprises);

the services of the agent attracting, on behalf of the main party to the contract, a person (organization, enterprise or natural person) for the services, stipulated by Subitem (d).

The place of carrying out its economic activity by the organization (enterprise) performance the given works (rendering the given services) shall be regarded as a place of sale of the works (services), not stipulated in [Subitems \(a\)-\(e\) of Item 5 of Article 4](#) of the Law of the Russian Federation on the Value-Added Tax.

If the sale of works (services) is of an auxiliary nature with respect to the sale of the (main) goods, works, services, the place of sale of the main goods, works and services shall be recognized as a place of such auxiliary sale.

The following documents shall be regarded as confirming the place of performing works and rendering services:

the contract, signed with foreign or Russian persons: the payment documents confirming the fact of payment, made by the foreign or Russian Person for the works performed and the services rendered;

the reports, certificates or other documents, signed by the seller and the buyer of the works (services).

10. Not liable to taxation shall be: a) turnover of sales of products, semi-finished items, works, and services from one division of an organization (enterprise) to other divisions of the same enterprise for production purposes (intra-factory turnovers);

b) turnover of coal extracting and coal processing enterprises when selling coal and coal dressing products to coal distribution agencies;

c) resources of founders contributed to the registered funds in compliance with the procedure established by the legislation of the Russian Federation;

d) resources received as their share (portion) in kind or in monetary form at the termination or reorganization of an organization (enterprise) in amounts not higher than the registered fund, as well as the share (portion) of legal entities when quitting the organizations (enterprises) in an amount not higher than their entrance contributions;

[Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Subitem \(e\) of Item 10 of the present Instruction was](#)

[See the text of the Subitem in the previous wording](#)

e) the monetary funds transferred to the leading organization (enterprise) or to the executive body of a joint-stock company, by passing the realization accounts, by organizations (subsidiary and dependent companies) or separate units from the profit remaining at their disposal after the termination of the settlements with the budget on the taxes, provided that they are spent according to the approved estimate for carrying out the centralized functions of managing all the organizations (subsidiary and dependent companies) and structural units comprising the leading organization (enterprise) or the joint-stock company, as well as for the formation of the centralized financial funds (reserves).

f) resources transferred by the parent organization (enterprise) to its isolated activities (branches, divisions, and other) from centralized financial funds (reserves) as a secondary redistribution of purpose-oriented profits.

If resources indicated in Subitems (e) and (f) are used for other purposes (for example, commercial activities), they are liable to VAT in compliance with the generally established procedure;

g) monetary resources left over after tax and other mandatory payments, as well as resources of the reserve fund transferred by banking institutions within the structure of the same legal entity;

h) budget resources allocated on returnable and non-returnable bases from budgets of various level to finance purpose-oriented programs and events, as well as income received by budget systems of various level from the budget resources granted;

i) resources transferred for charitable purposes to organizations for the needs of low-income, socially unprotected categories of citizens who are the actual recipients of such resources, as well as monetary (sponsoring) resources allocated for purpose-oriented financing of non-commercial organizations not engaged in economic (entrepreneurial) activities which do not have products (works, services) sales turnovers, except for discarded property, provided that the given resources are registered in a separate account and their purpose-oriented use is reported to the tax bodies.

According to [Amendments No. 5](#) [Item 10](#) of these Instructions was supplemented with subitem (j)

j) The turnovers of the sales of works and services effected by Russian tax payers performing the carriage, loading, unloading, transshipment, storage etc. of import cargoes insofar as the works and services included in the value for customs purposes of goods imported to the customs territory of the Russian Federation are concerned.

The following shall be submitted to the tax bodies as documents confirming the right to the non-inclusion of the said works and services in the turnover taxable with the value added tax in accordance with the mandatory procedure:

a contract (a copy of the contract attested in accordance with the established procedure) or other documents of a Russian legal entity being a tax payer with foreign or Russian persons for the performance of these works and services;

a bank statement confirming that the proceeds from the Russian or foreign person have been received for the works performed or services provided, on the account of the Russian tax payer in a Russian bank registered in the tax bodies;

copies of the customs documents confirming that the serviced goods have been imported to the customs territory of the Russian Federation from outside the territories of the member-states of the Commonwealth of Independent States and that the value added tax has been paid on the said works and services to the customs bodies as part of the value for customs purposes of goods imported to the territory of the Russian Federation;

copies of international carriage and forwarding documents or any other documents.

11. For construction, installation, and repair organizations, the taxable turnover shall be the cost of construction products (works, services) sold, determined on the basis of contract prices, while taking into account their changes occurring during execution of works as a result of increased (reduced) prices for construction materials and structures, tariff rates for delivery, and other types of services.

[Decision](#) of the Supreme Court of the Russian Federation No. GKPI 00-417 of August 4, 2000 recognised [Paragraphs 2 and 3](#) [Item 11](#) of the present Instructions as unlawful and not applicable of the [effective date](#) of [Part 1](#) of the Tax Code of the Russian Federation

Construction works carried out internally, whose cost is not referred to production costs, shall be liable to taxation in compliance with the generally established procedure as soon as they are fulfilled and referred to [Account 08](#) (Capital Investments). The sum of the VAT for material resources, fuel, works, and services, whose cost is written off to object construction, shall be referred to the budget payments in compliance with the procedure described in [Item 19](#) of the present Instructions.

When carrying out construction works internally, the sales volumes shall be determined on the basis of sums registered on the debit side of [Account 08](#) (Capital Investments). In this case, the sums of accrued VAT registered in [Account 08](#) (Capital Investments) shall correspond to the credit side of [Account 68](#) (Budget Payments).

Construction products (works, services) sold means the volumes of sales registered on the credit side of [Account 46](#) (Sales of Products (Works, Services)) on the basis of the method used to calculate receipts from sales of products (works, services) fixed by the organization when adopting the accounting policy for the accounting year.

V. List of Commodities (Works, Services) Exempted from the Tax

12. The VAT shall not apply to:

*According to [Amendments and Addenda No. 3](#) of August 22, 1996 subitem (a) of Item 12 of these Instructions was reworded
[see the previous text of the subitem](#)*

a) both one's own goods and those acquired, exported outside the Member States of the Commonwealth of Independent States (CIS), the works and services, exported outside the CIS Member States, and also the services in the sphere of transportation, loading, unloading or transshipment of exported goods and those in the sphere of transit of foreign cargoes across the territory of the Russian Federation*;

Concerning the exemption from Value-Added Tax of exported goods see also [Letter](#) of the State Tax Service of the Russian Federation No. 05-4-09/19 of August 11, 1995

b) commodities and services intended for official use by foreign diplomatic and other representation offices of equal status, as well as those intended for personal use by diplomatic and administrative personnel of these representative offices, including members of their families living together with them;

See the [Regulations](#) on the Procedure of Refunding Value-Added Tax to Diplomatic Office and Their Staff Including Family Members approved by [Order](#) of the State Tax Service of the Russian Federation No. GB-3-06/334 of December 22, 1998

c) services of the public city mass transit (except for taxis, including fixed-route taxis), as well as services of urban passenger transportation by sea, river, railroad, and road;

See [Information Letter](#) of the Presidium of the Higher Arbitration Court of the Russian Federation No. 9 of December 10, 1996

d) rent, including hostel accommodation;

*According to [Amendments and Addenda No. 3](#) of August 22, 1996 subitems (e) and (f) of Item 12 of these Instructions were reworded
[see the previous text of the subitems](#)*

e) cost of state and municipal enterprises redeemed within the framework of the privatization program, cost of tenantable space in state-run and municipal houses and houses owned by public associations (organizations) purchased by citizens (within the framework of the privatization program), as well as the rent for leased enterprises arranged on the basis of state property;

f) insurance and reinsurance operations and banking operations, except for collection operations.

The following operations, performed in keeping with the [Federal Law](#) No. 17-FZ of February 3, 1996 on the Introduction of Amendments and Addenda to the RSFSR [Law](#) on Banks and Banking in the RSFSR shall refer to the banking operations:

the attraction of the legal entities' and natural persons' funds to deposit (call deposits and time deposits);

the placement of the above-mentioned attracted funds on one's own behalf and at one's own expense;

the opening and keeping of the legal entities' and natural persons' accounts:

settlements, made at the natural persons' and legal entities' request, including at the request of

the correspondent banks, on their bank accounts;
cash services, rendered to natural persons and legal entities;
the purchase and sale of foreign currency in cash and cashless form;
the attraction of precious metals for deposits and placement;
the issue of bank guarantees.

According to [Letter](#) of the State Tax Service of the Russian Federation No. VZ-6-03/838 of December 4, 1996 the turnovers from transactions of technological movement of valuables of the reserve funds of the Bank of Russia within its structure and per its instructions shall not be taxable with the value added tax

The said privilege shall not extend to the following transactions of credit institutions:
the security, given for third persons, providing for the obligations to be fulfilled in monetary form;
the acquisition of the right to demand that third persons meet the obligations in monetary form;
the trust management of monetary means and of other assets under an agreement with legal entities and natural persons;
the transactions with precious metals and stones in keeping with the legislation of the Russian Federation;
the leasing out to natural persons and legal entities of special premises or of strong boxes for the custody of documents and values in these premises;
the leasing operations;
the rendering of consultation and information services;
g) operations pertaining to distribution of currency, money, and bank notes which are legal means of payment (except for their use for numismatic purposes), as well as securities (shares, bonds, certificates, promissory notes, and other), except for broker's and other intermediary services. An exception to this shall be operations in printing and storing the mentioned means of payment and papers, which are liable to taxation;
h) selling postage stamps (except for collection stamps), stamped post cards, envelopes, and lottery tickets;

*According to [Amendments and Addenda No. 3](#) of August 22, 1996 subitem (i) of Item 12 of these Instructions was reworded
[see the previous text of the subitem](#)*

i) the actions performed by the bodies authorized for the purpose, for which the state duty is collected, all kinds of license, registration and patent duties and fees, and also the duties and bodies, other authorized bodies and officials for granting certain rights to enterprises, institutions and organizations or natural persons; the services, rendered by members of the bar; payments for the use of subsoil, forest dues, rent for the use of the forest stock and other kinds of payments to the budget and to extrabudgetary funds for use of natural resources;

j) payments under license agreements registered in compliance with the established procedure on granting by the patent holder, to another party, the rights to use a patent-protected object of industrial property (invention, useful model, industrial prototype), of author's rights, charges (payment) for licenses permitting individual types of activities, and the registration fee (payment) for issue of documents certifying the citizens' property right to land;

[Additions and Amendments No. 2](#) of March 14, 1996 introduced the following amendments to Paragraph one of Subitem (k) of Item 12: the words "the services performed by professional accident-rescue formations under agreements" shall be replaced with the words "the services performed by professional accident-rescue services, professional accidentrescue formations under agreements"

k) own-made products of individual public catering organizations (students' and school cafeterias, cafeterias of other educational establishments, hospitals, children's pre-schooling

establishments, as well as cafeterias of other budget-financed institutions and organizations in the social and cultural sphere); services in the sphere of education pertaining to the educational process; services in training children and teenagers in groups, classes, and studios; services rendered to children and teenagers in the use of sports facilities; services in children accommodation in pre-schooling establishments and in taking care of the sick and the aged; services of the commercial security service of the Ministry of the Interior in guarding objects, including public property; the services performed by professional accident-rescue services, professional accident-rescue formations under agreements.

Services in the sphere of education means the services rendered by educational establishments in the framework of their legal, non-commercial activities, regardless of their organizational and legal forms: state-run, municipal, non-state-run (private, public, and religious associations). The mentioned exemption shall be granted in based upon a licence for the right of educational activities issued in compliance with the [Law](#) of the Russian Federation on Education. Whenever educational establishments are engaged in entrepreneurial activities, in particular, when they lease fixed assets or other property, sell purchased commodities, equipment, when they render intermediary services, have shares in activities of other institutions (including educational ones), enterprises, and organizations, the VAT is to be paid in compliance with the established procedure.

Commodities (works, services) produced and sold by educational enterprises of educational institutions (including training workshops) shall be exempted from VAT only if the income received from these activities is used in the given educational establishment and/or for the direct needs of maintaining, developing, and improving the educational process in this institution. Taxes paid to suppliers for raw and other materials, fuel, works, services used for their production (execution) shall be referred to production costs.

When granting exemptions for services rendered to children and teenagers in sports facilities, the tax shall not be levied upon payments for lessons in physical culture and sports in groups and teams arranged by kinds of sports, in general physical training, therapeutical gymnastics, swimming, jogging, and so on;

According to [Amendments and Addenda No. 3 of August 22, 1996 subitem \(I\) of Item 12 of these Instructions was supplemented with the words 'and scientific' after the word 'educational'](#)

I) research and design works carried out at the expense of the state budget, as well as resources of the Russian Fund for Fundamental Research, Russian Fund for Technological Development, and also non-budgetary funds of ministries, agencies, and associations formed for these purposes in compliance with legislation; research and design works carried out by educational and scientific establishments on a contractual basis.

Concerning procedure for applying a value-added tax on research and development work carried out under the order of the State Property Management Committee of the Russian Federation see [Letter](#) of the Ministry of Finance of the Russian Federation and the State Tax Service of the Russian Federation Nos 1-35/41, VG-6-03/31 of January 19, 1996

The tax in these cases is collected from neither the parent organizations carrying out these works nor their co-executors.

The grounds permitting tax exemption for research and design works carried out at the expense of the federal budget shall be an agreement for the works, indicating the source of financing, as well as a written notification from the customer directly receiving resources from the federal budget, issued to executors and co-executors and indicating the tied budget resources allocated to him to cover the above mentioned works. If the resources for research and design works are allocated from the budgets of subjects of the Russian Federation, or from local budgets, then the grounds shall be a certificate of a financial body on the opening of financing for these works at the expense of the respective budgets;

On the procedure for applying the privileges for the value added tax on scientific research as well

as research and development works see [Letter](#) of the State Tax Service of the Russian Federation No. VZ-6-03/213 of March 18, 1997

According to [Amendments and Addenda No. 3](#) of August 22, 1996 subitem (m) of Item 12 of these Instructions was supplemented with the words 'of the archives' after the word 'cultural and art institutions'

m) services of cultural and art institutions, of the archives, of religious associations, theatrical, sports, cultural and enlightenment, entertainment performances, including video demonstrations.

The services of religious associations mean rites and ceremonies. Not shall the VAT be applied to the making and selling of holy and religious items by the mentioned associations.

When arranging theatrical, sporting, cultural and enlightenment, or entertainment performances, the payment for visiting such performances shall also be exempted from the VAT.

Institutes of culture and art shall include theaters, cinema theaters, concert organizations and teams, circuses, libraries, (except for libraries classed as scientific institutions), museums, (except for museums classed as scientific institutions), exhibitions, club establishments (palaces and houses of culture, stationary and travel clubs, houses of cinema, literary writers, composers, and other, lecturing bureaus of the Znaniye society, excursion bureaus, and planetaria), people's universities, culture and recreational parks, and botanical and zoological gardens.

When services are rendered by the above mentioned institutions, the VAT shall not apply, in particular, to:

- cost of entrance tickets and subscriptions to film and video demonstrations, performances, concerts, circus performances, visits to museums, exhibitions (including travelling ones), parties of performers, culture and recreational parks (city gardens), dancing pavilions, attractions, dramatized shows, carnivals, public festivals, parties, soirees, discotheques and other popular cultural events arranged by culture and recreational parks (city gardens), tickets to zoological gardens, planetaria, as well as selling of performance and concert programs, catalogues, booklets, and other culture and art promotion items by theatrical cultural institutions;

- renting out audio cassettes, musical instruments, scenery dressing, recreational auxiliaries, theatrical gear, animals (in circuses), and other;

- photocopying, reproduction works, xerox copying, microfilming of books, booklets, newspapers, journals, museum exhibits, and documents from libraries and museums;

- making copies of sound recordings, phonograms of concerts, shows, and musical pieces from the record collections of theaters, museums, libraries, and club establishments;

- compiling bibliographical lists and references to reader requests (except for requests pertaining to operational needs), compiling catalogues of books, periodical publications, manuscripts, archive documents and collections of art pieces in private libraries and archives of citizens, delivering books to readers at home or at work, collecting books read at home and delivering them to libraries, and informing readers in written form of publications and materials received by the library.

Enterprises and organizations of all types of ownership shall carry out without the VAT: leasing of films, cinema and video programs to cinema theaters, television, cinema and video halls, and video cassettes to the population;

- n) turnover from gambling-houses, arcade machines, and prizes at hippodromes;

- o) ritual services of undertakers' offices, cemeteries, and crematoria, including the making of monuments, epitaphs, photographs on ceramics, carrying out rites and ceremonies by religious organizations, and restoration works at burial places. Nor shall the tax not apply to ritual services rendered by other organizations (enterprises);

- p) turnover of sales of confiscated, unowned valuables, hoards, and stockpiled valuables, as well as valuables inherited by the state;

According to [Amendments and Addenda No. 3](#) of August 22, 1996 subitems (q) and (r) of Item 12 of these Instructions were reworded

[see the previous text of the subitems](#)

q) the sale turnovers for the further processing and refining of ore, concentrates and other industrial products containing precious metals, the scrap and waste of precious metals; the sale turnover of precious metals and stones to the State Stock of Precious Metals and Stones of the Russian Federation, the Central Bank of the Russian Federation and to the specially authorized commercial banks; the sale turnovers of precious at ones as raw materials to be processed by the enterprises, regardless of the form of their property, for their subsequent sale for export; the sale turnover of stones as raw materials and of faceted stones to foreign economic organizations, the Central Bank of the Russian Federation and to the specially authorized commercial banks; the sale turnovers of precious metals from the State Stock of Precious Metals and Stones of the Russian Federation to foreign economic organizations, the Central Bank of the Russian Federation and to the specially authorized commercial banks, and also the turnovers of the Central Banks of the Russian Federation and of specially authorized banks for the sale of the precious metals in bars, provided these bars remain to be kept in storage at one of the certified vaults (the State Vault of Values, the Vault of the Central Bank of the Russian Federation or the vaults of the specially authorized commercial banks);

On the procedure for the computation of the value added tax on the sales of precious metal bullion see also [Letter](#) of the State Tax Service of the Russian Federation, the Ministry of Finance of the Russian Federation Nos AP-6-03/785, 04-03-03 of November 12, 1997

r) cost of tenantable buildings, kindergartens, clubs, sanatoria, and other objects of cultural and communal destination, as well as of roads, electrical lines, substations, gas lines, water scoops, and other similar objects donated free to state power bodies (or at their decision to specialized enterprises using or operating them to their specific destination) and local government bodies, as well as donated free to enterprises, organizations, and institutions by state power bodies and local government bodies; the cost of works for construction of apartment houses, performed with the attraction of the funds of the budgets of all levels and of the goal-oriented extra budgetary funds, provided these funds account for at least 40 per cent of the cost of these works; works carried out when implementing purpose-oriented social programs (projects) of communal construction, construction of objects of cultural and communal destination, infrastructure, house construction integrated works and production lines, services rendered by foreign and Russian consulting companies, supplies of materials and equipment, creation, construction, and maintenance of centers of professional retraining of servicemen, persons discharged from the military service and members of their families carried out at the expense of loans, credits, and free financial aid rendered by international organizations and governments of foreign states, foreign legal entities and natural persons in the framework of intergovernmental and international agreements, as well as agreements signed in the name of the Government of the Russian Federation by authorized state power bodies; cost of objects of state and municipal property donated free to state power and management bodies, as well as the cost of buildings, structures and constructions transferred free by trade-union organizations to other trade union organization;

The funds, set up in keeping with the Decision of the Government of the Russian Federation No. 664 of June 15, 1994 on the Approval of the Model procedure for the Formation and Spending of Regional and Local Extrabudgetary Funds for Housing Constructions, shall refer to the goal-oriented extra budgetary funds.

The document (report) on the amount of the works performed and of the financing (payment) sources, signed by the customer and the contractor, the contractor and the subcontractor, shall serve as a confirmation for the exemption from the value-added tax of the works for the construction of apartment houses, if the above-mentioned conditions are observed.

The works for the construction of housing shall be exempt from the value-added tax, if the construction of the apartment houses is carried out with the simultaneous attraction of the resources of the budgets, goal-oriented extra budgetary funds, organizations and natural persons and if the

budget resources and the goal-oriented extra budgetary resources account for at least 40 per cent of the cost of the works performed. If in the reporting tax period the budget resources and the goal-oriented extra budgetary resources, computed in progressive total, account for less than 40 per cent (with account of the previous tax reporting periods), then the value-added tax shall be collected from such works, performed in this reporting tax period, and if they account for over 40 per cent, they shall be exempt from the tax. In these cases resettlements with the budget for the previous periods shall not be made.

If the material resources for which the sums of the value-added tax have been referred to the settlements with the budget (Debit of Account [68](#), Subaccount Settlements with the budgets on the value-added tax) shall be written off to the works for housing construction, exempt from the said tax, a restorative entry shall be posted: credit of Account 68, Subaccount (Settlements with the budget on the value-added tax) and debit of [Account 20](#) (Line working).

The works for the construction of apartment houses which are financed by the funds of organizations (enterprises) and natural persons shall not be exempt from the value-added tax.

The value-added tax shall be chargeable for the design - and engineering works, those for major repairs, reconstruction and restoration of the housing stock and also the works for the construction of outside networks and of water-supply, sewerage, heat - and gas -supply structures and of the social - and - everyday service facilities, in keeping with the current legislation.

s) paid medical services to the population, medicines (including medicinal substances), items of therapeutical destination, prosthetic appliances and medical equipment, as well as accommodations (treatment permits) to sanatoria and resorts, recreational institutions, tourist and excursion accommodations; technical means, including road vehicles, which cannot be used other than for disability prevention and rehabilitation of the disabled.

About exemption from the VAT of the value of tourist/excursion vouchers see [Letter of the State Tax Service of the Russian Federation, the Ministry of Finance of the Russian Federation, the State Committee for Physical Training and Tourism Nos VZ-4-03/58n, 04-03-07, SSh-01/449 of September 25, 1996](#)

On the Procedure for Exempting from the Value Added Tax the Medical Products see [Letter of the State Tax Service of the Russian Federation Nos. VZ-4-03/31n, 04-03-07 of April 10, 1996](#)

[Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Paragraph two of Subitem \(s\) of Item 12 of the present Instruction \[See previous text of the Paragraph\]\(#\)](#)

[Decision of the Supreme Court of the Russian Federation No. GKPI 00-176 of April 4, 2000 to recognise as invalid \(unlawful\) the second sentence of Paragraph 2 Subitem "s" Item 12 of these Instructions in so far as it concerns the words "and sanitation-epidemiology"](#)

In this case there shall be exempt, regardless of the source and form of payment: paid medical services for the population, medical remedies, including substance medicines and also including those of intra-pharmacy manufacture: articles of medical application, prosthetic-orthopedic articles and medical equipment, and also the repair and manufacture of spectacle optics (lenses and frames for spectacles, except sunglasses), repair of hearing aids and prosthetic-orthopedic articles. Veterinary ~~and sanitary-epidemiological~~ services shall not be tax-exempt.

The mention exemption is granted to medicines, items of medical destination, and home-made medical equipment produced by organizations (enterprises) regardless of their form of ownership and agency affiliation, and foreign-made - after obtaining a registration certificate of the Ministry of Health and Medical Industry of the Russian Federation and placed in the State Register of medicines and items of medical destination (Moscow, Ministry of Health and Medical Industry of the Russian Federation, 1994. Part I, Chapters 1, 3, and Part II, Chapters 1, 2, 3, 4, 6, 7), as well as to home-made medicines, items of medical destination, and medical equipment included in classes, types, subclasses, groups, subgroups of the All-Russian Classification of Types of Economic Activities, Products, and Services (OK 004-93, Moscow, Ministry of Economy of the Russian

Federation, 1994).

According to [Additions and Amendments No. 2 of March 14, 1996 Subitem \(s\) of Item 12 of the present Instruction was supplemented with the following Paragraph](#)

When granting a privilege concerning certain technical facilities, including motor transport, which cannot be used otherwise than for the prevention of disability and rehabilitation of invalids, one should be guided by the list of technical facilities for the prevention of disability, given in Annex No. 5 to the Instructions of the State Tax Service of the Russian Federation No. 37 of August 10, 1995 "On the Procedure for Calculating and Paying to the Budget the tax on the profit of enterprises and organizations.

Services of procurement and intermediary organizations in selling the above listed medicines, items of medical destination, prosthetic appliances, and medical equipment, including imported ones, shall not be liable to the value-added tax.

[Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Paragraph five of Subitem \(s\) of Item 12 of the present Instruction](#) [See previous text of the Paragraph](#)

There shall not be exempt from the value added tax any accessories, spare parts, the repair of medical equipment and medical facilities.

When exempting from tax accommodations (treatment permits) in sanatoria and resorts, recreational institutions, tourist and excursion accommodations, it should be taken into account that the given procedure does not apply to additional paid services (provided in excess of the cost of these accommodations), in particular, pertaining to board and lodging in the above listed institutions and registered in other documents (including cash receipts orders).

t) own-made commodities (works, services) sold by work-therapy workshops of psychiatry, antituberculosis, and neurology institutions and of social protection and social rehabilitation institutions, as well as by public organizations of the disabled registered in legal enforcement bodies;

See the [List of the Value-added Tax Unexemptable Goods Being Manufactured and Realized by the Treatment-and-production \(Labour\) Workshops Attached to the Antituberculous, Psychiatric and Psychoneurological Institutions and at the Institutions of the Social Protection of the Population, by the Social Organizations of Invalids, and Also by the Enterprises in Which Invalids Constitute at Least 50 per cent of the Total Number of the Workers \(Approved by the \[Decision of the Government of the Russian Federation No. 1611 of December 20, 1997\]\(#\)](#)

According to [Amendments and Addenda No. 3 of August 22, 1996 the first paragraph of subitem \(u\) of Item 12 of these Instructions was reworded](#) [see the previous text of the paragraph](#)

u) goods, works and services (with the exception of brokerage and agency services), performed (rendered) and sold by the organizations (enterprises) in which the disabled persons account for at least 50 per cent of the total number of the personnel. And the given privilege shall not be extended to the organizations or enterprises (except for the enterprises, owned by the voluntary organizations of the disabled persons and also of the economic companies where the contributions of the voluntary organizations of the disabled persons account for their entire authorized capital), engaged in supply and marketing trading or procurement activity.

The total payroll shall include on-staff employees of the enterprise, institution, organization, including part-timers, as well as non-staff persons carrying out works on contracts and other agreements envisaged in civil legislation.

The number of persons working on contracts in these cases shall be registered as part of the total number of the main personnel on a monthly basis within the whole period of effective term of the agreement. If the working time for this category of employees is not registered on the payroll, they are taken as whole units for each calendar day.

Payroll calculation for part-timers shall be done on the basis of their actual working time while

taking into account the duration of working time fixed for part-timers in the legislation.

When determining the right for the mentioned exemption, one should proceed from the total payroll of the enterprise, institution, organization employing the disabled in the period (month, quarter) reported for taxation. In cases when the total payroll of enterprises, institutions, organizations employing the disabled in the current reporting period constitutes less than 50%, the value-added tax shall be calculated in compliance with the generally established procedure;

v) own-made commodities (works, services) of collective farms, state farms, and other agricultural enterprises (except for peasants' (farmers') outlets) sold to old-age and disabled pensioners working at the given enterprises, and to old-age and disabled pensioners who are the former employees of these enterprises - at fixed norms envisaged in the agreement concluded between the work collective and the administration of each facility; products for payments in kind, as well as for public catering facilities arranged for workers hired for agricultural works.

Example of Calculating the VAT Referred to the Net Cost of Agricultural Products for the Accounting Year

(thousand roubles)

1. Receipts (gross income) from sales of products (works, services) for 199__. <u>Form No. 2</u> , Report of Financial Results and Their Use (Line 010 - Line 015) (per annum)	253670.0
2. In particular, the cost of own-made products handed out to public catering facilities arranged for workers hired for agricultural works as payments in kind, as well as sold to pensioners and the disabled of collective farms, state farms, and other agricultural enterprises at fixed norms, calculated at sales prices for all consumers in 199__. <u>Form No. 2-annual</u> (Line 011)	4098.0
3. Specific weight of payments in kind in the total volume of receipts (Line 2 - Line 1) x 100%	1.62%
4. VAT amount paid to suppliers for commodities purchased and material resources in 199__.	15160.0
5. VAT amount referred to production cost accounts of agricultural products (Line 4 x Line 3) : 100	245.6

Then the final postings are made:

Debit of <u>Account 20</u> (Main Production) - credit of <u>Account 70</u> (Employee Remuneration)	245.6
Simultaneously, <u>Account 46</u> (Sales of Products (Works, Services)) is debited for this amount, and <u>Account 68</u> (Budget Payments) is credited.	245.6

w) folk craftwork of recognized artistic value whose prototypes are endorsed in compliance with established procedure. The prototypes are to be endorsed by territorial art councils for decorative and applied art (where these are available), as well as by other organizations, if they are granted such right by local authorities.

Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Paragraph two of Subitem (w) of Item 12 of the present Instruction See previous text of the Paragraph

Procurement services, supply-and-marketing, wholesale and other organizations (enterprises) dealing in the sale and resale of goods, including under agreements of commission and assignment, the organization of retail trade and auction sale of goods in the realization of the above-mentioned handicraft articles shall not be imposed with the value added tax.

x) leasing office and tenable space to foreign citizens and legal entities accredited in the Russian Federation, if their national laws provide similar benefits to citizens and legal entities of the Russian Federation, or if such exemption is envisaged in international agreements. The list of foreign states whose citizens and legal entities are entitled to this exemption shall be determined by the Ministry of Foreign Affairs and the State Tax Service.

According to Amendments and Addenda No. 1 of January 23, 1996 Item 12 of Section V of the Instructions was supplemented with subitem (y)

y) turnovers in the realization of mass media products, book products connected with education, science and culture, and also editorial, publishing and polygraphic activity in the output of book products connected with education, science and culture, newspaper and magazine products;

services in the transportation, loading, unloading and reloading of printed publications and book products connected with education, science and culture.

The privileges stipulated by the present subitem shall not apply to the mass media products of advertising and erotic character and to the publications of advertising and erotic character;

On the procedure for the application of the tax privileges for the Letter of the State Tax Service of the Russian Federation No. PV-6-03/393 of June 7, 1996

Letter of the State Tax Service of the Russian Federation No. VG-4-03/22n of March 21, 1996

According to Amendments and Addenda No. 1 of January 23, 1996 Item 12 of Section V of the Instructions was supplemented with subitem (z1)

According to Amendments and Addenda No. 3 of August 22, 1996 subitem (z1) of Item 12 of these Instructions was replaced by (z)

z) fire-technical products; works and services in the field of fire safety performed on a contractual basis; materials and accessories used for the output of fire-technical products and also for the performance of works and services in the field of fire safety; turnovers in the transfer on gratuitous basis of property of citizens and juridical persons in ownership (use) of the fire guard for the fulfilment of its tasks stipulated by the legislation of the Russian Federation.

According to Amendments and Addenda No. 3 of August 22, 1996 Item 12 of these Instructions was supplemented with subitems (z1) and (z2)

z1) the sale turnovers of goods by duty free shops, the small businesses' payments for leasing transactions in full volume;

z2) the works and services for the restoration and protection of the State-protected historical and cultural monuments.

According to the Amendment No. 7 to these Instructions, approved by the Order of the Ministry of

Taxes and Fees of the Russian Federation No. AP-3-03/226 of July 19, 1999, Item 12 of Section V was supplemented with Items "z3" and "z4"

z3) turnovers between an investor and operator of the production sharing agreement on free transfer of material assets required to carry out works under the specified agreement, and also operations on the transfer of monetary funds required for finance such works in accordance with schedule of expenses approved in the manner established by the agreement;

z4) commodities, works and services which according to design plans and specifications will be used to carry out works under the production sharing agreement, including commodities imported to the customs territory of the Russian Federation by an investor, operator of the said agreement, their suppliers, contractors and carriers taking part in the execution of works under the said agreement on the basis of agreements (contracts) with the investor and services provided on the territory of the Russian Federation by foreign legal entities for investors or operators of production sharing agreements in connection with the execution of works under the said agreements. Procedure for referring commodities, works and services to operations intended for the execution of works under on a production sharing agreement shall be established by the Government of the Russian Federation;

According to Federal Law No. 95-FZ of May 4, 1999 (that amended Item 1 of article 5 of the Law of the Russian Federation No. 1992-1 of December 6, 1991 on the Value Added Tax) value added tax shall not be levied on goods (excluding excise taxable) (works, services) acquired (performed, provided) on the territory of the Russian Federation for the purpose of rendering gratuitous aid (assistance)

According to Amendments and Addenda No. 1 of January 23, 1996 in the last but one paragraph of Item 12 the words 'in Subitems (u) and (v)' were substituted by the words 'in Subitems (u), (v) and (z1)

According to Amendments and Addenda No. 3 of August 22, 1996 '(z1)' in the last but one paragraph of Item 12 of these Instructions was replaced by '(z)'

Organizations, enterprises, and institutions producing and selling commodities (works, services) indicated in Subitems (u), (v) and (z) of the present Item shall have the right not to apply the granted exemption.

Note. Organizations (enterprises) selling commodities (works, services) either liable or exempted from the VAT shall be entitled to the exemption only if they provide a separate accounting work for production and sales costs for such commodities (works, services).

13. The list of commodities (works, services) exempted from the VAT under Item 1 of Article 5 of the Law of the Russian Federation on the Value-Added Tax (Item 12 of the present Instructions) is exclusive.

According to the Amendment No. 7 to these Instructions, approved by the Order of the Ministry of Taxes and Duties of the Russian Federation No. AP-3-03/226 of July 19, 1999, Item 13 of Section V was supplemented with the following paragraph

Conditions established by production sharing agreements for the calculation and payment of the tax shall be applied when performing such production sharing agreements concluded between the Russian Federation and investors before the entry into force of the Federal Law on Production Sharing Agreements.

VI. Particulars of Qualifying Services (Works) as Exported

On streamlining the reimbursement (offset) of value added tax on export deliveries Letter of the

Ministry of Taxes and Fees of the Russian Federation No. AP-6-03/984 of December 8, 1999

*According to Amendments and Addenda No. 3 of August 22, 1996 Item 14 of these Instructions was reworded
see the previous text of the Item*

14. For the purposes of taxation the following kinds of works and services shall be regarded as the export ones:

a) the services for the transportation and servicing of the cargoes, exported outside the territories of the Member-States of the Commonwealth of Independent States, including the services for dispatch, loading, unloading and transshipment (except for pipeline transport), including those across the territory of the Russian Federation, if the unified international documents of carriage are drawn up for them, and in the event of the exportation of exported cargoes for whose transportation there is need to draw up unified international documents of carriage, if there are other documents confirming the fact of transportation and servicing of exported cargoes (a contract or an agreement on these operations) and of the confirmation in the established procedure of the actual exportation of these cargoes outside the CIS Member-States;

b) the services for the transportation of oil, oil products and gas, exported outside the CIS Member-States by pipeline transport, including across the territory of the Russian Federation, if there are direct contracts for these service to be rendered between the Russian value-added tax payers and the foreign legal entities and natural persons in the presence of the confirmation in the established procedure of the fact of the border of the CIS Member-States having been crossed by the products and of the payments documents confirming that the foreign person has paid for these services;

c) the service for the transportation and servicing of foreign transit cargoes across the territories of the CIS Member-States, including the services for forwarding, loading, unloading and transshipment. rendered by the value-added taxpayer, registered in the Russian Federation in the established procedure, if the Russian taxpayers have concluded direct agreements with the foreign persons or if there are international transport agreements on the cargo's transit, and also if there are the respective payment documents for these services to be paid for by the foreign persons and the customs agencies' notes about the actual importation and exportation of said transit cargoes.

The services of other Russian taxpayers taking part in the transit of said cargoes across the territory of the Russian Federation (including by rail, sea, river, motor car and air transport and that of other organizations servicing these cargoes), shall also refer to the group of the export ones, if there are agreements on rendering such services (performance of works), concluded with the Russian legal entities which have signed contracts for the transit of cargoes with the foreign persons, which confirm the fact of real servicing and transportation of the transit foreign cargo, with the required transportation documents;

d) the services for the carriage of passengers and luggage outside the territories of the CIS Member-State, including across the territory of the Russian Federation, if unified international documents of carriage have been drawn up for it, and also the services (works) for the carriage of passengers and luggage by aircraft between Russia and the CIS Member-States, in connection with the conclusion of intergovernmental agreements by the Russian Federation on air traffic with the CIS Member-States;

Concerning relation of services (works) of passenger carriage to state-members of the CIS to the exported ones, see the Letter of the State Tax Service of the Russian Federation and the Ministry of Finance of the Russian Federation Nos VZ-6-05/515, 04-03-08 of September 28, 1995

e) the international communication services (postal, telephone, telegraphic, space, etc.) which are partially rendered outside the borders of the CIS Member-States, shall not be chargeable by the value-added tax solely in part of the sale turnovers outside the territories of the CIS Member-States. In view of this, the value-added tax shall be collected from the earnings from international communication services, less the sum of payments:

to the foreign communication administrations, the international communication organizations, companies, including those recognized as private operational organizations, associated with the payment of the international communication channels rental, and also of the international postal communication services;

for the contributions to the international communications organizations the Russian Federation as its member;

to other communication enterprises, if the international communication services are rendered jointly with them;

f) the processing of the customers' raw materials, imported into the customs territory of the Russian Federation for its further processing by Russian organizations (enterprises) and the output of finished products, exported outside the territories of the CIS Member-States.

The said norm shall not extend to the processing of the imported customer's raw materials, brought into the Russian customs territory for its further processing and for the output of excisable finishing products, exported outside the CIS Member-States;

g) the following works and services, rendered by the value-added tax payers registered in the Russian Federation in the established procedure, to foreign legal entities and natural persons:

the works and services, rendered directly in outer space, provided the results of these works (services) are used outside the territories of the CIS Member-States;

the services (works) for servicing foreign vessels (piloting, all kinds of port charges, the services of the port fleet vessels, repairs and other works);

the services, rendered directly at Russian airports and in Russia's air space for servicing foreign vessels, including aeronavigation services.

It is necessary to present the following documents to the tax bodies for the justification of concessions on the taxation of exported works and services:

the contract (the contract copy, certified in the established procedure), concluded by the Russian taxpayer (legal entity) with foreign or Russian persons for the performance of works and the rendering of services (for the works and services, stipulated by [Subitems \(a\), \(b\), \(c\), \(e\), \(f\) and \(g\)](#));

*According to [Amendments and Addenda No. 4 of March 12, 1997 paragraphs 19, 20 of Item 14 of these Instructions were reworded](#)
[see the previous text of the paragraphs](#)*

a bank statement confirming the actual receipt of the returns from a Russia or foreign person for the performed works or services on an account of a Russian Taxpayer in a Russian bank, registered in the tax bodies (on the works and services stipulated in [Subitems \(a\), \(b\), \(c\), \(d\), \(e\), \(f\), and \(g\)](#)), unless otherwise provided for by the legislation;

copies of the transport or shipping, or customs or any other documents confirming the exportation of the goods being exported, outside the limits of the territories of the CIS member States. The list and the procedure of submitting such documents are given in paragraphs five and six of Item 22 of Section IX Procedure for Calculating the Tax (on the works and services stipulated in [Subitems \(a\), \(b\), \(c\), and \(f\)](#));

According to [Amendments and Addenda No. 4 of March 12, 1997 paragraph 21 of Item 14 of these Instructions is abolished](#)

~~the unified international documents of carriage of passengers and luggage outside the territories of the CIS Member-States or in the event of carriage by aircraft between Russia and the CIS Member-States (for the services, stipulated by [Subitem \(d\)](#));~~

the reports or other documents confirming the fact of utilization of the results of works in outer space (for the works and services, stipulated by [Paragraph 2 of Subitem \(g\)](#)).

VII. Tax Rates

15. Rates of the VAT shall be fixed in the following range:

a) 10 per cent - for food products (except for those liable to excise duties) in accordance with the [list](#) endorsed by the Government of the Russian Federation ([Supplement 2](#) to the present Instructions) and commodities for children, in accordance with the lists endorsed by the Government of the Russian Federation ([Supplement 4](#) to the present Instructions). When the mentioned food products (except for those liable to excise duties) are sold for industrial processing and industrial consumption, the same 10% rate shall be applied;

Beginning from August 1, 1998 ten per cent rate of the Value-added Tax is applied regarding foodstuff and goods for children listed in Decisions of the Government of the Russian Federation Nos. [787](#) and [788](#) of July 17, 1998 correspondingly

According to [Amendments and Addenda No. 3](#) of August 22, 1996 subitem (a) of Item 15 of these Instructions was supplemented with a paragraph:

10 per cent - for grain, raw sugar; fish meal, fish and sea products sold for use for technical purposes, fodder production and for the output of medicinal preparations;

b) 20 per cent - for all other products (works, services), including food products liable to excise duties.

[Additions and Amendments No. 2](#) of March 14, 1996 introduced amendments to Note to Item 15 of the present Instruction

[See previous text of the Paragraph](#)

Note. In the realization of goods (works, services) at prices and tariffs comprising the VAT at the rates of 20 per cent or 10 per cent, there shall be applicable the calculation rates of 16.67 per cent and 9.09 per cent, respectively.

VIII. Payments for Commodities (Works, Services) Sold

16. Commodities (works, services) shall be sold at:

- a) free distribution prices and tariff rates plus the VAT;
- b) state regulated prices and tariff rates plus the VAT;
- c) state regulated prices and tariff rates including the VAT.

The amount of the VAT shall be isolated as a separate line:

- in payment documents (orders, demands, payment requests) check registers, and registers for resources received under letters of credit, credit slips;
- in initial accounting documents (bills, invoices, bills of lading, acts of executed works, and other) used for payments in barter deals, prepayments (advance payments), payments by promissory notes, and offsetting mutual claims.

When dispatching commodities, rendering services, or fulfilling works not liable to VAT, payment documents, registers, credit slips, and initial accounting documents shall be drawn up without isolating the amount of the VAT and shall be inscribed or stamped with the mark "VAT Not Included".

Payment documents and registers drawn up without isolating the tax amount separately are not to be accepted for execution by banks.

In cases of partial acceptance of the demand (payment request) which had the tax amount isolated separately, the sums due to the supplier shall be reduced accordingly. In his non-acceptance application (telegram) the buyer ought to isolate rejected sum corresponding to the tax amount in the total rejected sum.

17. Payments between economic subjects of CIS member-states for commodities (works, services) sold shall be carried out at prices and tariff rates increased by the amount of VAT. Drawing up documents for commodities (works, services) sold shall be done as described in [Item 16](#) of this Section.

IX. Tax Calculation

On the procedure for calculating the value-added tax by the organizations of the housing and communal economy see [Letter](#) of the State Tax Service of the Russian Federation No. VZ-4-03/55n of August 15, 1996

On procedure for calculating and paying the value added tax for enterprises of the energy branch see [Letter](#) of the State Tax Service of the Russian Federation No. VZ-6-03/695 of October 3, 1996

18. The VAT for purchased raw and other materials, fuel, replacement parts, and other items, fixed and non-material assets, as well as for works (services) carried out by other organizations and used for production purposes shall not be referred to production and distribution costs, except for sales of commodities (works, services) exempted from the VAT and not liable to reimbursement (offsetting) of the tax paid to suppliers.

[Additions and Amendments No. 2](#) of March 14, 1996 introduced the following amendments to Paragraph one of Item 19 of the present Instruction: the words "actually paid to the suppliers for the material resources (works, services)" shall be replaced with the words "actually paid to the suppliers for the acquired (debited) material resources (performed works or services)"

19. The amount of the VAT due to the budget system shall be determined as the difference between tax amounts received from buyers for commodities (works, services) sold to them and tax amounts actually paid to suppliers for the acquired (debited) material resources (performed works, services) whose cost is referred to production and distribution costs.

The amount of the VAT due to the budget system from procurement, supply and distribution, wholesale, and other organizations (enterprises) engaged in selling and reselling commodities, including those working on commission and agency terms (except for organizations of retail trade, public catering, and auction trade), shall be determined as the difference between tax amounts received from buyers for the products (works, services) sold and the tax amounts paid to suppliers of these commodities and material resources (works, services), whose cost is referred to production and distribution costs.

Tax amounts received from buyers shall include not only monetary resources received at enterprise accounts (cash department), but also tax amounts accrued on the basis of the cost of commodities (works, services) sold registered in [Account 46](#) (Sales of Products (Works, Services)). These tax sums shall also include the tax for other objects liable to VAT in compliance with actual legislation (amounts of advance and other payments received against anticipated supplies or works (services), amounts received as partial payments under payment documents for commodities (works, services) sold, resources received from other enterprises and organizations, etc.).

Amounts of the VAT in procurement, supply and distribution, wholesale, and other organizations (enterprises) engaged in selling and reselling of commodities for received and registered commodities purchased for reselling purposes shall be accepted for processing after they are actually cleared with suppliers, regardless of the fact of whether of these commodities are actually sold.

For procurement, wholesale, supply and distribution, and other organizations (enterprises) engaged in the selling and reselling of commodities, including those working on commission and agency terms, whose profit is obtained as the difference in prices, markups, margins, awards, other charges, the taxable turnover shall be determined on the basis of the cost of commodities (works, services) sold to buyers and prices applied without include the VAT.

Payment documents for commodities (works, services) sold in such organizations shall show as a separate line the selling price and the amount of the VAT calculated, using the respective 20% or 10% rates for this price.

In case the above organizations (enterprises) sell their commodities (works, services) through intermediary agents under commission or agency contracts, the payers of the VAT shall be both the agents or representatives and the principals.

The taxable turnover in these organizations (enterprises) shall be:

a) with the principal - the cost of commodities transferred to the agent or representative without the VAT. The amount of tax due to the budget system shall be calculated as the difference between the tax amounts for commodities transferred to the agent or representative and tax amounts paid to the suppliers of commodities (works, services);

b) with the agent or representative - the cost of commodities (works, services) sold to buyers on the basis of prices applied without the VAT. The tax amount due to the budget system from the agent or representative for these turnovers shall be calculated as the difference between tax amounts received from buyers of commodities and tax amounts indicated by the principal when transferring these commodities to the agent or representative;

c) with the agent or representative - the sum of commission, if commodities (works, services) are sold without involving the agent or representative in payments.

The tax amount due to the budget system from the agent or representative shall be determined as the difference between tax amounts calculated for the commission using respective rates and tax amounts for material values (works, services) paid by the agent or representative to the respective suppliers, and referred to distribution costs with the agent or representative in compliance with established procedure.

According to [Amendments and addenda No. 6](#) of August 7, 1998 the words "except for the retail trade and public catering organizations" were excluded from paragraph 13 of Item 19

Organizations (enterprises) producing and selling commodities liable to both the 10% and 20% VATs ought to arrange a separate accounting for the commodities sold and tax amounts for them at the applied rates, ~~except for retail trade and public catering organizations~~.

According to [Amendments No. 5](#) paragraph 14 of Item 19 of these Instructions was supplemented with the text "In such a case ..."

The VAT for purchased material resources imported to the territory of the Russian Federation for production purposes is not referred to production and distribution costs and is registered in compliance with procedure fixed for home-made commodities. In such a case the tax sum paid while such expenses were reimbursed within rated limits shall be determined at a rate of 16.67 per cent of the sum of the said expenses.

For imported taxable commodities (and raw materials for their production), after they are released into free distribution for subsequent selling, the VAT on all stages of distribution and selling on the territory of Russia shall be calculated in compliance with procedure fixed for home-made commodities.

When procurement, supply and distribution, wholesale, and other organizations (enterprises) engaged in selling and reselling of commodities, including those working on commission and agency terms, sell commodities exempted from the VAT, the tax amount due to the budget system at customs registration shall be determined as the difference between the tax amount calculated at the rate fixed for the selling price of these commodities, less the amount of the customs cost, customs duties, charges for customs registration, and the amount of tax paid to suppliers of material resources whose cost is referred to distribution costs.

[Additions and Amendments No. 2](#) of March 14, 1996 introduced amendments to Paragraph seventeen of Item 19 of the present Instruction

[See previous text of the Paragraph](#)

The amounts of the value added tax paid on the expenses connected with the maintenance of the service motor transport, the compensation for the use of private motor cars for service trips, the expenses on business trips (the travelling expenditures to the place of an official business trip and return, including the expenses for the use of bedding in trains, and also the expenditures for renting the accommodation), and the representation expenditures charged to the prime cost of products (works, services) within the limits of the norms established by the legislation shall be subject to a

refund from the budget only within the said limits, and if in excess of the norms, the tax shall not be refundable from the budget and shall be charged to the expense of the profit remaining at the disposal of the organizations (enterprises).

[Additions and Amendments No. 2](#) of March 14, 1996 introduced amendments to Paragraph eighteen of Item 19 of the present Instruction

[See previous text of the Paragraph](#)

The amounts of the value added tax on the material assets (works, services) acquired for production purposes from retail trade organizations and from the population shall not be accepted for an offset with the buyer and shall not be separated by way of calculation.

[Additions and Amendments No. 2](#) of March 14, 1996 introduced amendments to Paragraph nineteen of Item 19 of the present Instruction

[See previous text of the Paragraph](#)

When acquiring material assets (works, services) for production needs for cash (only within the limits established by the [Decision](#) of the Government of the Russian Federation No. 1258 of November 17, 1994 "On Establishing the Maximum Rate of the Payments in Ready Money in the Russian Federation between Juridical Persons" and the Order of the Government of the Russian Federation No. 1225-r of August 26, 1995 - for the organizations and enterprises of the consumer cooperation) from a manufacturer organization (manufacturer enterprise), a procurement, supply-and-marketing, wholesale and any other organization (enterprise) dealing in the sale and resale of goods, including under agreements of commission and assignment (with the exception of the organizations of retail trade, public catering and auction sale of goods), if there are a credit cash order and an invoice for a release of goods with the indication of the tax amount in a separate line, the value added tax shall be reflected on the debit side of [account 19](#) and its calculation shall be carried out in the generally established procedure.

[Decision](#) of the Government of the Russian Federation No. 810 of July 3, 1997 abolished the mentioned above [Decision](#) of the Government of the Russian Federation No. 1258 of November 17, 1994

[Additions and Amendments No. 2](#) of March 14, 1996 introduced the following amendments to Paragraph twenty of Item 19 of the present Instruction: the words "and in the accounting documents" shall be replaced with the words "then also in the accounting documents"

In cases when initial accounting documents (bills, invoices, credit slips, acts of executed works, and other) certifying the cost of purchased material resources (works, services) do not have the value added tax isolated, its calculation then also in the accounting documents (orders, demands, payment requests, check registers, and registers for resources received under letters of credit) shall not be done. Hence, the cost of purchased material resources (works, services), including the assumed value-added tax for them, shall be entered by the tax payer in the balance [Accounts No. 10](#) (Materials) and other at the whole sum of presented bill followed by their subsequent writing off to production (distribution) costs in compliance with established procedure.

[Additions and Amendments No. 2](#) of March 14, 1996 introduced amendments to Paragraph twentieth one of Item 19 of the present Instruction

[See previous text of the Paragraph](#)

When determining amounts of the value added tax due to the budget system for fuels and oils purchased for cash at service stations, the applicable tax sums shall amount to 13.79% of the cost of these materials. In case the rate of supply and distribution surcharge for oil product supply

organizations is changed, the amount indicated above shall be adjusted, if necessary, by the State Tax Service of the Russian Federation in coordination with the Ministry of Finance of the Russian Federation.

Additions and Amendments No. 2 of March 14, 1996 introduced amendments to the text of Example after Paragraph twenty one of Item 19 of the present Instructions
See previous text of the example

Example:

	per 1 ton in roubles
1. Price of the manufacturer organization	150,000
2. VAT (price of the manufacturer organization x 20%) : 100	30,000
3. Tax on the realization of fuels and lubricants (price of the manufacturer organization x 25%) : 100	37,500
4. Selling price of the manufacturer organization	271,500
5. Selling price of the supply-and-marketing organization (without the VAT and the tax on fuels and lubricants)	190,000
6. Calculation of the taxes:	
a) VAT (line 5 x 20%) : 100%	38,000
b) Fuels and lubricants (line 5 x 25%) : 100%	47,500
7. Receipts from the realization of fuels and lubricants - selling price with regard to the VAT and the tax on fuels and lubricants (from the tanks of the oil tank farm) (line 5 + line 6a + line 6b)	275,500
8. Receipts from the realization of fuels and lubricants - selling price with regard to the VAT and the tax on the fuels and lubricants through a service station	289,275
9. The gross income for the calculation of the taxes (VAT and the tax on fuels and lubricants) shall be determined as the difference between the price of the sale and the price of the purchase according to the relevant calculation rates (line 8 - line 7)	13,775
a) VAT at the rate of 13.79	1,900
b) Tax on fuels and lubricants at the rate of 17.24	2,375

The average calculation rate of the VAT, when determining the amounts accepted for deduction from the consumers of fuels and lubricants acquired for cash through a service station will be:

$$\text{VAT} = \frac{30000 + (38000 - 30000) + 1900}{289275} \times 100 = 13.79\%$$

Organizations (enterprises) using for their product reusable containers which have redemption prices, including glass bottles, shall register these containers at their mortgage prices including the tax in [Account 10](#) (Materials), without presenting the VAT for them paid to suppliers at purchase.

Tax amounts for disposable containers shall be presented by organizations (enterprises) which receive products in these containers as part of the total tax amount for these products in compliance with the generally established procedure.

When determining the tax amounts due to the budget system for transportation containers covered in addition to prices for the finished product, the applicable tax sum shall be the one calculated for the cost (part of the cost) of containers covered in excess of the prices.

According to the [Amendment No. 7](#) to these Instructions, approved by the [Order](#) of the Ministry of Taxes and Duties of the Russian Federation No. AP-3-03/226 of July 19, 1999, Item 19 of Section IX was supplemented with the following paragraph

As value-added tax is calculated by an investor who is a party to the production sharing agreement the entire sum of the value-added tax paid by the investor in connection with the performance of works under the said agreement in that period shall be subtracted from the sum of the above tax to be remitted to the budget during the corresponding period.

*According to [Amendments and Addenda No. 3](#) of August 22, 1996 Item 20 of these Instructions was reworded
[see the previous text of the Item](#)*

20. The tax, paid to the consignors, shall not be deducted from the tax sum, received from the buyers in the following cases:

a) for goods (works, services), spent for non productive needs for which the tax shall be paid from the respective financing sources, and also for the acquired official cars and minibuses.

The procedure, stipulated by this Subitem, shall not be applied to collective or state farms, peasant farms, interfarm and other agricultural enterprises and organizations ([Appendix No. 5](#) to the Instructions) in the case of which the value-added tax sum for goods (works, services) used for non productive purposes, shall be deducted.

Goods (works, services) for personal use shall not refer to goods (works, services), used for non productive purposes by peasant farms;

b) for goods (works, services), used for the output of the products and for the performance of the operations, exempt from the tax in keeping with [Subitems \(c\)-\(y\), \(z\) - \(z4\) of Item 1 of Article 5](#) of the Law of the Russian Federation on the Value-Added Tax ([Subitems \(c\)-\(z2\) of Item 12](#) of the Instructions). The tax sums, paid to the consignors for such goods (works, services), shall be referred to the production and distribution costs. This procedure shall not be applied to the sale (solely with respect to the precious metals mining organizations (enterprises), exempted from the tax in keeping with [Subitem \(g\) of Item 5](#) of the above-mentioned Law ([Subitem \(g\) of Item 12](#) of the Instructions).

A similar procedure for referring the value-added tax sums to the production and distribution costs shall be extended to small business subjects, if they apply the simplified system of taxation, accounting and reporting on a voluntary basis.

The tax sums, paid to the consignors of material resources (goods), purchased on the territory of the Russian Federation, brought out from the territory of the Russian Federation according to the export customs treatment and used for the performance of works (rendering of services), the place of whose sale is neither the territory of the Russian Federation nor that of the CIS Member-States, shall be accepted for reimbursement (offset) after receipt of the earning from sold works (services). The tax sums, paid to the consignors for the works (services), purchased on the territory of the Russian

Federation and used for the performance of said works (rendering of services), shall not be compensated from the budget (offset) and shall be referred to the production and distribution costs.

The tax sums, paid to the consignor of materials resources (works, services), purchased on the territory of the Russian Federation and used for the performance of works (rendering of services) the place of whose sale is the territory of the CIS Member-States shall not be accepted for reimbursement (offset).

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Paragraph one of Item 21 of the present Instruction: after the words "(received) commodity-and-material resources" the words "(works, services)" shall be replaced with the words "performed works or services"

21. In case tax amounts actually paid to suppliers for the purchased (received) commodity and material resources (performed works or services), as well as for fixed assets and non-material assets put into operation and registered in accounting documents, exceed tax amounts calculated upon selling commodities (works, services), including also other taxable resources, the resulting difference shall be accepted as anticipated payments or reimbursed from the budget at the expense of overall tax payments by tax inspections based on calculations presented following a written application of the tax payer within ten days from the day of receiving payment documents for the respective reporting period. The tax shall not be returned for calculations submitted by the tax payer after the expiry of three years.

The three-year term in this case shall be determined beginning with the 1st day of the month following the reported month in which the VAT was to be reduced for material valuables, including fixed assets and non-material assets, but was not included by the tax payer in the calculation (tax declaration).

*According to Amendments and Addenda No. 3 of August 22, 1996 the third paragraph of Item 21 of these Instructions was reworded
[see the previous text of the paragraph](#)*

A similar procedure for the offset or reimbursing the tax sums, paid to the consignors, shall be applied to the sale of goods (works, services), exempted from the tax in keeping with [Subitems \(a\) and \(b\) of Item 1 of Article 5](#) of the Law of the Russian Federation on the Value-Added Tax ([Subitems \(a\) and \(b\) of Item 12](#) of the Instructions); to the sale (solely with respect to precious metals mining organizations (enterprises) exempted from the tax in keeping with [Subitem \(q\) of Item 1 of Article 5](#) of the Law ([Subitem \(q\) of Item 12](#) of the Instructions).

According to the [Amendment No. 7](#) to these Instructions, approved by the [Order](#) of the Ministry of Taxes and Duties of the Russian Federation No. AP-3-03/226 of July 19, 1999, Item 21 of Section IX was supplemented with the following paragraph after paragraph three

A difference that an investor being a party to a production sharing agreement may have if an amount of value-added tax paid by the investor in the corresponding period in connection with the execution of works under the aforesaid agreement exceeds the amounts of this tax calculated on the basis of sales of commodities (works, services) during the corresponding period, including if no such sales took place, shall be refunded to the investor from the budget after the expiration of the corresponding period in the order and within time framework laid down by legislation of the Russian Federation. If the state fails to meet the deadlines established by legislation of the Russian Federation, amounts of the paid tax subject to refund from the budget shall be marked up on the basis of refinancing rate of the Bank of Russia which was in effect over the corresponding period.

When selling commodities (works, services) on the territory of the Russian Federation, foreign organizations paying the VAT and registered with a tax collection agency shall calculate and pay the VAT in compliance with the procedure set forth in the [Law](#) of the Russian Federation No. 1992-1 of

December 6, 1991 on the Value-Added Tax (with subsequent amendments).

According to [Amendments and Addenda No. 3 of August 22, 1996](#) the fifth paragraph of Item 21 of these Instructions was supplemented with the words '(works, services)' after the words 'material resources'

When commodities (works, services) are sold on the territory of the Russian Federation by foreign organizations registered with a tax collection agency, which carry out industrial and other commercial activities on the territory of the Russian Federation, the amount of the VAT due to the budget system shall be determined as the difference between tax amounts obtained from sales on the territory of the Russian Federation of both imported commodities and commodities (works, services), produced (purchased) on this territory and tax amounts paid to customs bodies when importing the commodities, as well as those paid for material resources (works, services) purchased on the territory of Russia for production purposes.

In case commodities (works, services) are sold on the territory of the Russian Federation by foreign organizations not registered with a tax collection agency, the VAT shall be paid in its full amount by Russian organizations (enterprises) at the expense of resources transferred to foreign organizations or other entities indicated by these foreign organizations. The taxable turnover in this case shall include the full sum of receipts received from Russian buyer organizations (buyer enterprises).

According to [Amendments and Addenda No. 3 of August 22, 1996](#) Item 21 of these Instructions was supplemented with a paragraph after the sixth paragraph

The value-added tax sums, actually paid to the budget from the funds, transferred to the foreign enterprise for the material resources (works performed, services rendered) whose cost is referred to the production and distribution costs of the Russian enterprise, or the source of payment, shall be offset or reimbursed to this Russian enterprise.

After the tax has been paid by Russian organizations (enterprises), foreign organizations are entitled for reimbursement of the VAT actually paid to the budget system when importing the commodities to the territory of the Russian Federation, as well as that paid for material resources of industrial destination purchased on the territory of the Russian Federation, under the condition that they register as tax payers.

Reimbursement to a foreign organization of the tax amounts paid shall be done by the tax collection agency actually receiving the payment from the Russian organization (enterprise) out of overall tax receipts within three months from the day of receiving the following documents:

- written application of the foreign organization;
- contract (copy of the contract) with the Russian organization (enterprise) or documents of equal status;
- payment documents certifying the fact of VAT payment by the foreign organization (enterprise).

*According to [Amendments No. 5 paragraph 13 of Item 21 of these Instructions](#) was reworded
[See the previous text of the paragraph](#)*

The reimbursement (offset) of the value added tax actually paid to suppliers for acquired (entered on the books) material resources, performed works, and provided services used in the manufacturing of export products excluding the export product for which the Russian exporter has received 100 % advance payment to offset the future deliveries thereof, and while exporting the works and services listed under Subitems "[a](#)", "[b](#)", "[c](#)", "[f](#)". [Item 14, Part VI](#) shall be effected only if the exporter has the documents confirming that the goods have been actually exported. The list of such documents is provided under [Item 22](#), Part IX of the Instructions

The given procedure shall not apply in cases when Russian organizations (enterprises) pay for commodities imported to the territory of Russian Federation under foreign-trade contracts.

According to [Amendments and Addenda No. 4 of March 12, 1997](#) the last paragraph of [Item 21](#) of these Instructions was reworded [see the previous text of the paragraph](#)

In the export by organizations (enterprises) of the works and services enumerated in [Subitems \(d\), \(e\), and \(g\) of Item 14](#) of Section VI the amounts of the value-added tax actually by the suppliers for the acquired (debited) material resources or the performed works and services shall be reckoned towards the forthcoming payments of the taxes or shall be compensated from the funds of the federal budget in accordance with [Article 11](#) of the Federal Law No. 29-FZ of February 26, 1997 on the Federal Budget for 1997 on the basis of the documents submitted to the tax body and confirming the fact of the receipt of the funds on the account of the Russian exporter from a foreign or Russian person.

According to [Federal Law No. 42-FZ of March 26, 1998 on the Federal Budget for 1998](#) the procedure for redeeming VAT is prolonged for the year 1998

According to [Amendments and Addenda No. 4 of March 12, 1997](#) [Item 21](#) of these Instructions was supplemented with the following paragraphs:

The compensation (offset) of the value-added tax actually paid to the suppliers for the acquired (debited) materials resources, or the performed works and services used for the manufacture of the export products, and in the export of the works and services enumerated in [Subitems \(a\), \(b\), \(c\), and \(f\) of Item 14](#) of Section VI shall be carried out only if the exporter has the documents confirming the real export of the goods. The list of such documents is stipulated in [Item 22](#) of Section IX of the Instructions.

According to [Telegram of the Ministry of Taxes and Fees of the Russian Federation No. VG-6-09/11 of January 10, 1999](#) the amounts of the value-added tax in the export of goods (works, services) shall be compensable in the previously effective procedure after the confirmation of the lawfulness of such compensability by the state tax inspectorates at the location of the organization's registration

If in the course of 180 days from the date of the release of a commodity in accordance with the customs treatment of export by the customs body that has carried out its customs clearance the taxpayers do not submit to the tax bodies the documents confirming the actual export of the goods, then the compensation (offset) of the tax shall be carried out in the established procedure.

According to [Amendments No. 5](#) [Item 21](#) of these Instructions was supplemented with the following paragraphs

The reimbursement (offset) of the value added tax actually paid to suppliers for acquired (entered on the books) material resources, performed works, and provided services used in the manufacturing of export products for the would-be deliveries of which the Russian exporter being the producer of such products, works and services has received from a foreign person 100 % advance payment is permitted to be effected, provided the following is submitted to the tax bodies:

a contract (a copy of the contract attested in accordance with the established procedure) of the Russian legal entity being a tax payer with foreign persons for the delivery of the exported goods, works, services providing for 100 % advance payment;

a bank statements confirming that 100 per cent of the advance payments have been actually received from the foreign person to offset the would-be export of the goods, works and services to the account of the Russian tax payer in a Russian bank registered in the tax bodies;

a copy of the cargo customs declaration attested by the head and chief accountant of the organization being a tax payer, bearing notations of the Russian customs body which has cleared the

goods under the exports regimen.

*According to [Amendments and Addenda No. 4 of March 12, 1997 Item 22 of these Instructions was amended](#)
[see the previous text of the Item](#)*

22. The following documents shall be without fail presented to the tax agencies for the justification of concessions on the taxation of goods, exported outside the CIS Member-States, including via intermediary organizations under the contract of commission or agency:

the contract (the contact copy, certified in the established procedure), concluded by the Russian taxpayer (legal entity) with the foreign persons for the delivery of exported goods;

the bank statement confirming the actual receipt of the returns from the realization of the goods to a foreign person on an account of the Russian taxpayer in a Russian bank, registered in the tax bodies, unless otherwise provided for by the legislation;

The cargo customs declaration or a copy thereof attested by the head and the chief accountant of the taxpayer organization with the notes of the Russian customs body that has carried out the release of the commodity in the treatment of export and the Russian customs body in the region of whose activity is located the checkpoint through which the commodity has been exported outside the limits of the customs territory of the Russian Federation (hereinafter, the border customs body).

In this cases:

if the exportation of goods in the treatment of export is carried out with the use of the pipeline transport or by electric power lines, then there shall be submitted a full cargo customs declaration with the notes of the Russian customs body that has effected the customs clearance;

if the exportation of goods in the treatment of export is carried out across the boundary of the Russian Federation with a member State of the Customs Union on which border the customs control has been abolished, then there shall be submitted a cargo customs declaration with the notes of the customs body of the Russian Federation that has effected the customs clearance;

in the cases determined by the State Tax Service of Russia and the State Customs Committee of the Russian Federation, for certain experts it shall be permissible to submit a cargo customs declaration with the notes of the customs body that has effected the customs clearance of the goods being exported, and a special register of the actually exported goods with the notes of the border customs body of the Russian Federation;

copies of the transport or shipping, or customs, or any other documents with the notes of the border customs bodies of the CIS member States or the customs bodies of the countries located outside the limits of the territories of the CIS member States, confirming the exportation of the goods outside the limits of the territories of the CIS member States. The taxpayer may submit any of the enumerated documents.

In the exportation of goods being exported, by vessels through seaports, for confirming the fact of the export of the goods outside the limits of the territories of the CIS member States the following documents shall be submitted:

a copy of the order for the shipment of the exportable goods with the indication of the port of discharge with the note "loading permitted" of the border customs-house of the Russian Federation;

a copy of the bill of lading of the exportable commodity, in which in the column "Port of discharge" there is indicated a port located outside the territories of the CIS member States.

In the exportation of goods being exported from the customs territory of the Russian Federation by the air transport, for confirming the fact of the export of the goods outside the limits of the territories of the CIS member States there may be submitted a copy of the international air waybill with the indication of the airport of discharge located outside the limits of the territories of the CIS member States.

In the exportation of good being exported, by the railway transport from the customs territory of the Russian Federation across the border with a CIS member State that is not a party to the Customs Union, for confirming the fact of the export outside the limits of the territories of the CIS member

States, there may be submitted a copy of the cargo customs declaration drawn up for the goods being exported from Russia and transferred across the customs borders of the CIS member States in accordance with the customs treatment of transit, with a note of the border customs body of the CIS member State.

Copies of the transport or shipment, or customs, or any other documents with the notes of the border customs bodies of the CIS member State or customs bodies located outside the limits of the territories of the CIS member States need not be submitted in the cases:

of the exportation of goods in the treatment of export carried out with the use of the pipeline transport or by electric power lines;

of the exportation of goods being exported from the customs territory of the Russian Federation, across the borders with the States that are not member States of the Commonwealth of Independent States (with distant foreign countries), except the goods being exported by the motor transport.

See also Letter of the Ministry of Finance of the Russian Federation No. 04-03-08 of April 19, 1996

About the imposing the value-added tax on the deliveries of oil products to the CIS member states see [Letter of the State Tax Service of the Russian Federation No. 03-4-09/19 of August 23, 1996](#)

23. Liable to taxation shall be the sums received as partial coverage of payment documents for commodities (works, services) sold, as well as amounts of advance and planned payments received at the clearing account for anticipated supplies of commodities or execution of works (services).

The amounts in retail trade and public catering organizations mentioned shall be liable to taxation in the portion pertaining to the difference in prices or their respective markups and surcharges.

24. In case the commodity is returned by buyers after the coverage of payment and transportation documents (tickets), or if the customers refuse earlier paid works (services), then the next payments into the budget system are to be reduced by the sum of the tax for these operations, or they shall be reimbursed in compliance with the procedure set forth in [Item 21](#) of the present Instructions.

Recalculation of the tax shall be done after the respective turnover correction operations for commodities (works, services) sold are registered in accounting documents, provided the three-year term from the day the tax was received in the budget, or from the day the right for tax reimbursement from budget occurs, has not expired.

According to [Amendments and addenda No. 6 of August 7, 1998 Item 25 of these Instructions was reworded](#)

[See the previous text of the Item](#)

25. In the sale of goods (works, services) for foreign currency on the territory of the Russian Federation the tax shall be paid to the budget in the rouble equivalent at the exchange rate of the Central Bank of the Russian Federation on the day of tax payment.

The tax sums, paid by the suppliers for the acquired (credited) material resources (works performed, services rendered) in foreign currency, shall be offset (reimbursed) in the rouble equivalent at the exchange rate of the Central Bank of the Russian Federation on the day of payment made to the supplier of goods (works, services), including the value-added tax.

26. To reimburse the tax paid for commodities and services purchased in retail trade network by members of diplomatic, administrative, and technical personnel, including members of their families living with them, diplomatic representations and representations of equal status shall present selling cheques from shops for the purchased commodity to the customs inspection entrusted with this function by the state tax inspection of subjects of the Russian Federation.

The tax amount to be returned shall be calculated at the respective estimation rates from the cost of the commodities, and when rendering services in their delivery, installation, etc. - also from the cost of services indicated in the selling cheques (slips).

Reimbursement of tax amounts shall be done by banking institutions from overall tax payments

upon presentation of cheques and statements issued by tax inspections.

27. Organizations, (enterprises) producing and selling commodities (works, services) subsidized from the respective budgets ought to provide a separate accounting work for production and sales of such commodities (works, services), with VAT estimates (tax declaration), showing as a separate line tax amounts for commodities (works, services) to be deducted when selling the subsidized products, tax amounts calculated for the sold subsidized products, and the resulting negative VAT amount due for reimbursement from the respective budgets.

The negative VAT amounts occurring in organizations (enterprises) where production and sales of commodities (works, services) or operative losses are being subsidized from budgets of subjects of the Russian Federation or local budgets shall be reimbursed from the budget at the expense of overall tax payments in proportion to the fixed normatives of deductions to the federal budget, budgets of subjects of the Russian Federation, and local budgets in cases when:

- the decision on subsidizing the commodities (works, services) or industry sector was a decision of the Government of the Russian Federation;
- the commodities (works, services) are subject to state regulated prices, or the level of prices is determined by a decision of the Government of the Russian Federation;

*According to Amendments No. 5 paragraph 5 of Item 27 of these Instructions was reworded
See the previous text of the paragraph*

- the Law of the Russian Federation on the Value Added Tax provides for the application of the tax at a rate of 10 per cent as the goods are being sold.

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Paragraph six of Item 27: the words "of an entity of the Federation" shall be replaced with the words "of an entity of the Russian Federation"

In cases when individual local budgets do not have enough resources to reimburse the negative VAT amounts, such reimbursement may be done at the expense of overall tax receipts of the budget of the subject of the Russian Federation.

28. VAT due to the budget system from coal extracting and coal processing enterprises shall be determined and paid by coal distribution agencies as the difference between tax amounts received from buyers for the coal and coal dressing products sold and tax amounts actually paid by mines (pits), coal dressing and briquetting factories to suppliers for material resources (works, services) whose cost is referred to production and distribution costs.

When coal and coal dressing products are sold directly to buyers avoiding the coal distribution agencies, the sum of the VAT shall be transferred to the budget system by mines (pits), coal dressing and briquetting factories.

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Item 29 of the present Instrucion: the words "8.97 per cent and 16.46 per cent" shall be replaced with the words "9.09 per cent and 16.67 per cent"

29. Organizations (enterprises) obtaining resources from collecting fines or penalties for violation of liabilities envisaged in contracts for supply of commodities (carrying out works, rendering services) shall pay the VAT to the budget at the rates of 9.09% and 16.67%, from the resources received.

X. Deadlines for Paying the Tax and Presenting Calculations

30. The VAT shall be paid:

- a) on a monthly basis out of actual turnovers for commodities (works, services) sold for the past calendar month no later than the 20th of the next month - by organizations (enterprises) with average monthly payment rates of 3000* thousand roubles to 10000* thousand roubles, except for railroad

transport enterprises indicated in [Item 35 \(a\)](#) of the present Instructions which effect the tax payment before the 25th of the next month.

Organizations (enterprises) with average monthly payments of more than 10000* thousand roubles shall effect ten-day payments before the 15th, 25th, and the 5th of the next month, amounting to one third of the tax amount due to the budget system from the latest monthly calculation, followed by subsequent recalculation before the 20th (25th for railroad transport enterprises) of the month following the reporting one on the basis of actual sales turnovers.

If the tax amount of the monthly calculation exceeds the ten-day calculations, then the recalculated after-payment shall be transferred to the budget system by the taxpayer no later than the deadline specified for presenting the monthly calculation, i.e. the 20th of the subsequent month, and for enterprises of railroad transport and communications, the 25th of the subsequent month.

In cases when the tax amount of the monthly calculation appears to be less than the sum paid on the ten-day basis, the difference shall be registered as anticipated subsequent payments or returned to the payer within 10 days, if he presents an application;

b) on a quarterly basis out of actual turnovers for commodities (works, services) sold for the past quarter no later than the 20th of the month following the reported quarter - by enterprises with average monthly tax payments of up to 3000* thousand roubles.

[Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Paragraph two of Subitem \(b\) of Item 30 of the present Instruction](#) [See previous text of the Paragraph](#)

Each quarter, proceeding from the actual turnovers in the realization of the goods (works, services) for the past quarter, no later than on the 20th day of the month following the accounting quarter, the value added tax may be paid by the entities of small business regardless of the rate of the average monthly payments.

By entities of small business shall be understood commercial organizations in whose authorized capital the share of the Russian Federation, the entities of the Russian Federation, social and religious organizations (associations), or charitable and any other funds does not exceed 25 per cent, the share belonging to one or several juridical persons that are not entities of small business does not exceed 25 per cent, and in which the average number of workers for an accounting period does not exceed the following maximum levels (small enterprises):

- in industry, 100 persons;
- in construction, 100 persons;
- at the transport, 100 persons;
- in agriculture, 60 persons;
- in the scientific-and-technical sphere, 60 persons;
- in the wholesale trade, 50 persons;
- in the retail trade and the consumer services of the population, 30 persons;
- in any other branches and in the conduct of other types of activity, 50 persons.

Small enterprises conducting several types of activity (multi-industry enterprises) shall refer to such by the criteria of that type of activity whose share is the largest in the annual volume of the turnover or the annual volume of profit.

The average, for an accounting period, number of workers of a small enterprise shall be determined with regard to all of its workers, including those working under agreements of civil-legal character and those combining jobs, taking into account the actual working time, and also including the workers of the representative offices, branch offices and any other separate units of the indicated juridical persons.

The right to choose a system of taxation, accounting and reporting, including the transition to the summary system or the return to the earlier adopted system shall be granted to the entities of small business on the voluntary basis in the procedure stipulated by the Federal Law No. 222-FZ of December 29, 1995 "On the Summary System of Taxation, Accounting and Reporting for the Entities of Small Business".

The effect of the summary system of taxation, accounting and reporting shall be applicable to

the organizations with the maximum number of workers (including those working under contract agreements or any other agreements of civil-legal character) of up to 15 persons regardless of the type of the activity conducted by them.

The maximum number of workers for organizations shall include the number of those working in their branches and units.

The effect of the summary system of taxation, accounting and reporting shall not cover the organizations engaged in the manufacture of excusable products, the organizations created on the basis of liquidated structure units of functioning enterprises, and also the credit organizations, insurers, investment funds, professional participants of the securities market, enterprises of the gambling and entertainment business and economic entities of other categories for which the Ministry of Finance of the Russian Federation for the keeping of accounting and reporting.

The entities of small business shall have the right to pass to the summary system of taxation, accounting and reporting, if during the year preceding the quarter in which the application was submitted for the right to apply the summary system of taxation, accounting and reporting the aggregate amount of the gross receipts of such taxpayer has not exceeded a one-hundred-thousand minimum rate of the remuneration of labour established by the legislation of the Russian Federation for the first day of the quarter in which the application was submitted.

A newly created organization that has submitted an application for the right to apply the summary system of taxation, accounting and reporting shall be deemed to be an entity of the summary system of taxation, accounting and reporting from the quarter in which it was officially registered.

As an exception to this procedure, communication enterprises pertaining to the main activities of the Ministry of Communications shall pay the VAT on a monthly basis on the 25th of the current month out of actual turnovers of sales of commodities (works, services) for the previous month, besides, an advance payment for the current month within the same deadline, amounting to 1/2 of the tax sum due to the budget system from the most recent monthly calculation, and on the 10th of subsequent month, an advance payment amounting to the second half of the tax sum due to the budget system from the latest monthly calculation.

In cases when earlier payments exceed the tax amount calculated for the actual sales, the excess sum shall be calculated as anticipated planned payments or returned to the payer, if he presents a written application. If the sum transferred as advance payments appears to be less than the actually calculated sum for the reporting period, then the difference shall be paid in addition before the 25th.

Amounts of the average monthly payment shall be determined by payers independently on the basis of data for the recent quarter.

Newly created organizations (enterprises), as well as organizations (enterprises) not registered as payers earlier, shall pay the tax on the basis of actual turnover for each past month. Upon expiry of the three months term, the amount of average monthly payment which emerged in the mentioned period shall be used by taxpayers to determine the particular deadlines for paying the tax (for example: to determine payment deadlines for February, March, and April, calculations for the 4th quarter of the previous year are taken; for May, June, and July, calculations for the 1st quarter of the current year, and so on).

Additionally calculated amounts of the VAT and financial sanctions shall be transferred by tax payers to the budget system within 5 days from the day when the auditing act is presented to the payer (containing fines accrued in compliance with the generally established procedure if budget debts were discovered for individual deadlines).

31. The date of effecting the turnover is implied to be the day of receiving resources for commodities (works, services) at accounts in the banking institutions, including the receipt of monetary resources under promissory notes, and in cases of cash payments, the day of receiving the receipts in the cash department.

About determination of date of sale of goods (works, service) for adding on value-added tax see [Decision of the Government of the Russian Federation No. 786 of July 17, 1998](#)

Decision of the Supreme Court of the Russian Federation No. GKPI 98-448 of October 2, 1998 recognized the Decision of the Government of the Russian Federation No. 786 of July 17, 1998 as illegal and not subject to application

For organizations (enterprises) which determine the sales on the basis of dispatch of commodities (fulfilling works, rendering services) in compliance with the adopted accounting policy, the date of effecting the turnover is deemed to be the day of their dispatch (fulfilling) and presenting payment documents to the buyer, or receipt of a promissory note (in case the payment for dispatched commodities (works, services) is secured with a promissory note).

When donating or exchanging commodities (works, services) the day of effecting the turnover is implied to be the day of transferring the commodities (works, services).

32. The payers shall present calculations in compliance with the form given in Supplement 1 to the present Instructions to tax collection bodies at place of their residence within the deadlines specified for tax payments for the reported period.

According to Decree of the President of the Russian Federation No. 685 of May 8, 1996, as from January 1, 1997 all payers of the value added tax must draw up invoices for the realization of products (works, services)

33. The deadlines for presenting a monthly or quarterly calculation, and, respectively, the deadlines for paying the tax for these periods which fall on days-off or holidays, shall be shifted to the first working day after the day-off or holiday.

Additions and Amendments No. 2 of March 14, 1996 supplemented Item 33 of the present Instruction with the following Paragraph

If the taxpayers submit the calculations (declarations) by mail, the date of submission should be deemed to be the date of the delivery of the calculation to the mail.

34. The Ministry of Finance is entitled to fix other taxation periods and deadlines for paying the taxes.

According to Amendments and Addenda No. 3 of August 22, 1996 Item 34 of these Instructions was supplemented with the paragraphs:

The value-added tax shall be paid for the sums of the earnings of the Committee of the Russian Federation for State Reserves, its territorial agencies and centres from sale of the material values of the state reserve.

In this case the settlement documents and other primary records of goods (material values), sold by the territorial agencies and centres (integrated complexes) of the Committee of the Russian Federation for State Reserves, shall be made out with the value-added tax singled out. The value-added tax sums, paid to these organizations by the buyers for the sold material values from the state reserve, shall not be transferred to the budget.

The value-added tax sums, paid to the consignors by the territorial agencies and centres (integrated complexes) of the Committee of the Russian Federation for State Reserves at the time of the deposition of material values to the state reserve, shall be referred to the production and distribution costs.

According to Amendments and Addenda No. 4 of March 12, 1997 Section X of these Instructions was supplemented with Item 35

Items 35 to 63 of these Instructions shall correspondingly be deemed to be 36-64

35. Upon the entry into force of the present Amendments and Addenda, for the documentary confirmation of the privileges in the taxation of both domestically manufactured and acquired goods being exported outside the limits of the territories of the CIS member States, and also works and

services (stipulated in [Subitems \(a\), \(b\), \(c\), and \(f\) of Item 14](#) of section VI) being exported outside the limits of the territories of the CIS member States, the taxpayers shall, no later than 180 days from the date of the drawing up of the cargo customs declaration for the exportation of goods in the treatment of export by a regional customs declaration, submit to the tax bodies the calculations (declarations) while attaching thereto the documents confirming the real export of the goods and stipulated in [Item 22](#) of Section IX of the present Instructions.

Before the submission of the documents confirming the legality of the application of the privilege in the taxation of the goods being exported and the above mentioned services the taxpayers shall not reflect the indicated operations in their tax declarations (calculations).

The taxpayers shall, within 10 days from the date of the release of a commodity in accordance with the customs treatment of export by the customs body that has carried out the customs clearance of the commodity, documentarily inform the tax body with which they have been registered about the exportation of the commodity in the indicated treatment. The document shall be signed by the head and the chief accountant of the organization (enterprise).

According to [Amendments No. 5](#) [Item 35](#) of these Instructions was supplemented with the following paragraphs

[Decision](#) of the Supreme Court of the Russian Federation No. GKPI 99-428 of July 14, 1999 recognized as invalid paragraphs 4, 5 of [Item 35](#) of the Instructions of the State Tax Service of the Russian Federation No. 39 of October 11, 1995

Upon the expiration of 180 days from the date when the goods are cleared by the regional customs bodies under the exports regimen and given the non-confirmation that the goods, works and services have been actually exported the said deliveries of goods, performance of works and providing of services shall not be deemed to be under a privileged regimen and shall be subject to be taxed with the value added tax, with the said transactions being appropriately reflected in the tax returns.

The value added tax sums shall be reflected in the taxable turnover as of the day following upon the expiration of 180 days (181 days) and shall be included in the tax computation of the current accounting period.

If, upon the expiration of 180 days the tax payer submits the documents whereby his right to obtaining export privilege is justified, the tax sums additionally charged and collected for the benefit of the budget shall be refunded to the said tax payers being exporters".

In such a case a late inclusion by the tax payer of the value added tax sums into the tax computation shall be deemed a ground for the application to the tax payers of the amenability as provided under [subitem "c", Item 1, Article 13](#) of the Law of the Russian Federation No. 2118-1 of December 27, 1991 on the Fundamentals of the Tax System in the Russian Federation.

XI. Particulars of Calculating the Value-Added Tax for Transportation

36. Payers of the tax for transportation shall be:

a) departments of railroads, operational associations of the railroad transport.

Auxiliary enterprises not pertaining to railroad operation (transportation) activities are implied to be independent payers of the VAT for their particular types of activities;

b) air companies, airports, united air detachments, technical bases, and other organizations (enterprises) of civil aviation;

c) steam-ship companies, ports, rescue teams, basin departments of steam-ship companies, and other enterprises of sea and river transportation;

d) transportation enterprises and associations of road transport.

37. Liable to taxation shall be any receipts obtained for transporting cargo, passengers, luggage, luggage cargo, and mail. The taxable turnover in air transport enterprises shall include resources obtained from selling air tickets pertaining only to services in transporting cargo,

passengers, luggage, and cargo luggage rendered by the work force of the air transport enterprises.

Resources obtained from selling air tickets of other air transport enterprises (companies) under concluded agreements shall be liable to taxation by the air transport enterprises (companies) directly carrying out these transport operations.

38. The VAT shall also apply to all types of paid services rendered to passengers at terminals, in trains, ports, airports (for bedding in trains, lodging in rest and maternity rooms, storing luggage and cargo luggage, rendering services in leasing cargo and passenger train cars, airplanes, helicopters, space, etc.).

XII. Particulars of Tax Calculation in Organizations (Enterprises) Rendering Paid Services, Including Those to the Population

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Item 38 of the present Instruction: the words "16.46 per cent" shall be replaced with the words "16.67 per cent"

39. For service prices (tariff rates) for which include the cost of materials and replacement parts, as well as for services rendered on the basis of agreements without drawing up receipts (repair and manufacture of shoes, services of hairdressers' saloons, laundries, dry cleaning, and so on) the taxable turnover shall be determined on the basis of receipts obtained from such services. The tax shall be calculated at the rate of 16.67% of the taxable turnover.

The cost of the service in this case shall include materials and replacement parts at their purchase prices (without the VAT and markups for them).

Additions and Amendments No. 2 of March 14, 1996 supplemented Item 38 of the present Instruction with the following Paragraphs

The services in the repair and servicing of household radio equipment, and also of any other technically complicated goods and household appliances during the guarantee period of their operation, including the cost of spare parts and components, without collecting an additional charge from the consumer for the guarantee servicing, shall not be imposed with the value added tax. The said services shall be performed at the expense of the funds allowed by the manufacturer in the price of the commodity.

There shall not be included in the taxable base the funds received from manufacturer organizations (enterprises) for carrying out the repair and servicing of household radio equipment and other technically complicated commodities and household appliances during the guarantee period of their operation.

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Paragraph one of Item 39 of the present Instruction: the words "16.46 and 8.97 per cent" shall be replaced with the words "16.67 per cent and 9.09 per cent"

40. If, in rendering paid services, materials and replacement parts are covered by the customer in addition to the cost of works including the VAT (making clothes and fur items, repair of cars, furniture, jewelry, and so on), then liable for taxation at the rate of 16.67%, and 9.09% for children's commodities, shall be:

a) cost of services fulfilled and paid by customers;

b) the difference between the cost of material received from customers and that paid to suppliers, including the tax.

When making commodities for children from own materials for which the tax rate is fixed at 10%, organizations (enterprises) of communal services shall charge payments from clients on the basis of this rate applied to the whole cost of the order, including the cost of materials and accessories without the tax paid to suppliers. The 10% tax rate shall also be applied when making such commodities from customers' materials.

XIII. Particulars of Calculating the VAT in Organizations of Retail Trade, Public Catering, and Other Organizations (Enterprises) Obtaining Income in the Form of Difference in Prices, Markups, Surcharges, Commissions, and Other Charges

41. In public catering organizations the taxable turnover shall be:

a) for commodities, including imported ones, sold at free market (retail) prices - the amount of difference between selling prices for commodities and prices at which they are covered with suppliers, including the amount of tax. The same procedure is used to calculate the taxable turnover for commodities sold at regulated retail prices formed on the basis of industry distribution prices, including the tax and trade markup;

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Paragraph two of Subitem (b) of Item 40 of the present Instruction: the words "16.46 and 8.97 per cent" shall be replaced with the words "16.67 per cent and 9.09 per cent"

b) for commodities sold at state regulated retail prices purchased at prices including the tax less trade discounts - the amount of trade discounts. When selling commodities subsidized from the budget, the taxable turnover shall also be the amount of trade discounts.

Calculation of the tax shall be done at estimation rates amounting to 16.67% and 9.09% of the taxable turnover indicated above.

A trade surcharge (discount) shall be applied to prices including the VAT.

The amount of tax due to the budget system from these organizations shall be determined as the difference between tax amounts from trade charges calculated at respective estimation rates, and tax amounts paid to suppliers of material resources whose cost is referred to distribution costs.

According to Amendments and addenda No. 6 of August 7, 1998 paragraphs 7 - 14 of Item 41 of these Instructions were excluded

~~When selling commodities at prices including the 10% and 20% tax, retail trade organizations shall calculate the tax for the reported period (month, quarter) from the amount of income at the average estimation rate.~~

Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Paragraph six of Subitem (b) of Item 40 of the present Instruction See previous text of the Paragraph

~~The average calculation rate shall be determined as the ratio of the total tax amount falling on the goods received during the accounting period to their cost proceeding from the suppliers' prices, including the tax amount. For such purposes the above-mentioned organizations must keep the analytical accounting of the tax amounts on the goods received.~~

~~In this case the products acquired by retail trade organization, which products are exempt from the value added tax only with the suppliers (in accordance with subitems "t" - "u" of item 1 of article 5 of the Law of the Russian Federation "On the Value Added Tax" (subitems "t" - "u" of item 12 of the Instructions of the State Tax Service of the Russian Federation No. 99 of October 11, 1995) and purchased from the population shall not be included in the indicated calculation.~~

Additions and Amendments No. 2 of March 14, 1996 introduced amendments to the text of Example of Paragraph six of Subitem (b) of Item 40 of the present Instruction See previous text of the example

Example

(thousand roubles)			
	Cost of goods	VAT amount	Cost of goods with the VAT
Cost of goods with the VAT, total	400,0	55,0	455,0
including			
at the rate of 20 %	200,0	40,0	240,0
at the rate of 10 %	150,0	15,0	165,0
untaxable products*	50,0		50,0

The average calculation rate of the VAT will be 12.09% ($55.0 : 455.0 \times 100\%$).

There have been realized mercantile additions (impositions) – the amount for month – 140.0 thousand roubles.

The VAT from the realized mercantile additions (impositions) will be 16.9 thousand roubles ($140.0 \times 12.09\% : 100\%$).

According to [Amendments and Addenda No. 3 of August 22, 1996](#) the first paragraph after the example in Item 40 of these Instructions was reworded [see the previous text of the paragraph](#)

If the value-added tax sum is not singled out in the source records (bills, invoices, waybills, credit –and– debit tickets, reports on the works performed, etc.) confirming the cost of purchased goods, it shall not be computed by means of calculation in the accounting documents (orders demands orders, demands, cheque registers and registers of the receipt of funds from letters of credit), neither shall they be used in the calculation of the average rate, for the sale of such goods the value-added tax imposed on the taxable turnover of foodstuffs (except for excisable ones) according to the list to be approved by the Government of the Russian Federation, and of children's goods according to the list to be approved by the Government of the Russian Federation, shall be computed at the settlement rate in the amount of 9.09 per cent, and for remaining goods, including the excisable foodstuffs, at the settlement rate in the amount 16.67 per cent.

When a separate analytical accounting work is available, arranged with fixed VAT rates for commodities, calculation and payment of the tax shall be based on the income received from sales of each type of commodities at the respective estimation rates.

According to [Amendments and addenda No. 6 of August 7, 1998](#) the words "or the calculation of the average rate" were excluded from paragraph 16 of Item 41

[Additions and Amendments No. 2 of March 14, 1996](#) introduced the following amendments to the last but one Paragraph of Item 40 of the present Instruction: the words "16.46 per cent" shall be replaced with the words "16.67 per cent"

In case analytical accounting work by types of commodities sold ~~or the average rate estimate~~ are not available, calculation and payment of the VAT shall be made from income received at the rate of 16.67%.

A similar procedure is applied to organizations indicated in Items 4142.

[Additions and Amendments No. 2 of March 14, 1996](#) introduced the following amendments to Item 41 of the present Instruction: the words "16.46 per cent" shall be replaced with the words "16.67 per cent"

42. In commission trade with the population the taxable turnover shall be the income received as commission charges.

The tax shall be calculated at the rate of 16.67% of the above mentioned taxable turnover.

According to [Amendments and addenda No. 6 of August 7, 1998](#) the word "average" was excluded from paragraph 1 of Item 43 of these Instructions

43. Public catering organizations, when selling own-made products (also through retail trade network), as well as purchased commodities (including imported ones), shall calculate the tax at the ~~average~~ estimation rate for the amount of income received in the form of trade markups and surcharges applied to purchase prices, with the tax included.

According to [Amendments and addenda No. 6 of August 7, 1998](#) paragraph 2 was excluded from Item 43 of these Instructions

~~The average estimation rate shall be determined in compliance with the procedure envisaged in [Item 40 of the present Instructions](#).~~

[Additions and Amendments No. 2 of March 14, 1996](#) introduced the following amendments to Items 43 and 44 of the present Instruction: the words "16.46 and 8.97 per cent" and "16.46 per cent" shall be replaced with the words "16.67 per cent and 9.09 per cent" and "16.67 per cent"

44. In auction sales of commodities, including imported ones, the tax shall be calculated at the rate of 16.67% and 9.09% from the difference between the final selling price of commodities and the price of their arrival at the auction, including the tax. The turnover liable to the maximum estimation rate of 16.67% shall include all paid services rendered in the course of the auction, including payment for entrance tickets.

45. Exchanges shall determine the tax sum at:

a) the rates of 16.67% and 9.09% for the income received as commission charges from transactions concluded at exchange tenders;

b) the rate of 20%, which is applied to payment for brokers' seats provided for a limited period of time, for the right of participation in tenders, and for the cost of information, commercials, and other paid services.

XIV. Particulars of Calculating the VAT for Operations Carried out by Financial and Credit Institutions

46. The VAT due to the budget system from banks and credit institutions for the reporting period ought to be determined as the difference between tax amounts received from operations and services liable to this tax and tax amounts paid to enterprises and organizations for commodities (works, services) whose cost is included in the taxable turnover portion of the bank's (credit institution) expenses pertaining to its main activities.

This procedure of calculating the VAT shall apply in accounting to both the taxable and non-taxable operations, as well as to costs (expenses) for the mentioned operations.

47. If a separate accounting cannot be provided in compliance with [Item 20](#) of the present Instructions, then the applicable amount out of the total tax paid shall be the one corresponding to the specific weight of incomes received from taxable operations and services in the overall sum of bank incomes in the reported period. The rest of the value-added tax attributable to purchased material resources shall be referred to bank (credit institution) costs.

On estimation of bank's incomes in calculation of specific weight of incomes received from the accomplishment of deals subject to value added tax, see [Letter of the Ministry of the Russian Federation for Taxes and Fees No. 03-4-09/39 of June 29, 2000 on Value-Added Tax](#)

According to [Amendments and Addenda No. 3 of August 22, 1996](#) the second paragraph of Item 46 of these Instructions was reworded [see the previous text of the paragraph](#)

In individual cases it shall be possible, according to the banks' (credit institutions) choice, if the share of the incomes, derived from transactions, operations and services, chargeable by the value-added tax, accounts for less than five per cent of the total amount of the bank's (credit institution's) incomes for the reporting period, to refer the value-added tax sums, paid to the consignors for all goods, works and services, to the bank's (credit institution's) expenses. In this case the entire value-added tax sum, obtained for the taxable transactions, operations and services, shall be paid to the budget.

[Additions and Amendments No. 2 of March 14, 1996](#) supplemented Item 46 of the present Instruction with the following Paragraph

For the fixed capital and nonmaterial assets of nonproductive application the payment of the value added tax shall be made in accordance with [item 20](#) of the present Instructions.

According to [Amendments and Addenda No. 3 of August 22, 1996](#) Item 46 of these Instructions was supplemented with the paragraphs:

The fixed and intangible assets, used by the bank (credit institution) for the performance of works, the rendering of services, exempted from the value-added tax, shall be reflected in the records at the acquisition cost, including the sum of the paid tax, to be subsequently written off in the established procedure via depreciation sums.

The value-added tax on the purchased fixed and intangible assets, used banks (credit institutions) for the performance of works (the rendering of services), chargeable by the value-added tax shall not be referred to the distribution costs and shall be referred to the settlements with the budget.

Apart from it, the banks (credit institutions) may reflect, according to their choice (in the reporting year, with the tax body informed about the fact), the newly acquired fixed and intangible assets, used for the performance of works (the rendering of services), in the records at the acquisition cost, including the paid value-added tax sums, to be subsequently written off in the established procedure via depreciation sums, regardless of the amount (share) of the transactions, chargeable by the value-added tax, in the total sum of the bank's (credit institution's) total incomes.

XV. Particulars of Calculating the VAT for Fixed and Non-material Assets

According to [Amendments and Addenda No. 3 of August 22, 1996](#) the first and the second paragraphs of Item 47 of these Instructions were reworded [see the previous text of the paragraphs](#)

48. The value-added tax sums, paid for the acquisition of fixed and intangible assets, shall be deducted in full from the tax sums to be paid to the budget at the time of the registration of the fixed and intangible assets.

A similar procedure shall be also applied to the small business subjects paying the value-added tax to the budget.

For fixed and non-material assets purchased on budget appropriations, as well as for objects put into operation after capital construction regardless of the source of their financing, reimbursement of the value-added tax paid when purchasing them shall not be done. Tax amounts paid for such fixed and non-material assets to suppliers (contractors) shall be referred to increase of their balance cost.

Fixed assets accepted by customers (including agricultural enterprises) on the balance, when the objects finished after construction are put into operation, shall be registered at their actually incurred costs, including the paid sums of the value added tax, with their subsequent writing off to net

cost through depreciation (amortization) sums in compliance with established procedure.

*According to [Amendments and Addenda No. 3 of August 22, 1996 Item 47 of these Instructions](#) was reworded
[see the previous text of the Item](#)*

49. The fixed and intangible assets, used for the output of goods (works, services), exempted from the value-added tax in keeping with [Subitems \(c\)-\(y\), \(z\)-\(z4\) of Item 1 of Article 5](#) of the Law of Russian Federation on the Value-Added Tax ([Subitems \(c\)-\(z2\) of Item 12](#) of the Instructions), shall be reflected in the records of the acquisition cost, including the paid tax sum, except for the value-added tax sums, reimbursed to the precious metals mining organizations (enterprises) for the sale of the precious metal, exempted from the tax in keeping with [Subitem \(q\) of Item 1 of Article 5](#) of the Law ([Subitem \(q\) of Item 12](#) of the Instructions).

If the small business subjects apply voluntarily the simplified system of taxation, accounting and reporting, the fixed and intangible assets, used by these organizations of the output of goods (works, services), shall be reflected in the records according to the cost acquisition, including the paid tax sum.

The value-added tax sums, paid to the tax bodies for the fixed assets imported into the territory of the Russian Federation, which are used for the output of goods (works, services), exempted from the value-added tax in keeping with [Subitems \(c\)-\(y\), \(z\)-\(z4\) of Item 1 of Article 5](#) of the above-mentioned Law ([Subitems \(c\)-\(z2\) of Item 12](#) of the Instructions), shall not be accepted for reimbursement from the tax payers at the time of acceptance for registration but shall be written off the established procedure via depreciation (amortization) sums.

A similar procedure shall be also extended to the small business subjects, if they apply voluntarily the simplified system of taxation, accounting and reporting.

If the imported fixed assets are for the output of goods (works, services), exempted from the value-added tax in keeping with [Subitems \(a\), \(b\) and \(q\)](#) (solely with respect to the precious metals mining organizations (enterprises) for the sale of precious metals) of Item 1 of Article 5 of the above-mentioned Law ([Subitems \(a\), \(b\) and \(q\) of Item 12](#) of the Instructions), the tax sums, paid to the custom agencies in full amount, shall be accepted for reimbursement from the taxpayer when they are registered.

50. When purchased fixed and non-material assets (except for those not-taxable under the established procedure) are sold or donated, the VAT due to the budget system shall be determined depending on the date of their purchase:

a) for those purchased before 1992 - from the full cost of their purchase;

b) for those purchased and sold in 1992 at prices exceeding the purchase price - from the amount of difference between the sale and the purchase prices, including the tax. To determine the tax sum, the mentioned difference is multiplied by an estimation rate of 21.88%;

c) for those purchased after 1991 (except for cases envisaged in Subitem (b) of the present Item) - as the difference between the tax sum taken into account in the selling price and the tax sum not referred to budget payments before the moment of selling the fixed and non-material assets. If a negative difference between the tax sum paid at their purchase and the tax sum received from selling, results then tax reimbursement from budget shall not be made.

In case of selling tenantable buildings or individual apartments, as well as fixed assets put into operation when they are finished after construction, registered on the balance of organizations (enterprises) at the cost reflecting the actual cost of construction including the tax sums paid for commodities (works, services) used in construction, the taxable turnover shall be determined as the difference between the cost of selling and actual expenses.

When organizations (enterprises) sell fixed assets (material values) received from founders as their contribution to the enterprise's registered capital, the taxable turnover shall be determined on the basis of the total cost of the sold fixed assets (material values), if the registered capital is reduced in compliance with the established procedure by the amount of this contribution. If the size of the registered fund is not changed, then calculation of the VAT for such fixed assets (material values)

shall be made based on the difference between the sale price and the price fixed in the registered capital.

According to Amendments No. 5 Section XVI was excluded from these Instructions

~~XVI. Accounting Procedure for the Value-Added Tax~~

On the procedure for bookkeeping expression of specific transactions relating to the value-added tax and excise taxes see Letter of the Ministry of Finance of the Russian Federation No. 96 of November 12, 1996

~~51. In accounting records, operations pertaining to the VAT are registered in Account 19 (Value-Added Tax for Purchased Values) and Account 68 (Budget payments), Subaccount (VAT payments).~~

~~The debit side of Account 19 (Value-Added Tax for Purchased Values) (respective Subaccounts (Value-Added Tax for Purchased Material Resources), (Value-Added Tax for Purchased Low-value and High-wear items), (Value-Added Tax for Purchased Fixed Assets), (Value-Added Tax for Purchased Non-material Assets), (Value-Added Tax for Works (Services) of Operational Nature), (Value-Added Tax for Capital Investments), etc.) is used by the enterprise (customer) to register tax amounts for purchased material resources, low-value and high-wear items, fixed assets, non-material assets in correspondence with the credit side of Accounts 60 (Settlements with Suppliers and Contractors), 76 (Various Debtors and Creditors), and other.~~

Additions and Amendments No. 2 of March 14, 1996 introduced the following amendments to Paragraph three of Item 50 of the present Instruction: after the words "(credited, accepted to the balance accounting)" shall be supplemented with the words "performed works or services"

~~Amounts of the VAT liable for reimbursement (deduction) after being actually paid to suppliers for material resources (entered in the balance) performed works or services shall be written off from the credit side of Account 19 (Value-Added Tax for Purchased Values) (respective Subaccounts) to the debit side of Account 68, Subaccount (VAT Payments to the Budget).~~

~~In this case, the tax payer ought to arrange on the basis of operative accounting records a separate accounting of tax amounts for both the paid and unpaid purchased material resources.~~

~~If material resources the VAT for which the VAT has been reimbursed (deducted) in compliance with the established procedure are used for non-production purposes financed from special sources, then reverse entries shall be made in accounting records: the credit side of Account 68, Subaccount (VAT Payments to Budget) and the debit sides or respective accounts used to register sources of financing (payment).~~

~~When receiving advance payments (prepayments) for delivery of material values or execution of works (services), as well as when products and works for customers are paid in installments after completion, the whole of the sum of received advance payments indicated in documents shall be registered on the debit sides of monetary accounts and the credit side of Account 64 (Advance Payments Received).~~

~~Simultaneously, the tax amount calculated at the fixed estimation rate on the basis of documents for advance payments received shall be registered on the debit side of Account 64 (Advance Payments Received) and the credit side of Account 68, Subaccount (VAT Payments). When products are dispatched or works (services) fulfilled, the sum of the earlier recorded VAT is, first, reversed with above mentioned entry (debit side of Account 68, Subaccount (VAT Payments) and the credit side of Account 64 (Advance Payments Received)), and then all operations pertaining to product (works, services) sales are registered in compliance with established procedure (debit side of Account 64 in correspondence with the credit side of Account 46, and so on).~~

~~52. The tax amount for dispatched products (fulfilled works, services) or property isolated separately in documents drawn up as described in Item 16 shall be registered in sales receipts on the credit side of sales accounts in correspondence with buyer and customer accounts. Simultaneously,~~

~~the mentioned tax amount shall be registered on the debit side of Accounts 46 (Sales of Products (Works, Services)), 47 (Sales and Other Removal of Fixed Assets), 48 (Sales of Other Assets), and the credit side of Account 68, Subaccount (VAT Payments).~~

~~When selling commodities through auctions, retail trade and public catering organizations shall register the tax amount pertaining to the difference between the sale and purchase cost of commodities (trade surcharge or discount) on the credit side of Account 68, Subaccount (VAT Payments), in correspondence with the debit side of Account 46.~~

~~53. For equipment purchased by the customer – both that requiring installation and that not – the VAT shall be registered on the debit side of Account 19, Subaccount (Value-Added Tax for Capital Investments) and the credit side of Accounts 60 and 76. When putting into operation the mentioned equipment, tax amounts pertaining to putting into operation of the object shall be written off by enterprises on a monthly basis in equal portions within six months from the credit side of Account 19, Subaccount (Value-Added Tax for Capital Investments) and to the debit side of Account 68, Subaccount (VAT Payments).~~

~~Volumes of construction and installation works carried out by a contractor or internally, including the VAT, shall be registered by the customer on the debit side of Account 08 (Capital Investments) and the credit side of Accounts 60 and 76. The tax sum registered in Account 08 shall be written off to Account 01 (Fixed Assets) as soon as the fixed assets are put into operation, followed by their subsequent writing off to net cost through depreciation (amortization) sums in compliance with the established procedure.~~

~~54. The VAT for purchased non-material assets shall be registered in compliance with the generally established procedure on the debit side of Account 19, Subaccount (Value-Added Tax for Purchased NonMaterial Assets) in correspondence with the credit side of Accounts 60 and 76. After they are covered and registered in the accounting records, the VAT shall be written off on a monthly basis in equal portions, within six months, from the credit side of Account 19, Subaccount (Value-Added Tax for Purchased Non-Material Assets) to the debit side of Account 68, Subaccount (VAT Payments).~~

~~55. When selling or donating fixed assets (except for those exempted in compliance with the established procedure), the VAT due to the budget system shall be calculated as the difference between the tax amount for the cost of equipment determined in compliance with the established procedure for the moment of transfer (credit side of Account 68 (VAT Payments to Budget)) and the tax sum not referred to budget payments before their selling or donation (from the credit side of Account 19 (Value-Added Tax for Material Values) to the debit side of Account 68).~~

~~Organizations (enterprises) receiving the mentioned fixed assets free shall register them in Account 01 of their balance at the cost indicated by the donating party, and are not entitled to a tax reimbursement (offsetting) from the budget for these assets.~~

~~The same procedure is used to calculate and pay the value-added tax when non-material assets are donated free.~~

~~56. In case of damage or theft of material resources, low-value and high-wear items before they move into production (operation), the amount of the VAT paid at their purchase shall be written off from the credit side of respective subaccounts of Account 19 in compliance with the procedure adopted for writing off missing material values without reimbursement (offsetting) from the budget.~~

~~57. Retail trade and public catering organizations shall register tax amounts for commodities received from suppliers and isolated separately in accounting documents directly in Account 41 (Commodities), in correspondence with Accounts 60, 76, and others.~~

~~58. Tax amounts for fixed assets, non-material assets, and commodities (works, services) used for non-production needs shall be written off from the credit side of Account 19 – respective subaccounts – to the debit side of accounts used to register their coverage (financing). Tax amounts for the above mentioned material values (works, services) used in making products and carrying out operations exempted from the tax under Subitems (f)-(y) of Item 12 of the present Instructions shall be written off from the credit side of Account 19 (Value-Added Tax for Purchased Values) to the debit side of accounts used to register production costs (20 (Main Production), 23 (Auxiliary Production Facilities), and other), and for fixed and non-material assets – shall be registered at their balance~~

~~value and be written off through amortization (depreciation).~~

~~59. The credit balance of Account 68 (Budget Payments) (Subaccount (VAT Payments)) shall be transferred to the budget system and is registered in accounting records on the debit side of the mentioned account (respective Subaccount), in correspondence with the credit side of Account 51 (Settlement Account).~~

~~60. In order logs, lists, machine print-outs, and other accounting registers used when procuring material values, selling products (works, services), and other assets, the tax amount ought to be isolated as a separate column in compliance with documents drawn up as described in Items 16 and 20.~~

XVII. Payer Responsibility and Control of the Tax Collection Bodies

61. Responsibility for correct and timely tax payments to the budget system shall rest with the tax payers and their officials.

62. Control over the completeness, correctness, and timely payment of the tax shall be carried out by tax collection bodies in compliance with the legislation of the Russian Federation.

63. The tax payer shall be entitled to independently correct earlier presented tax calculations (declarations) before they are checked by tax collection bodies.

For additional tax amounts due to the budget system, the tax payer shall present additional tax calculations (declarations) to the respective tax inspections separately for each taxation period to be corrected. These tax calculations (declarations) shall indicate in respective lines only the amount of discovered differences as compared to earlier presented calculations.

XVIII. Procedure for Keeping Personal Account Cards in Tax Inspections

64. Records of arriving VATs for each tax payer shall be kept on personal account cards, Form 6 (Supplement 9 to the Instructions of the State Tax Service of the Russian Federation No. 26 of April 15, 1994 on the Procedure for Arranging Operative Accounting Work for Taxes, Charges, Duties, and Other Mandatory Payments in State Tax Inspections).

Additions and Amendments No. 2 of March 14, 1996 recognized Section XIX of the present Instruction as abolished

~~XIX. On the Procedure for Calculation and Payment for Special Tax~~

~~64. Determination of the payers of the special tax and objects of taxation, taxable turnover, procedure and deadlines for payment, application of tax exemptions, as well as responsibility of tax payers for correctness and timely payment of the special tax shall be done in compliance with the Law of the Russian Federation on the Value-Added Tax.~~

~~65. Pursuant to the Law of the Russian Federation on the Special Tax, to provide financial support to major sectors of the national economy of the Russian Federation and to ensure the stable operation of enterprises in these sectors, beginning on April 1, 1995 through December 31, 1996 inclusive, enterprises, institutions, and organizations shall be liable to a 1.5% special tax collected from commodities dispatched beginning on April 1, 1995 through December 31, 1995 inclusive (including commodity residues as of April 1, 1995), as well as from works, and services fulfilled and rendered beginning on April 1, 1995 through December 31, 1995 inclusive.~~

~~Organizations (enterprises) receiving income as the difference in prices, markups, surcharges, commission, and other charges shall sell commodities registered as residue on April 1, 1995 on the basis of prices paid to suppliers, including the special tax at the rate effective before April 1, 1995.~~

~~Payment for commodities (works, services) dispatched and fulfilled before April 1, 1994 shall be effected without the special tax.~~

~~Prepayments (advance payments) received before January 1, 1994 (including property leasing with 1994 lease periods) are not liable to the mentioned tax. Commodities (works, services) sold, with~~

~~the price fully paid in 1994 shall be liable to the special tax at the rate of 3% in compliance with the generally established procedure regardless of effected prepayments (advance payments). The rate effective before April 1, 1995 shall be used to pay the special tax in cases of full payment before April 1, 1995 for commodities, works, and services (including property leasing) to be delivered or fulfilled after April 1, 1995.~~

~~For orders accepted by organizations (enterprises) in 1993 and partly paid by clients (population) through December 31, 1993 inclusive, and completed in 1994, the special tax shall be levied at the 3% rate only upon payments received in 1994 when effecting final payments. For orders of the population accepted by organizations (enterprises) in 1995 and fulfilled after April 1, 1995, the 1.5% special tax shall be applied only to payments received after April 1, 1995 when final payments are effected.~~

~~66. The amount of special tax, in addition to the VAT, shall be shown as a separate line in payment documents for the commodities (works, services) sold.~~

~~67. Retail trade and public catering organizations shall register commodities purchased at prices including, besides VAT, also the special tax. The fixed trade markup (surcharge) applied by them in respective cases shall be used with the above mentioned purchasing price for commodities. The payment of the special tax as soon as the commodity is sold shall be effected by the mentioned payers on the basis of gross income at respective estimation rates of: 1.23%* (in cases of 20% VAT) and 1.35%* (in cases of 10% VAT), respectively.~~

~~68. The payment of the special tax to the budget system and presentation of tax calculations (declarations) to tax collection bodies shall be made by payers using a separate form envisaged for the VAT. This shall be done regardless of the amount of the average monthly payment, once a month, and no later than the 20th, and for enterprises of railroad transport and communication pertaining to main activities of the Ministry of Communications, no later than the 25th of the month following the reporting month, without ten-day payments. Small business enterprises and payers with average monthly payments of the special tax less than 3 million Rbl shall pay the special tax and present calculations once in a quarter.~~

~~69. Registration of economic operations pertaining to payment of the special tax in accounting records shall be done using separate Subaccounts to Account 19 (Value-Added Tax for Purchased Values), where accounting work and calculations are made in compliance with a procedure similar to the one used for respective VAT subaccounts.~~

~~Account 68 (Budget Payments) shall be supplemented with a special Subaccount (Special Tax Payments). Record keeping in this Subaccount shall be similar to that used for the VAT.~~

~~70. Other issues pertaining to determination of the payers of the special tax, objects of taxation, taxable turnover, commodities (works, services) exempted from the tax, payment procedure for commodities (works, services) sold, tax calculation, and others should be clarified using the present Instructions.~~

~~The entry into force of the present Instructions shall abrogate the normative acts listed in Supplement 6.~~

Chief State Counsellor
of the State Tax Service
of the Russian Federation

V. Gusev

Agreed upon:
Deputy Minister of Finance
of the Russian Federation

S. Shatalov

Registered by the Ministry of Justice of the Russian Federation on November 3, 1995.
Registered No. 972

**Supplement No. 1
to the Instructions of the State Tax Service
of the Russian Federation**

No. 39 of October 11, 1995

See [Forms No. 1 and No. 2 of Declaration on the Value-added Tax](#) and [Forms No. 1 of Declaration on the Value-added Tax in Transactions Taxable at the Tax Rate of Zero Per Cent](#), approved by [Order of the Ministry for Taxes and Fees of the Russian Federation No. BG-3-03/407 of November 27, 2000](#)

To State Tax Inspection in

Full name of organization (enterprise)
Name of official in charge (executor)

Tel.: _____

Stamp or mark
of the customs body
Received:
_____, 199_.

**Calculation
(Tax Declaration)
of the Value-Added Tax
for _____, 199_.
(month, quarter)**

(Thousand roubles)

Item	Description	Turnover	VAT Rate in %%	VAT Amount
1	2	3	4	5

[Additions and Amendments No. 2 of March 14, 1996](#) excluded the symbols "x" from columns 3 and 4 of Item 1

1. VAT amount for purchased (entered into accounting records) valuables registered on the debit side of [Account 19](#) (VAT for Purchased Valuables) (respective Subaccounts)
- Total

1a. VAT amount for paid valuables entered into accounting records to be written off from the credit side of [Account 19](#) (VAT for Purchased Valuables) to the debit side of [Account 68](#) (Budget Payments), Subaccount (VAT Payments)
- Total
(Item 1 + Item 2 + Item 3 + Item 4):

In particular:

[Additions and Amendments No. 2 of March 14, 1996](#) introduced amendments to the text of [Subitem \(1\) of Item 1a of Appendix No. 1 of the present Instruction](#)
[See previous text of the example](#)

1) concerning the acquired material

resources, not valuable and quick-wearing objects, and performed services of production character	x	x
2) For non-material assets registered as of January 1, 1993, including those to be deducted (offset) in amount of their unreimbursed portion at selling	x	x
3) VAT for fixed assets put into operation (registered) as of January 1, 1993, including those to be deducted (offset) in amount of their unreimbursed portion at selling	x	x
4) -	x	x

2. VAT paid to customs bodies by enterprises and organizations forming the prices for imported commodities (products)	x	x
---	---	---

3. Cost of sold commodities (works, services) liable to VAT, including material values distributed for non-operational needs covered out of respective sources of financing (except for intereconomic and other agricultural enterprises and organizations), as well as material values sold elsewhere - Total	x	x
--	---	---

In particular:

.....	20
.....	16.46
.....	10
.....	8.97
	at average estimation rate

Additions and Amendments No. 2 of March 14, 1996 introduced amendments to the text of Items 4 and 5 of Appendix No. 1 of the present Instruction
See previous text of the example

- | | |
|---|--|
| 4. VAT amount payable to the budget on the advances and prepayments received in the accounting period | |
|---|--|
-
- | | |
|---|--|
| 5. There shall be excluded the VAT amount calculated on the advances and prepayments and set off in the realization of goods (works, services) in the accounting period in accordance with <u>Item 50</u> of the present Instructions | |
|---|--|
-

6. VAT amount for the reporting period due to be:			
1) Paid to the budget system (Line 3 + Line 4)-(Line 1a + Line 2 + Line 5)	x	x	
2) Offset or reimbursed from budget (Line 1a + Line 2 + Line 5)-(Line 3 + Line 4)	x		x
<hr/>			
7. VAT amounts transferred to the budget system in the reporting period as part of anticipated payments - Total	x		x
In particular:			
<hr/>			
7a. For ten-day payments (advance payments amounting to 1/2 of the VAT sum for the most recent monthly calculation for enterprises of the Ministry of Communications of Russia)	x		x
<hr/>			
8. Amount of after-payment in the present calculation (Line 6.1 - Line 7)	x		x
<hr/>			
9. To be offset (reimbursed) (Line 7 - Line 6.1.) or (Line 7 + Line 6.2)	x		x
<hr/>			
10. Cost of commodities (works, services) sold and not liable to VAT - Total	x		x
			x

_____, 199_.
(Date of sending the calculation)

Manager (signature)

Chief Accountant (signature)

Notes and remarks of inspector

The following corrections are introduced as a preliminary check _____

_____, 199_.
(Date of preliminary posting)

Inspector (signature)

Note of accounting inspector

Accrued in the payer account under the present calculation_____

_____, 199_.

(Date of check)

PROCEDURE FOR DRAWING UP CALCULATIONS OF THE VALUE-ADDED TAX BY PAYERS

Calculations of the value added tax are drawn up on the basis of order logs, lists, machine printouts, and other accounting registers used when procuring material valuables, selling products (works, services) and other assets, as well as data on product (work, service) sales turnovers registered in [Accounts 46](#) (Sales of Products (Works, Services)), [47](#) (Sales and Other Removal of Fixed Assets), [48](#) (Sales of Other Assets). The above mentioned accounting registers used when procuring material valuables and selling products (works, services) ought to contain, besides other necessary requisites, data on turnovers compiled on the basis of applied prices taken from the payment documents, registers, and initial accounting documents (bills, invoices, bills of lading, acts of executed works, and other), cargo transportation invoices and other shipping documents, as well as amounts of the VAT shown as a separate column.

Computation of these documents shall be done within the deadlines fixed for paying the VAT.

A separate accounting work should be provided for commodities (works, services) taxable at different rates and for those not liable for to the VAT.

Calculations for the VAT shall be drawn up in compliance with the following procedure.

[Line 1a](#) (Items 1, 2, 3, etc.), Column 5, shall show amounts of the VAT determined in compliance with the actual procedure of tax calculation for purchased valuables.

The cost of materials paid for but not arrived in the reporting period (materials being delivered), as well as the amounts of VAT for them should be taken into account in the tax calculation for the month when they are to be registered in the accounting records.

In collective and state farms, peasants' (farmers') outlets, intereconomic and other agricultural enterprises and organizations, accepted VAT amounts for commodities (works, services) used for non-operational needs shall be shown in [Lines 1](#) and [1a](#) of the calculation.

[Line 2](#) of Column 5 shall show the VAT paid to customs bodies by enterprises and organizations purchasing imported commodities (products) that fix prices for them independently, in compliance with the [Letter](#) of the Ministry of Finance of the Russian Federation and the Committee for Price Policy of the Russian Federation No. 66, 01 17/52 06 of May 31, 1993 on the Procedure for Calculating the Value-Added Tax and Excise Duties When Fixing the Prices for Imported Commodities (Products).

Column 3 of the calculation, [Line 3](#), shall show turnovers for taxable products (commodities) sold, works fulfilled, and services rendered in the main sphere of activities calculated on the basis of applied prices (tariff rates), including rent amounts and other sales turnovers in compliance with established procedure, and Column 5, amounts of VAT calculated at the respective rates.

When selling fixed assets and non-material assets, or commodities and material valuables, Column 5, [Line 3](#), shall show the VAT received from buyers.

Column 5, [Line 6](#), shall show the tax amounts due to the budget system for the reporting period, liable to offsetting or reimbursement from the budget.

Column 5 - [Lines 8](#) and [9](#) - is filled out by comparing the calculated sums ([Line 6](#)) with the amounts paid as sums due for the calculated period ([Line 7](#)), and then the amount due to the budget system or accepted as anticipated payments is determined.

Calculations for the VAT shall be drawn up in compliance with the following procedure.

[Line 1a](#) (Items 1, 2, 3, etc.), Column 5, shall show the VAT amounts determined in compliance with the actual procedure for calculating the tax for the purchased valuables.

The cost of materials covered but not arrived yet in the reporting period (materials being delivered), as well as the VAT for them, ought to be registered in the calculation of the VAT for the month they will be registered in the accounting records.

In collective and state farms, peasants' (farmers') outlets, intereconomic and other agricultural

enterprises and organizations, accepted VAT amounts for commodities (works, services) used for nonoperational needs shall be shown in [Lines 1](#) and [1a](#) of the calculation.

Line 2 of Column 5 shall show the VAT paid to customs bodies by enterprises and organizations purchasing imported commodities (products) that fix prices for the goods independently, in compliance with the [Letter](#) of the Ministry of Finance of the Russian Federation and the Committee for Price Policy of the Russian Federation No. 66, 01 17/52 06 of May 31, 1993 on the Procedure for Calculating the Value-Added Tax and Excise Duties When Fixing the Prices for Imported Commodities (Products).

Column 3 of the calculation, [Line 3](#), shall show turnovers for taxable products (commodities) sold, works fulfilled, and services rendered in the main sphere of activities, calculated on the basis of applied process (tariff rates), including rent amounts and other sales turnovers, in compliance with the established procedure, and Column 5, amounts of the VAT calculated at the respective rates.

When selling fixed assets and non-material assets, or commodities and material valuables, Column 5, [Line 3](#), shall show the VAT received from buyers.

Column 5, [Line 6](#), shall show the tax amounts due to the budget system for the reporting period, liable to offsetting or reimbursement from budget.

Column 5 - [Lines 8](#) and [9](#) - is filled out by comparing the calculated sums ([Line 6](#)) with the amounts paid as sums due for the calculated period ([Line 7](#)), and then the amount due to the budget system or accepted as anticipated payments shall be determined.

[Additions and Amendments No. 2 of March 14, 1996 introduced amendments to Appendix No. 2 to the present Instruction](#)
[See previous text of the Appendix](#)

**Supplement No. 2
to the [Instructions](#) of the State Tax Service
of the Russian Federation
No. 39 of October 11, 1995**

**LIST
OF FOODSTUFFS FOR WHICH THESE SHALL BE APPLICABLE A TEN PER CENT
RATE OF THE VALUE ADDED TAX (APPROVED BY THE [DECISION](#) OF THE
GOVERNMENT OF THE RUSSIAN FEDERATION NO. 1120 OF NOVEMBER 13, 1995)**

At present it is valid the [List](#) of Foodstuffs to Which the Ten Per cent Rate of the Value-Added Tax Shall Be Applicable approved by the [Decision](#) of the Government of the Russian Federation No. 569 of May 27, 1999

Live cattle and poultry

Meat and meat products (with the exception of delicacies: tender loin, veal, tongues, sausages - uncooked smoked best quality, uncooked smoked semidry best quality, uncooked jerked, stuffed best quality; smoked products from pork, mutton, beef, veal, meat of poultry - balyk, carbonate, neck, gammon, pastrami, loin; baked pork and beef; tinned goods - ham, bacon, carbonate and jellied tongue)

Milk and milk products

Eggs and egg products

Vegetable oil

margarine

Sugar, including raw sugar

Salt

Grain, combined fodder, mixed food, grain waste

Oil seeds and products of their processing (oil-seed meals, cakes)

Bread, loafs and rolls (including buns, rusks and barankas)

Goats

Flour
Pasta
Live fish

Seafoods and fish products, including chilled fish, frozen fish and fish of other types of processing, herrings, conserves and preserves (with the exception of delicacies: caviar of sturgeons and salmons; conny, Baltic salmon, sturgeons - beluga, bester, sturgeon, starred sturgeon, sterlet; Atlantic salmon, trout (except sea trout), back and belly of inconnu cold smoked; keta and king salmon lightly salted, medium salted and strongly salted; back of keta, king salmon and silver salmon cold-smoked, belly of keta and sides of king salmon cold-smoked; back of miksun, Arctic cisco, Ussuri white fish, Siberian white fish and broad white fish cold-smoked; preserves of fillets - slices of Baltic salmon and Far Eastern salmon; meat of crabs and sets of extremities of crabs baked-frozen; spiny lobsters

Baby foods and diabetic foods
Vegetables and products of their processing
Potatoes and potato products.

Additions and Amendments No. 2 of March 14, 1996 recognized Appendix No. 3 to the present Instruction as abolished

**Supplement No. 3
to Instructions of the State Tax Service
of the Russian Federation
No. 39 of October 11, 1995**

**APPROXIMATE LIST
OF DELICACY FOOD PRODUCTS TO BE USED FOR REFERENCE
BEFORE BEING ENDORSED BY THE GOVERNMENT OF THE RUSSIAN FEDERATION
IN COMPLIANCE WITH THE ESTABLISHED PROCEDURE**

~~Meat and meat products:~~

~~Loin
Veal
Tongues
Sausages:
—— Smoked dry, highest grade
—— Smoked semi-dry, highest grade
—— Unsmoked dry
—— Minced, highest grade
Smoked foods from pork, mutton, beef, veal, fowl (smoked and
cooked loin, carbonade, neck, leg, loin)
—— Baked pork and beef
—— Canned foods:
—— Ham, bacon, carbonade, jellied tongues~~

~~Sea and fish products:~~

~~—— Sturgeon and salmon caviar
—— White salmon, Baltic salmon
—— Sturgeon fish (white sturgeon, bester, sturgeon, sevruga, sterlet)
—— Atlantic salmon, trout (except for sea trout)
—— Back and belly of inconnu, cold smoked
—— Siberian salmon and black salmon, light or medium-pickled, and~~

~~Pickled Atlantic salmon~~
~~Back of Siberian salmon, black salmon, and white salmon, cold smoked~~
~~Belly of Siberian salmon and side of black salmon, cold smoked~~
~~Back of muksun, Baltic white fish, Siberian and Amur cisco, nasus, cold smoked~~
~~Preserves of fileted slices of Baltic and Far Eastern salmon~~
~~Crab meat and crab legs, boiled and frozen~~
~~Spiny lobsters~~

Supplement No. 4
to the Instructions of the State Tax Service
of the Russian Federation
No. 39 of October 11, 1995

LIST
OF COMMODITIES FOR CHILDREN LIABLE TO THE VALUE-ADDED TAX AT
THE RATE OF 10% BEGINNING ON JANUARY 1, 1993
(Endorsed by the Decision of the Government of the Russian Federation
No. 888 of November 2, 1992)

Beginning from August 1, 1998 a 10 per cent VAT rate shall be applied to the goods for children listed in Decision of the Government of the Russian Federation No. 788 of July 17, 1998

1. Knitted wear for new-borns, nursery children, pre-schoolers, and younger and older school children:
 - Out-door knitted wear
 - Body knitted wear
 - Socks and stockings
 - Other knitted wear: gloves, mittens, headgear.
2. Sewed clothing (except for items of natural fur and natural leather) for new-borns, nursery children, pre-schoolers, and younger and older school children:
 - Out-door clothes (including dresses and uniforms)
 - Underwear
 - Headgear
 - Clothes and items for new-borns and nursery children
3. Footwear:
 - Except for sports footwear: Baby shoes, infant shoes, pre-schooler's and school children's, felt footwear
 - Rubber footwear: For young ages, children, school ages
4. Beds for children
5. Mattresses for children.
6. Strollers.
7. Exercise-books for children.
8. Toys.
9. Plasticine.
10. Pencil-cases.
11. Counting sticks.
12. Abaci for children.
13. School diaries.
14. Drawing-books.
15. Sketch-books.
16. Mechanical drawing books.

17. Cases for exercise-books.
18. Covers for text-books, diaries, exercise-books.
19. Cases for figures and letters.
20. Disposable diapers.

**TABLE
OF MAXIMUM SIZES FOR COMMODITIES INCLUDED IN THE LIST OF
COMMODITIES FOR CHILDREN LIABLE TO A 10% VALUE-ADDED TAX BEGINNING
WITH JANUARY 1, 1993 (IN COMPLIANCE WITH ACTUAL TECHNICAL NORMS AND
SPECIFICATIONS)**

Commodity groups	Height in cm	Chest in cm	Neck in cm
1. Knitted wear			
Out-door knitted wear:			
For girls	164	84	
For boys	170	80	
Shirts for boys	170	80	36
Body knitted wear:			
For girls	164	80	
For boys	170	80	
Socks and stockings			Foot length in cm
Other knitted wear:			
Gloves, mittens		Size 18	
Caps		Size 54	
2. Sewing clothes			
Out-door clothes and underwear:			
For girls	164	84	
For boys	170	80	
Shirts for boys	170	80	35
School uniforms, regardless of size			
Headgear		Size 54	
3. Footwear (except for sports footwear)			
sports footwear)	22.5*		
Felt footwear	23		
Rubber footwear	22		
4. Beds - Area of the sleeping space in mm: 1,190x600			
5. Mattresses - Area in mm: 1,190x600			

**LIST
OF OTHER AGRICULTURAL ENTERPRISES FOR COLLECTION OF THE VALUE-ADDED TAX**

Co-operatives, partnerships, associations, incorporated organizations and collective enterprises (facilities) producing agricultural products.

Poultry farms, state fur farms, green-house integrated works, and animal breeding complexes.

Commercial and research animal-breeding associations (enterprises) and state animal- and horse-breeding farms.

Seed-growing units producing potatoes, vegetable crops, brand testing units for cereals and technical crops, fruits and berries, grapes, sugarbeet, flowers and decorative plants, flax-seed and hemp-seed stations, and seed-growing stations producing grasses.

Poultry incubator stations, bee-farms, bee-keeping nurseries, fruit, berry, and mulberry nurseries, as well as agricultural enterprises and organizations growing decorative plants, and medicinal and industrial raw materials.

Enterprises and facilities engaged in fish farming and fish acclimatization (fish-breeding factories, pond and lake farms, fish improvement stations, enterprises engaged in fish breeding and growing planting material).

Educational, experimental, manufacturing, and other agricultural enterprises of the higher and specialized agricultural educational institutions and research organizations.

**Supplement No. 6
to the Instructions of the State Tax Service
of the Russian Federation
No. 39 of October 11, 1995**

**LIST
OF ABROGATED NORMATIVE ACTS ISSUED BY THE STATE TAX SERVICE OF
RUSSIA AND NORMATIVE ACTS ISSUED BY THE STATE TAX SERVICE AND
MINISTRY OF FINANCE OF RUSSIA**

Date and No. of document	Name of document
1	2
09.12.91 No. 1	<u>Instructions</u> on the Procedure for Calculation and Payment of the Value-Added Tax
31.08.92 No. 1	<u>Amendments</u> to Instructions No. 1 on the Procedure for Calculation and Payment of the Value-Added Tax
29.01.93 No. 2	<u>Amendments</u> to Instructions No. 1 on the Procedure for Calculation and Payment of the Value-Added Tax (state registration No. 153 of February 16, 1993)
31.08.93 No. 3	<u>Amendments</u> to Instructions No. 1 on the Procedure for Calculation and Payment of the Value-Added Tax (state registration No. 336 of September 8,

1993)

08.04.94 No. 4	Amendments to Instructions No. 1 on the Procedure for Calculation and Payment of the Value-Added Tax (state registration No. 541 of April 8, 1993)
15.03.94 No. 5	Amendments to Instructions No. 1 on the Procedure for Calculation and Payment of the Value-Added Tax (state registration No. 819 of March 28, 1993)
31.05.95 No. 6	Amendments to Instructions No. 1 on Procedure for Calculation and Payment of the Value-Added Tax (state registration No. 866 of June 8, 1993)
31.07.95 No. 7	Amendments to Instructions No. 1 on Procedure for Calculation and Payment of the Value-Added Tax (state registration No. 930 of August 14, 1993)
13.07.92 No. VZ-6-05/217, 54	Letter of the State Tax Service and the Ministry of Finance of Russia
07.08.92 No. VZ-6-05-251, 70	Letter of the State Tax Service and the Ministry of Finance of Russia on Individual Issues Pertaining to the Value-Added Tax
25.12.92 No. VZ-4-05-84n, 119	Letter of the State Tax Service and the Ministry of Finance of Russia on Application of the Value-Added Tax, Beginning on January 1, 1993
06.04.93 No. VZ-6-05/131	Letter of the State Tax Service of Russia on the Procedure for Application of Article 5 of the Law of the Russian Federation on the Value-Added Tax
28.04.93 No. VZ-4-05/67n, 4-03-02	Telegram of the State Tax Service and the Ministry of Finance of Russia
19.08.93 No. VZ-6-05/273, 4-97	Telegram of the State Tax Service and the Ministry of Finance of Russia
16.09.93 No. VZ-6-05/317	Letter of the State Tax Service of Russia on the Value-Added Tax
11.01.94 No. VG-6-05/9, 4-03-01	Telegram of the State Tax Service and the Ministry of Finance of Russia on Special Tax
24.01.94 No. VZ-4-05/10n, 9	Telegram of the State Tax Service and the Ministry of Finance of Russia on VAT Payments to the Budget System
27.01.94	Telegram of the State Tax Service and the

No. VZ-4-05/13n, 11	Ministry of Finance of Russia on the Special Tax
30.08.94 No. VZ-6-05/319, 4-03-11	<u>Letter</u> of the State Tax Service and the Ministry of Finance of Russia on Value-Added Tax
02.09.94 No. VZ-6-05/327, 01.09.94 No. 4-03-02	<u>Letter</u> of the State Tax Service and the Ministry of Finance of Russia on Exempting Sponsoring Resources from the Value-Added Tax and the Special Tax
21.10.94 No. VZ-6-05/399, 4-03-12	<u>Letter</u> of the State Tax Service and the Ministry of Finance of Russia on the Value-Added Tax
15.11.94 No. VZ-6-05/433, 14.11.94 No. 154	<u>Letter</u> of the State Tax Service and the Ministry of Finance of Russia on Qualifying Works (Services) as Exported When Paying the Value-Added Tax (Registration No. 738 of December 7, 1994)
16.02.95 No. VZ-6-05/87, 16.02.95 No. 15	<u>Letter</u> of the State Tax Service and the Ministry of Finance of Russia on the Value-Added Tax
29.03.95 No. 04-03-14 30.03.95 No. VZ-6-05/14	<u>Telegram</u> of the Ministry of Finance and the State Tax Service of Russia on the Special Tax
12.05.95 No. VZ-6-05/265 12.05.95 No. 04-03-02	<u>Telegram</u> of the State Tax Service and the Ministry of Finance of Russia on the Value-Added Tax

Deputy Chief of the Department of Indirect Taxes -
State Counsellor of the Tax Service, 3rd Rank

V. Shamin

*See [Item 5 of Article 6](#) of the Federal Law on the Enactment of Part I of the Civil Code of the Russian Federation No. 52-FZ of November 30, 1994

*According to [Amendments and Addenda No. 3](#) of August 22, 1996 the footnote to subitem (a) of Item 12 of these Instructions was reworded
[see the previous text of the footnote](#)*

* [Subitem \(a\) of Item 12](#) of these Instructions shall operate with account of [Item 2 of Article 10](#) of the Law of the Russian Federation on the Value-Added Tax.

Special aspects of referring the works and services to the export ones are set forth in [Section VI](#) of the Instructions.

According to [Amendments No. 5](#) the note to Item 30 of these Instructions was supplemented with

the text "In accordance with ..."

* Mentioned amounts of average monthly payments shall be introduced beginning with presented tax calculations (declarations) for November 1995 - in cases of monthly VAT payments to the budget system, and for the IV quarter of 1995 - in cases of quarterly payments. In accordance with the Decision of the government of the Russian Federation No. 1182 of September 18, 1997 on the Conduct of the Measures Relating to the Change in the Face Value of Russian Bank-Notes and Prices Scale all payments of taxes, fees, duties and fines as well as indebtedness on such payments shall be re-computed as of January 1, 1998 proceeding from the new prices scale.

Additions and Amendments No. 2 of March 14, 1996 introduced amendments to the footnote of Example

See the previous text of footnote

* Non-taxable products are implied to be products is not liable to value added tax in accordance with Subitems (s) (except for passes (accommodations) to sanatoria and health institutions, holiday homes, and hiking and excursion tours) an Subitem (w) of Item 1 of Article 5 of Law of the Russian Federation on Value-Added Tax (Subitems (s), (w) of Item 12 Instruction of the State Tax Service of the Russian Federation No. 39 of October 11, 1995), provided that value-added tax is not imposed on difference between sale price and acquisition price, trade mark-ups or extras.

* The mentioned estimation rates are calculated including the 1.5% special tax.

* For organizations (enterprises) which use GOST 11373-88 "Footwear: Sizes" when making footwear for schoolchildren, the maximum size of the footwear shall be 24.

** In keeping with Article 9 of the Federal Law No. 228-FZ of December 31, 1995 on the 1996 Federal Budget.